

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

# 万 华 媒 体 ONEMEDIAGROUP

## One Media Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2010

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 2010 as follows:

#### CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31st March	
		2010 HK\$'000	2009 HK\$'000
Turnover	3	181,374	207,941
Cost of goods sold	4	(94,448)	(108,709)
<b>Gross profit</b>		<b>86,926</b>	99,232
Other income		2,342	5,715
Selling and distribution costs	4	(45,689)	(49,605)
Administrative expenses	4	(33,893)	(37,487)
<b>Profit before income tax</b>		<b>9,686</b>	17,855
Income tax expense	8	(4,024)	(6,458)
<b>Profit for the year</b>		<b>5,662</b>	11,397
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>5,662</b>	11,397
<b>Earnings per share attributable to equity holders of the Company during the year (expressed in HK cents per share)</b>			
– Basic and diluted	9	<b>1.42</b>	2.85
<b>Dividends</b>	10	<b>44,000</b>	7,000

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31st March	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>5,662</b>	11,397
<b>Other comprehensive income:</b>		
Currency translation differences	<b>657</b>	517
Actuarial gains/(losses) on long services payment obligations	<b>634</b>	(478)
<b>Total comprehensive income for the year</b>	<b><u>6,953</u></b>	<b><u>11,436</u></b>
<b>Attributable to:</b>		
Equity holders of the Company	<b><u>6,953</u></b>	<b><u>11,436</u></b>

## CONSOLIDATED BALANCE SHEET

		As at 31st March	
		2010	2009
		HK\$'000	HK\$'000
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,318	7,008
Intangible assets		2,591	2,165
Financial assets at fair value through profit or loss		–	–
		<u>6,909</u>	<u>9,173</u>
<b>Current assets</b>			
Inventories		11,045	11,910
Trade and other receivables	5	44,535	44,147
Current income tax recoverable		645	–
Cash and cash equivalents		125,365	125,951
		<u>181,590</u>	<u>182,008</u>
<b>Total assets</b>		<u><b>188,499</b></u>	<u><b>191,181</b></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	6	400	400
Share premium	6	456,073	456,073
Other reserves		(333,175)	(334,809)
Retained earnings			
– Proposed dividends		42,000	4,600
– Others		1,760	40,098
<b>Total equity</b>		<u><b>167,058</b></u>	<u><b>166,362</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		41	303
Long service payment obligations		32	649
		<u>73</u>	<u>952</u>
<b>Current liabilities</b>			
Trade and other payables	7	16,622	21,108
Amounts due to fellow subsidiaries	7	4,746	1,508
Current income tax liabilities		–	1,251
		<u>21,368</u>	<u>23,867</u>
<b>Total liabilities</b>		<u><b>21,441</b></u>	<u><b>24,819</b></u>
<b>Total equity and liabilities</b>		<u><b>188,499</b></u>	<u><b>191,181</b></u>
<b>Net current assets</b>		<u><b>160,222</b></u>	<u><b>158,141</b></u>
<b>Total assets less current liabilities</b>		<u><b>167,131</b></u>	<u><b>167,314</b></u>

## 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, Chapter 22 (Law 3 of 1961, as consolidated and revised) 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 principal activities of the Group are publication, marketing and distribution of Chinese language lifestyle magazines.

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 25th June 2010.

### 2 BASIS OF PREPARATION

The consolidated financial statements of the Company and its subsidiaries (together 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 “HK Stock Exchange”).

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

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

The Group has adopted the following new and amended IFRSs for the financial year ended 31st March 2010:

IFRS 7 ‘Financial Instruments – Disclosures’ (amendment). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

IAS 1 (revised) ‘Presentation of Financial Statements’. The revised standard requires ‘non-owner changes in equity’ to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it is also in conformity with the revised standard.

IFRS 8 ‘Operating Segments’. IFRS 8 replaces IAS 14 ‘Segment Reporting’. It requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes and in a manner consistent with the internal reporting provided to the chief operating decision maker.

IFRS 2 (amendment) ‘Share-based Payment’. The amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and the Company have adopted IFRS 2 (amendment) from 1st April 2009. The amendment does not have a material impact on the Group’s or the Company’s financial statements.

