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# 万 华 媒 体 ONEMEDIAGROUP

## One Media Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2012

The directors (the “Directors”) of One Media Group Limited (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2012, together with the comparative unaudited consolidated figures for the corresponding period in 2011 as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2012

		(Unaudited) Six months ended 30th September	
	Note	2012 HK\$'000	2011 HK\$'000
Turnover	4	105,760	97,148
Cost of goods sold		(46,030)	(45,972)
Gross profit		59,730	51,176
Other income	13	2,925	1,900
Change in fair value of convertible bond	14	(1,275)	–
Selling and distribution costs		(22,153)	(24,687)
Administrative expenses		(20,220)	(18,354)
Operating profit		19,007	10,035
Share of loss of associates		(7)	–
Profit before income tax		19,000	10,035
Income tax expense	15	(3,963)	(2,849)
Profit for the period		15,037	7,186
Profit attributable to: Equity holders of the Company		15,037	7,186
Earnings per share attributable to equity holders of the Company during the period (expressed in HK cents per share) — Basic and diluted	16	3.76	1.80
Dividends	17	8,000	3,600

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2012*

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the period</b>	<b>15,037</b>	7,186
<b>Other comprehensive income</b>		
Currency translation differences	<u>(83)</u>	<u>1,174</u>
<b>Total comprehensive income for the period</b>	<u><b>14,954</b></u>	<u>8,360</u>
<b>Attributable to:</b>		
Equity holders of the Company	<u><b>14,954</b></u>	<u>8,360</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH SEPTEMBER 2012**

		(Unaudited) 30th September 2012 HK\$'000	(Audited) 31st March 2012 HK\$'000
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		5,475	5,231
Intangible assets	5	77,936	3,181
Interests in associates	6	25,971	25,978
Deferred income tax assets		653	807
<b>Total non-current assets</b>		<b>110,035</b>	<b>35,197</b>
<b>Current assets</b>			
Inventories		11,091	8,473
Trade and other receivables	8	66,345	57,581
Cash and cash equivalents		90,410	97,461
<b>Total current assets</b>		<b>167,846</b>	<b>163,515</b>
<b>Total assets</b>		<b>277,881</b>	<b>198,712</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	9	400	400
Share premium		456,073	456,073
Other reserves		(325,203)	(330,334)
Retained earnings			
— Proposed dividends	17	8,000	16,000
— Others		31,184	24,147
<b>Total equity</b>		<b>170,454</b>	<b>166,286</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Convertible bond	11	71,409	—
Deferred income tax liabilities		169	150
Long service payment obligations		117	117
<b>Total non-current liabilities</b>		<b>71,695</b>	<b>267</b>
<b>Current liabilities</b>			
Trade and other payables	10	29,506	27,832
Amounts due to fellow subsidiaries		1,490	3,611
Current income tax liabilities		4,736	716
<b>Total current liabilities</b>		<b>35,732</b>	<b>32,159</b>
<b>Total liabilities</b>		<b>107,427</b>	<b>32,426</b>
<b>Total equity and liabilities</b>		<b>277,881</b>	<b>198,712</b>
<b>Net current assets</b>		<b>132,114</b>	<b>131,356</b>
<b>Total assets less current liabilities</b>		<b>242,149</b>	<b>166,553</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM 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 Group is principally engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business.

This unaudited condensed consolidated interim financial information (“Financial Information”) is presented in Hong Kong dollars, unless otherwise stated.

## 2 BASIS OF PREPARATION

This Financial Information for the six months ended 30th September 2012 is unaudited and has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

This Financial Information should be read in conjunction with the audited consolidated annual financial statements of the Group for the year ended 31st March 2012 and the accompanying explanatory notes attached to this Financial Information.

## 3 ACCOUNTING POLICIES

The preparation of this Financial Information in conformity with International Financial Reporting Standards (“IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2012, as described in those annual financial statements.

### Share based payments

Convertible bond issued by the Company is a share based payment transaction with settlement alternatives, where the holder can choose the settlement in either shares or cash. It is accounted for as a compound financial instrument, which includes a liability component (the holder’s right to demand payment in cash) and an equity component (the holder’s right to demand settlement in equity instruments rather than in cash).