IAS 23 (revised) ‘Borrowing Costs’. In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1st April 2009, it is required to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. This change in accounting policy was due to the adoption of IAS 23 Borrowing costs (2007) in accordance with the transition provisions of the standard. The change in accounting policy has no material impact on the Group’s or the Company’s financial statements.

Improvements to IFRSs (2008) sets out a number of amendments to various existing standards. Except for the amendment to IFRS 5 which is effective for annual periods beginning on or after 1st July 2009, the Group has adopted other amendments which are relevant to the Group’s operations for the financial year ended 31st March 2010.

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

The Group has not early adopted the following new and revised standards, amendments and interpretations to existing standards that have been issued but are not yet effective for the financial year ended 31st March 2010. The Group is in the process of making an assessment of the impact of these new IFRSs in their period of initial application.

		<b>Effective for accounting period beginning on or after</b>
IFRSs (amendments)	Amendments to IFRS 5 as part of Improvements to IFRSs 2008	1st July 2009
IFRSs (amendments)	Improvements to IFRSs 2009	1st July 2009 and 1st January 2010
IFRS 3 (revised)	Business Combination	1st July 2009
IAS 27 (revised)	Consolidated and Separate Financial Statements	1st July 2009
IFRIC – Int 17	Distribution of Non-cash Assets to Owners	1st July 2009
IFRS 2 (amendment)	Group Cash-settled Share-based Payment Transactions	1st January 2010
IFRIC – Int 19	Extinguishing Financial Liabilities with Equity Instruments	1st July 2010
IFRSs (amendments)	Improvements to IFRSs 2010	1st July 2010 and 1st January 2011
IAS 24 (revised)	Related Party Disclosures	1st January 2011
IFRIC – Int 14 (amendment)	Prepayments of a Minimum Funding Requirement	1st January 2011
IFRS 9	Financial Instruments	1st January 2013

(c) **Amendments to existing standards that are not yet effective and not relevant for the Group's operations**

		<b>Effective for accounting period beginning on or after</b>
IAS 39 (amendment)	Eligible Hedged Items	1st July 2009
IFRS 1 (revised)	First-time Adoption of International Financial Reporting Standards	1st July 2009
IFRS 1 (amendment)	Additional Exemptions for First-time Adopters	1st January 2010
IAS 32 (amendment)	Classification of Right Issues	1st February 2010
IFRS 1 (amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1st July 2010

### 3 SEGMENT INFORMATION

The Group has adopted IFRS 8 "Operating Segments" with effect from 1st April 2009. IFRS 8 requires operating segments to be identified based on internal reporting that is regularly reviewed by the chief operating decision maker. The Group has regarded the Group's Executive Committee as the chief operating decision maker in order to allocate resources to segments and assess their performance.

The Group is organised operationally on a worldwide basis. The Group's Executive Committee considers the business from geographic perspective. Geographically, management considers the performance of publication, marketing and distribution of lifestyle magazines in Hong Kong and Mainland China.

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

The Group's turnover and results provided to the Executive Committee for the reporting segments for the year ended 31st March 2010 are as follows:

	<b>Publication, marketing and distribution of lifestyle magazines</b>		
	<b>Hong Kong HK\$'000</b>	<b>Mainland China HK\$'000</b>	<b>Total HK\$'000</b>
Turnover	<u>146,361</u>	<u>35,013</u>	<u>181,374</u>
Segment profit/(loss) before income tax	<u>35,950</u>	<u>(16,645)</u>	19,305
Unallocated expenses			<u>(9,619)</u>
Profit before income tax			9,686
Income tax expense			<u>(4,024)</u>
Profit for the year			<u>5,662</u>
Other information:			
Depreciation of property, plant and equipment	<u>1,995</u>	<u>971</u>	<u>2,966</u>
Amortisation of intangible assets	<u>31</u>	<u>8</u>	<u>39</u>

The Group's turnover and results provided to the Executive Committee for the reporting segments for the year ended 31st March 2009 are as follows:

	Publication, marketing and distribution of lifestyle magazines		
	Hong Kong <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	<u>180,235</u>	<u>27,706</u>	<u>207,941</u>
Segment profit/(loss) before income tax	<u>46,425</u>	<u>(17,390)</u>	29,035
Unallocated expenses			<u>(11,180)</u>
Profit before income tax			17,855
Income tax expense			<u>(6,458)</u>
Profit for the year			<u>11,397</u>
Other information:			
Depreciation of property, plant and equipment	<u>2,345</u>	<u>1,038</u>	<u>3,383</u>
Amortisation of intangible assets	<u>13</u>	<u>-</u>	<u>13</u>

The segment assets and liabilities as at 31st March 2010 are as follows:

	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>
Assets	252,119	33,755	(98,020)	645	188,499
Liabilities	(12,603)	(106,817)	98,020	(41)	(21,441)
Capital expenditure	<u>218</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>418</u>

The segment assets and liabilities as at 31st March 2009 are as follows:

	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>
Assets	239,828	25,171	(73,818)	-	191,181
Liabilities	(13,847)	(83,235)	73,818	(1,555)	(24,819)
Capital expenditure	<u>975</u>	<u>136</u>	<u>-</u>	<u>-</u>	<u>1,111</u>

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, financial assets at fair value through profit or loss, trade and other receivables and operating cash. They exclude current 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 Company is domiciled in Cayman Islands while the Group mainly operates its business in Hong Kong and Mainland China. The breakdown of the total of revenue from external customers from these two places is disclosed above.

The total of non-current assets other than financial assets at fair value through profit or loss located in Hong Kong is HK\$5,601,000 (2009: HK\$6,987,000) and the total of these non-current assets located in Mainland China is HK\$1,308,000 (2009: HK\$2,186,000).

No revenue derived from a single customer is 10% or more of the combined revenue of all operating segments (2009: Nil).

#### 4 EXPENSES BY NATURE

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

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Depreciation of property, plant and equipment	<b>2,966</b>	3,383
Amortisation of intangible assets	<b>39</b>	13
Employee benefit expense (including directors' emoluments)	<b>58,204</b>	61,447
Raw materials used	<b>46,945</b>	55,448
Loss on disposal of property, plant and equipment	<b>11</b>	3
Occupancy costs	<b>3,838</b>	3,931
Auditor's remuneration	<b>872</b>	914
	<b><u>          </u></b>	<b><u>          </u></b>

#### 5 TRADE AND OTHER RECEIVABLES

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade receivables	<b>41,270</b>	39,515
<i>Less: provision for impairment of trade receivables</i>	<b>–</b>	(862)
	<b><u>          </u></b>	<b><u>          </u></b>
Trade receivables – net	<b>41,270</b>	38,653
Prepayments and deposits – net	<b>3,265</b>	5,494
	<b><u>          </u></b>	<b><u>          </u></b>
	<b><u>44,535</u></b>	<b><u>44,147</u></b>

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 120 days to its trade customers. At 31st March 2010 and 2009, the ageing analysis of the Group's trade receivables by invoice date, net of impairment provision, was as follows:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0 to 60 days	<b>26,852</b>	25,101
61 to 120 days	<b>10,554</b>	10,122
121 to 180 days	<b>2,315</b>	2,089
Over 180 days	<b>1,549</b>	1,341
	<b>41,270</b>	38,653

## 6 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 2008, 2009 and 2010	<u>400,000</u>	<u>400</u>	<u>456,073</u>	<u>456,473</u>

The total authorised number of ordinary shares is 4,000 million shares (2009: 4,000 million shares) with a par value of HK\$0.001 per share (2009: HK\$0.001). All issued shares are fully paid.

## 7 TRADE AND OTHER PAYABLES, AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade payables	<b>3,105</b>	6,794
Accrued expenses and receipts in advance	<b>13,517</b>	14,314
	<b>16,622</b>	21,108
Amounts due to fellow subsidiaries	<b>4,746</b>	1,508
	<b>21,368</b>	22,616

At 31st March 2010 and 2009, the ageing analysis of the trade payables by invoice date was as follows:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0 to 60 days	<b>3,015</b>	4,391
61 to 120 days	<b>40</b>	1,870
121 to 180 days	<b>25</b>	337
Over 180 days	<b>25</b>	196
	<b>3,105</b>	6,794

## 8 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit during the year ended 31st March 2010.

No provision for the People's Republic of China ("PRC") enterprise income tax has been made as the Group has no assessable profits generated in PRC during the years ended 31st March 2010 and 2009.