The liability component of the convertible bond is recognised initially at the fair value using the discounted cash flow analysis. The equity component is recognised initially at the difference between the fair value of the acquired asset and the fair value of the liability component, which is included in other reserves in equity.

Subsequent to initial recognition, the liability component of a compound financial instrument is re-measured to its fair value at each balance sheet date. The equity component of the convertible bond is not re-measured subsequent to initial recognition.

At the date of settlement, liability component will be re-measured to its fair value. If on settlement the holder chooses to require the settlement in the company’s shares, the liability will be transferred to equity, as the consideration for the shares issued. If the liability will be paid in cash on settlement, that payment will be applied to settle the liability in full. Any equity component previously recognised remains within equity.

Liability component of a convertible instrument is classified as current unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but are not yet effective for the accounting period beginning 1st April 2012. The Group is in the process of making an assessment of the impact of those new or revised standards and amendments to standards on the Group's results and financial position in the period of initial application.

#### 4 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 is responsible for allocating resources to segments and assessing their performance.

The Executive Committee considers the business from geographical 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 expenses. Other information provided is measured in a manner consistent with that in the internal financial reports.

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in Hong Kong and Mainland China. The breakdown of total revenue from external customers from these two places and the Group's turnover and results provided to the Executive Committee for the reporting segments for the period ended 30th September 2012 are as follows:

	(Unaudited)					
	Six months ended 30th September					
	Media business					
	Hong Kong		Mainland China		Total	
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<b>88,905</b>	77,706	<b>16,855</b>	19,442	<b>105,760</b>	97,148
Segment profit/(loss) before income tax	<b>28,439</b>	21,950	<b>(2,331)</b>	(7,234)	<b>26,108</b>	14,716
Unallocated expenses					<b>(7,101)</b>	(4,681)
Operating profit					<b>19,007</b>	10,035
Share of loss of associates					(7)	–
Profit before income tax					<b>19,000</b>	10,035
Income tax expense	<b>(3,812)</b>	(2,849)	<b>(151)</b>	–	<b>(3,963)</b>	(2,849)
Profit for the period					<b>15,037</b>	7,186
Other information:						
Interest income	<b>444</b>	201	<b>165</b>	160	<b>609</b>	361
Depreciation of property, plant and equipment	<b>494</b>	411	<b>470</b>	437	<b>964</b>	848
Amortisation of intangible assets	<b>907</b>	26	<b>13</b>	210	<b>920</b>	236

The segment assets and liabilities as at 30th September 2012 are as follows:

	<b>Hong Kong</b>	<b>Mainland China</b>	<b>Eliminations</b>	<b>Unallocated</b>	<b>Group</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	365,091	70,826	(158,690)	654	277,881
Total assets includes:					
Interest in associates	1,111	24,860	–	–	25,971
Additions to non-current assets (other than deferred income tax assets and interests in associates)	76,667	855	–	–	77,522
Total liabilities	<u>(94,450)</u>	<u>(166,762)</u>	<u>158,690</u>	<u>(4,905)</u>	<u>(107,427)</u>

The segment assets and liabilities as at 31st March 2012 are as follows:

	<b>Hong Kong</b>	<b>Mainland China</b>	<b>Eliminations</b>	<b>Unallocated</b>	<b>Group</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	283,196	69,633	(154,924)	807	198,712
Total assets includes:					
Interests in associates	985	24,993	–	–	25,978
Additions to non-current assets (other than deferred income tax assets and interests in associates)	1,996	963	–	–	2,959
Total liabilities	<u>(23,368)</u>	<u>(163,116)</u>	<u>154,924</u>	<u>(866)</u>	<u>(32,426)</u>

Segment assets consist primarily of property, plant and equipment, intangible assets, interests in associates, inventories, trade and other receivables and operating cash. They exclude deferred income tax assets.

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\$82,566,000 (31st March 2012: HK\$4,378,000) and the total of these non-current assets located in Mainland China is HK\$26,816,000 (31st March 2012: HK\$30,012,000).

No revenue derived from a single customer is 10% or more of the combined revenue of all operating segments (2011: Nil).

## 5 INTANGIBLE ASSETS

	<b>Group</b>			
	<b>Computer softwares</b> <i>HK\$'000</i>	<b>Goodwill</b> <i>HK\$'000</i>	<b>Trademarks</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Period ended 30th September 2011				
Opening net book amount	149	2,570	–	2,719
Additions	126	–	400	526
Amortisation expense	(36)	–	(200)	(236)
Currency translation differences	5	69	–	74
Closing net book amount	<u>244</u>	<u>2,639</u>	<u>200</u>	<u>3,083</u>
At 30th September 2011				
Cost	376	2,639	400	3,415
Accumulated amortisation	(132)	–	(200)	(332)
Net book amount	<u>244</u>	<u>2,639</u>	<u>200</u>	<u>3,083</u>
Period ended 30th September 2012				
Opening net book amount	<b>523</b>	<b>2,658</b>	–	<b>3,181</b>
Additions	<b>75</b>	–	–	<b>75</b>
Additions from acquisition ( <i>Note 7</i> )	–	–	<b>75,600</b>	<b>75,600</b>
Amortisation expense	<b>(80)</b>	–	<b>(840)</b>	<b>(920)</b>
Closing net book amount	<u><b>518</b></u>	<u><b>2,658</b></u>	<u><b>74,760</b></u>	<u><b>77,936</b></u>
At 30th September 2012				
Cost	<b>795</b>	<b>2,658</b>	<b>75,600</b>	<b>79,053</b>
Accumulated amortisation	<b>(277)</b>	–	<b>(840)</b>	<b>(1,117)</b>
Net book amount	<u><b>518</b></u>	<u><b>2,658</b></u>	<u><b>74,760</b></u>	<u><b>77,936</b></u>

## 6 INTERESTS IN ASSOCIATES

	<b>(Unaudited)</b> <b>30th September</b> <b>2012</b> <i>HK\$'000</i>	(Audited) 31st March 2012 <i>HK\$'000</i>
Beginning of the period/year	<b>25,978</b>	–
Acquisition of associates	–	26,800
Share of profit/(loss)	<b>122</b>	(693)
Amortisation of trademark and customer list	<b>(129)</b>	(129)
End of the period/year	<u><b>25,971</b></u>	<u>25,978</u>

- (a) On 30th September 2011, the Group acquired all of the shares in Media Connect Investment Limited from a fellow subsidiary, which in turn holds approximately 24.97% interest in ByRead Inc., for a cash consideration of HK\$25,800,000. As at 30th September 2012, interest in ByRead Inc. included goodwill, trademark and customer list identified from the acquisition of ByRead Inc. of HK\$20,822,000, HK\$3,853,000 and HK\$843,000 respectively. The useful lives for trademark and customer list are 30 years and 5 years respectively.
- (b) On 1st February 2012, the Group subscribed for 10% of the entire issued share capital as enlarged by the subscription of the shares in Blackpaper Limited at the investment cost of HK\$1,000,000. 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 four 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.
- (c) Particulars of the Group's associates are as follows:

<b>Name of associate</b>	<b>Place of incorporation</b>	<b>Effective equity interest</b>	<b>Principal activities</b>
ByRead Inc.	The Cayman Islands	24.97%	note (i)
Blackpaper Limited	Hong Kong	10%	note (ii)

- (i) ByRead Inc. 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 Limited is engaged in providing creative multimedia services and advertising campaigns.
- (d) The Group's share of the results of its principal associates and the gross amounts of assets (excluding goodwill) and liabilities are as follows:

	<b>Revenues</b> <i>HK\$'000</i>	<b>Loss</b> <i>HK\$'000</i>	<b>Assets</b> <i>HK\$'000</i>	<b>Liabilities</b> <i>HK\$'000</i>
<b>Period ended 30th September 2012</b>	<u>732</u>	<u>(7)</u>	<u>6,431</u>	<u>1,667</u>
<b>Period ended 30th September 2011</b>	<u>–</u>	<u>–</u>	<u>5,861</u>	<u>1,063</u>

## **7 ACQUISITION OF MING PAO FINANCE LIMITED**

On 1st June 2012, the Group acquired 100% of the entire issued share capital in Ming Pao Finance Limited ("MP Finance"), of which had no business activity except holding of publishing titles and past contents, for consideration of HK\$75,600,000 from Ming Pao Holdings Limited, a fellow subsidiary of the Company. MP Finance's activities did not constitute a business and the Group's intention of such acquisition was to acquire the publishing titles and past contents held by MP Finance for further development. Accordingly, such acquisition was accounted for as if it was acquisition of the underlying assets of MP Finance. The consideration was fully satisfied by the issue of the convertible bond by the Company in favour of Ming Pao Holdings Limited.