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Hong Kong profits tax		
– current income tax	<b>(4,628)</b>	(6,705)
– over-provision in prior years	<b>342</b>	25
Deferred income tax		
– current deferred income tax credit	<u><b>262</b></u>	<u>222</u>
	<u><b>(4,024)</b></u>	<u>(6,458)</u>

## 9 EARNINGS PER SHARE

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

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u><b>5,662</b></u>	<u>11,397</u>
Weighted average number of ordinary shares in issue ( <i>in thousands</i> )	<u><b>400,000</b></u>	<u>400,000</u>
Basic earnings per share ( <i>HK cents per share</i> )	<u><b>1.42</b></u>	<u>2.85</u>

There is no dilutive effect arising from the share options granted by the Company.

## 10 DIVIDENDS

During the year ended 31st March 2010, HK\$4,600,000 (HK1.15 cents per share) of final dividend for the year ended 31st March 2009 and HK\$2,000,000 (HK0.5 cent per share) of interim dividend for the year ended 31st March 2010 were paid. During the year ended 31st March 2009, HK\$4,000,000 (HK1 cent per share) of final dividend for the year ended 31st March 2008 and HK\$2,400,000 (HK0.6 cent per share) of interim dividend for the year ended 31st March 2009 were paid.

The Directors recommended the payment of a special dividend of HK10 cents per share, totalling HK\$40,000,000 and a final dividend of HK0.5 cent per share, totalling HK\$2,000,000. Such dividends are to be approved by the shareholders at the annual general meeting of the Company on 24th August 2010. Upon approval by the shareholders of the Company, the special and final dividends will be paid on 10th September 2010 to shareholders whose names appear on the register of members of the Company at the close of the business on 24th August 2010. These consolidated financial information do not reflect these dividends payable but accounted for them as proposed dividends.

	<b>2010</b>	2009
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interim dividend of HK0.5 cent (2009: HK0.6 cent) per ordinary share	<b>2,000</b>	2,400
Proposed special dividend of HK10 cents (2009: nil) per ordinary share	<b>40,000</b>	–
Proposed final dividend of HK0.5 cent (2009: HK1.15 cents) per ordinary share	<b>2,000</b>	4,600
	<b><u>44,000</u></b>	<u>7,000</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results Summary

The economy of Hong Kong had evidently improved in the second half of the financial year 2009-10 benefiting from the growing economy in China. The Group's major advertising clients appeared to have enjoyed bigger advertising budgets, which in turn benefited the Group's businesses. Nonetheless, the advertising income of the Group during the year was still weaker than that of last financial year.

As the recent economic revival had not emerged until the second half of the financial year, the Group's revenue for the year ended 31st March 2010 was still modest, standing at HK\$181,374,000 or 13% lower than the previous year (2009: HK\$207,941,000). Profit before income tax for the year was HK\$9,686,000 (2009: HK\$17,855,000).

### Review of Operations

#### *Hong Kong*

During the year under review, the Group published three magazines in Hong Kong, namely "*Ming Pao Weekly*" ("MP Weekly"), "*Hi-Tech Weekly*" ("HT Weekly"), and "*Top Gear 極速誌*" ("Top Gear Hong Kong").

Turnover from the operation in Hong Kong for the year was HK\$146,361,000 (2009: HK\$180,235,000), down 19% or HK\$33,874,000 from a record-high base in the previous year that included an additional contribution from the 40th anniversary of MP Weekly. The decline mainly came from the sharp reduction in advertising revenue of MP Weekly during the financial crisis, which did not see a strong recovery until the second half of the financial year. The segment profit from the operation in Hong Kong, meanwhile, decreased by HK\$10,475,000 to HK\$35,950,000 (2009: HK\$46,425,000). The decline in profit, nonetheless, was less than the decline in revenue because of the reduction in paper price and the Group's continuing stringent control over operating costs.