## 8 TRADE AND OTHER RECEIVABLES

The Group allows in general a credit period ranging from 30 days to 120 days to its trade customers. As at 30th September 2012, the ageing analysis of the Group's trade receivables by invoice date, net of impairment provision is as follows:

	(Unaudited) 30th September 2012 HK\$'000	(Audited) 31st March 2012 HK\$'000
0 to 60 days	32,318	31,090
61 to 120 days	17,993	13,506
121 to 180 days	6,784	6,254
Over 180 days	3,116	2,106
	<u>60,211</u>	<u>52,956</u>

There is no concentration of credit risk with respect to trade receivables, as the Group has a large customer base. As at 30th September 2012 and 31st March 2012, the fair values of trade and other receivables approximated their carrying values.

## 9 SHARE CAPITAL

	Number of issued shares (in thousands)	Ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
Balance at 30th September 2011, 31st March 2012, and 30th September 2012	<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 (2011: 4,000 million shares) with a par value of HK\$0.001 per share (2011: HK\$0.001). All issued shares are fully paid.

## 10 TRADE AND OTHER PAYABLES

As at 30th September 2012, the ageing analysis of trade payables by invoice date is as follows:

	(Unaudited) 30th September 2012 HK\$'000	(Audited) 31st March 2012 HK\$'000
0 to 60 days	4,169	6,438
61 to 120 days	27	638
121 to 180 days	-	27
Over 180 days	110	11
	<u>4,306</u>	<u>7,114</u>

As at 30th September 2012 and 31st March 2012, the fair values of trade and other payables approximated their carrying values.

## 11 CONVERTIBLE BOND

	(Unaudited) 30th September 2012 HK\$'000	(Audited) 31st March 2012 HK\$'000
<b>Non-current</b>		
Convertible bond	<u>71,409</u>	<u>–</u>

The Company issued a convertible bond on 1st June 2012, bearing an 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 demand settlement in equity instruments rather than in cash at any time following the issue of the convertible bond and up to the close of business on the maturity date. The value of the liability component and the equity conversion component was 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 at the difference between the fair value of the acquired asset and the fair value of the liability component, which is included in other reserves in equity.

	(Unaudited) 30th September 2012 HK\$'000	(Audited) 31st March 2012 HK\$'000
Face value of convertible bond issued	75,600	–
Equity component	(5,214)	–
Interest paid	(252)	–
Change in fair value of the liability component of convertible bond	<u>1,275</u>	<u>–</u>
Fair value of liability component	<u>71,409</u>	<u>–</u>

## 12 EXPENSES BY NATURE

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

	(Unaudited) Six months ended 30th September 2012 HK\$'000	2011 HK\$'000
Depreciation of property, plant and equipment	964	848
Amortisation of intangible assets	920	236
Employee benefit expense (including directors' emoluments)	34,785	31,072
Paper consumed	10,100	9,387
Occupancy costs	3,036	2,125
Losses on disposal of property, plant and equipment	<u>115</u>	<u>–</u>

### 13 OTHER INCOME

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Bank interest income	<b>609</b>	361
Licence fee income	<b>279</b>	280
Other media business income	<b>2,037</b>	1,259
	<b>2,925</b>	1,900

### 14 CHANGE IN FAIR VALUE OF CONVERTIBLE BOND

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Financial assets at fair value through profit or loss		
— Change in fair value of convertible bond	<b>1,275</b>	—

### 15 INCOME TAX EXPENSE

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the period.

No provision for the People's Republic of China ("PRC") enterprise income tax has been made as the Group has unutilised tax losses to offset the assessable profits generated in the PRC during the six months ended 30th September 2012 (2011: Nil).

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong profits tax		
— Current income tax	<b>3,792</b>	2,854
Deferred income tax		
— Current deferred income tax expenses/(credit)	<b>171</b>	(5)
	<b>3,963</b>	2,849

## 16 EARNINGS PER SHARE

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

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit attributable to equity holders of the Company	<u>15,037</u>	<u>7,186</u>
Number of ordinary shares in issue ( <i>in thousands</i> )	<u>400,000</u>	<u>400,000</u>
Basic earnings per share ( <i>HK cents per share</i> )	<u>3.76</u>	<u>1.80</u>

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

## 17 DIVIDENDS

Dividends paid during the period:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Dividends paid relating to the year ended 31st March 2012: Final dividend of HK4 cents (2011: HK2 cents) per ordinary share	<u>16,000</u>	<u>8,000</u>

The Directors have declared an interim dividend for the six months ended 30th September 2012 of HK2 cents (2011: HK0.9 cent) per ordinary share, totalling HK\$8,000,000 (2011: HK\$3,600,000) payable on 28th December 2012 to shareholders whose names appear on the register of members of the Company on 19th December 2012. These condensed consolidated financial information does not reflect this dividend payable but has accounted for it as proposed dividend within equity.

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend of HK2 cents (2011: HK0.9 cent) per ordinary share	<u>8,000</u>	<u>3,600</u>

## 18 CONTINGENT LIABILITIES

As at 30th September 2012, the Group did not have any material contingent liabilities or guarantees (31st March 2012: Nil).

## 19 SUBSEQUENT EVENT

On 26th November 2012, the Company's subsidiary entered into an agreement with Chu Kong Passenger Transport Company Limited, a wholly-owned subsidiary of Chu Kong Shipping Enterprises (Group) Company Limited (Stock code: 0560) to form a new company whereby the Company's subsidiary subscribed for 40,000 shares in the new company which represented 40% of the issued share capital of the new company. The business of the new company includes 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 terminals.

## MANAGEMENT DISCUSSION & ANALYSIS

### Results Summary

The global economy faced daunting challenges in 2012 as mounting European debt woes and slowdown in China economic growth led to uncertainties worldwide. Despite the turmoil economic conditions, the Group has achieved remarkable results in its overall operations for the six months ended 30th September 2012. This is mainly because of the right strategic direction adopted over the past eighteen months.

Turnover of the Group for the six-month period increased by 9% to HK\$105,760,000 due primarily to organic growth in the Hong Kong operation. Gross profit of the Group rose by 17% to HK\$59,730,000, and gross profit margin improved to 56% compared to 53% in the same period of the previous financial year. Profit attributable to equity holders of the Company for the interim period under review surged to HK\$15,037,000, representing an impressive 109% increase from that of the same period of the previous financial year. The significant growth in profit attributable to equity holders was mainly due to the organic growth in Hong Kong operation and completion of acquisition of relevant trademarks as well as the positive impact from the restructuring of its business operations.

### Review of Operations

#### *Hong Kong*

The turnover of the Group's operation in Hong Kong increased by 14% to HK\$88,905,000 representing 84% of the Group's total turnover for the six months ended 30th September 2012. Segment profit from Hong Kong operation increased by 30% to HK\$28,439,000 compared to the same period of previous financial year.

“*Ming Pao Weekly* 明報周刊” (“MP Weekly”) and “*Top Gear* 極速誌” (“Top Gear Hong Kong”) are the Group's main turnover contribution businesses. During the period under review, both publications achieved commendable performances. Leveraging on its unique positioning for the high-income group in the lifestyle and entertainment market, MP Weekly continues to attract advertisers of illustrious brands. Top Gear Hong Kong, on the other hand, is a high-end automobile magazine with international editorial support. It has attracted not only advertisers of automobile-related goods, but also those from the up-market products.

In the second half of last financial year, the Group launched its first watch magazine “*MING Watch 明錶*” (“MING Watch”). This publication has started to contribute to the Group’s profit for the six months ended 30th September 2012. MING Watch is a professional bimonthly watch magazine offering feature stories as well as the latest development trend of the industry and has secured a number of prestigious brands as advertisers.