HT Weekly experienced a similar pattern of recovery in advertising spending. In addition to the magazine's efforts in strengthening its content, it continued to put resources in its "Gadgets Fair" event marketing business. It created promotion packages which integrated print advertisements and non-print event initiatives allowing advertisers to interact with their end-consumers. "Gadgets Fair" events were proven to be highly effective in attracting new advertisers in the consumer electronics segment. Leveraging the successes in content and integrated advertising packages, HT Weekly had raised its cover price in December 2008 without suffering any drop in circulation since then. This is an encouraging sign, which shows that HT Weekly has gained sustaining and steady support from its readers.

Top Gear Hong Kong, despite its short 18-month history, enjoyed its positioning as one of the professional magazines in the auto sector in Hong Kong. The performances in advertising and circulation were in line with the expectations of the management.

## *Mainland China*

Turnover from the operation in Mainland China increased by HK\$7,307,000 or 26% to HK\$35,013,000 (2009: HK\$27,706,000) primarily driven by higher advertising revenues derived from “*Top Gear 汽車測試報告*” (“Top Gear China”) and “*MING 明日風尚*” (“MING”). Segment loss therefore decreased by HK\$745,000 to HK\$16,645,000 (2009: HK\$17,390,000).

MING continued to provide a channel of modern foreign lifestyle information for affluent local Chinese. Its positioning is unique in the lifestyle magazine sector in China, broadly divided into three mainstream categories, namely man, woman and fashion & beauty. Besides, “*Hong Kong Voyage 優遊香港*”, a guide of high-end shopping and food and beverages in Hong Kong, received positive responses from readers and advertisers. This guide was distributed as a supplement of MING in Mainland China and was also available for sale in Hong Kong.

Top Gear China continued to benefit from the buoyant auto sector in Mainland China with steady advertising and circulation revenues. This title continued to focus on the high-end imported cars segment. The Group is gradually integrating the editorial functions of this title into that of Top Gear Hong Kong. As a result, the resources can be more efficiently managed.

“*Popular Science 科技新時代*” focuses on providing state-of-the-art science and technology content to readers in Mainland China and continues to have sustaining support from its loyal readership and advertiser clientele.

## **Outlook**

The Group believes that the impact of economic revival in Hong Kong and China will continue to diffuse gradually into the luxury goods, consumer electronics and auto sectors this year. This will help the Group’s advertising revenue revive.

Although the Mainland China market is competitive and challenging, the Group will continue to explore potential business opportunities in there. In addition, the Group will associate with the digital media platform developed by its parent company, Media Chinese International Limited to explore opportunities in developing new business model by leveraging its strong editorial capabilities and well-established advertising base. The Group remains cautiously optimistic about its operations in the coming financial year.

## **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 the 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, 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 2010, the Group did not have any material contingent liabilities or guarantees (2009: Nil).

## **Closure of the Register of the Members**

The register of members will be closed from Wednesday, 18th August 2010 to Tuesday, 24th August 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the special dividend of HK10 cents per ordinary share and the final dividend of HK0.5 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 at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 17th August 2010.

## **Employees**

As at 31st March 2010, the Group has approximately 225 employees (2009: 242 employees), of which 143 and 82 were stationed in Hong Kong and 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**

As at 31st March 2010, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the HK Stock Exchange (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 2010.

## **Compliance of the Model Code for Directors' Securities Transactions**

As at 31st March 2010, 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 price sensitive 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. TAN Hock Seng, Peter. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st March 2010 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. TAN Hock Seng, Peter 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. TAN Hock Seng, Peter and one executive Director, namely, Mr. TIONG Kiew Chiong.

By Order of the Board  
**TIONG Kiu King**  
*Director*

Hong Kong, 25th June 2010

*As at the date of this announcement, Mr. TIONG Kiu King, Mr. TIONG Kiew Chiong and Mr. TUNG Siu Ho, Terence 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 2010 containing all the information required by the Rules Governing the Listing of Securities on the HK Stock Exchange will be published on the HK Stock Exchange's website in due course and will be dispatched to shareholders before end of July 2010.*