“*Travel Planner 港澳台自由行專輯*” (“Travel Planner”) is a new travel guide under the Group which made its debut in November 2011. This new bimonthly guidebook caters for travelers who want to explore and get a real taste of Hong Kong, Macau and Taiwan. It introduces indigenous culture, heritage sites and exotic food, in addition to being a shopping guide with special features.

Travel Planner is geared towards the mass market, thus complementing “*Hong Kong Voyage 優遊香港*”, another guidebook publication of the Group which targets the high-end market and is published solely in February, May and October for the three main holiday seasons of Mainland China. With these two travel guides, the Group is able to tap into the entire spectrum of the retail continuum, thereby attracting a wider range of advertisers.

### *Mainland China*

The Group’s Mainland China operation recorded improvement in terms of its segment result. The segment loss of HK\$2,331,000 is a significant improvement compared to the loss of HK\$7,234,000 for the same period of previous financial year. Turnover dropped slightly from HK\$19,442,000 to HK\$16,855,000 during the period under review.

The improvement in the financial performance was achieved as a result of carefully planned restructuring of the business in Mainland China. The restructuring allowed the Group to allocate its resources more efficiently to achieve better performance of existing business and new products with greater potential. “*Top Gear 汽車測試報告*” and “*Popular Science 科技新時代*” continue to attract Mainland Chinese readers with infotainment, automobile news and trends as well as science news and latest updates from the technology sector. Both publications achieved growth in advertising revenue during the period under review.

### *Digital Media Investment*

The Group continues to maintain a very positive view of the digital media development as a mean to attract and secure advertising spending in the future. This strong belief is due largely to the continued roll-out and increasing popularity of innovative electronic media devices.

The Group completed the acquisition of 24.97% equity interest in ByRead group of companies (“ByRead Group”) from its parent company, Media Chinese International Limited last year. ByRead Group is one of the leading mobile reading platform providers in Mainland China, with registered users increasing to approximately 52 million up to end of September 2012, it increased more than 10 million after the acquisition.

Hihoku, an online platform providing quality entertainment content to Chinese communities, continues to develop as a multimedia entertainment platform in the Greater China region.

*Partyline*, another digital media of the Group, is a social networking application. Since its debut in November 2011, it has been popular among prestigious brands and advertisers. In March 2012, *Partyline* received Bronze Award (Best Ubiquitous Networking — Mobile Publishing) of HK ICT Awards 2012, which is organised by Hong Kong Wireless Technology Industry Association.

## **Outlook**

Upon the completion of the 18-month restructuring, the Group has successfully established a new position as a multimedia group targeting news, lifestyle and infotainment content in Greater China. The management of the Group is actively exploring various ways to widen the Group's revenue base and to enhance shareholders' value.

In the end of November, the Group entered into a strategic partnership to set up a brand new "Connect Media" with Chu Kong Shipping Enterprises (Group) Company Limited (stock code: 0560). The business of "Connect Media" includes 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.

This strategic partnership is the first move of the Group's expansion plan after the successful restructuring and repositioning of the Group's business over the past eighteen months. This is also a new move of the Group to expand its business from print and digital media to outdoor media.

In view of the slowdown in global economy which may have an impact on marketing and advertising expenditure, the Group will continue to control costs cautiously in the second half of this financial year.

## **CAPITAL EXPENDITURE**

The Group's total capital expenditure for property, plant and equipment for the six months ended 30th September 2012 amounted to HK\$1,922,000.

## **EXPOSURE TO FLUCTUATION 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 period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

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

The register of members will be closed from Friday, 14th December 2012 to Wednesday, 19th December 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend of HK2 cents 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, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 13th December 2012.

## **EMPLOYEES**

As at 30th September 2012, the Group has approximately 231 employees (31st March 2012: approximately 225 employees), of which 145 and 86 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 period.

## **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 period.

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 unaudited condensed consolidated financial information for the six months ended 30th September 2012 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  
**One Media Group Limited**  
**TIONG Kiew Chiong**  
*Director*

Hong Kong, 29th November 2012

*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. TAN Hock Seng, Peter, being independent non-executive directors.*

*The Company's Interim Report 2012/13 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 December 2012.*