

# 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 2007

The directors (the “Directors”) of One Media Group Limited (the “Company”) announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2007 as follows:

#### CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2007

		(Unaudited)	
		Six months ended	
		30th September	
	Note	2007	2006
		HK\$'000	HK\$'000
Revenue	4	101,189	103,281
Cost of goods sold		<u>(60,420)</u>	<u>(63,009)</u>
Gross profit		40,769	40,272
Other income	4	2,076	1,735
Selling and distribution costs		(23,356)	(27,129)
Administrative expenses		<u>(16,148)</u>	<u>(18,071)</u>
Profit/(loss) before income tax	5	3,341	(3,193)
Income tax expense	8	<u>(1,970)</u>	<u>(208)</u>
Profit/(loss) for the period		<u><u>1,371</u></u>	<u><u>(3,401)</u></u>
Attributable to:			
Equity holders of the Company		<u><u>1,371</u></u>	<u><u>(3,401)</u></u>
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company, expressed in HK cent per share			
– Basic	9	<u><u>0.34 cent</u></u>	<u><u>(0.85 cent)</u></u>
– Diluted	9	<u><u>N/A</u></u>	<u><u>N/A</u></u>
Dividends	10	<u><u>–</u></u>	<u><u>–</u></u>

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**  
AS AT 30TH SEPTEMBER 2007

		(Unaudited) 30th September 2007 HK\$'000	(Audited) 31st March 2007 HK\$'000
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		9,784	9,474
Goodwill		2,028	2,028
Financial asset at fair value through profit or loss		–	3,776
Deferred income tax assets		409	1,499
		<u>12,221</u>	<u>16,777</u>
<b>Current assets</b>			
Inventories		12,009	10,989
Trade and other receivables	6	57,854	58,176
Cash and cash equivalents		94,014	91,357
		<u>163,877</u>	<u>160,522</u>
<b>Total assets</b>		<u><b>176,098</b></u>	<u><b>177,299</b></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	11	400	400
Share premium		456,073	456,073
Other reserves		(327,381)	(329,794)
Retained earnings		19,052	17,681
Proposed final dividend		–	1,500
<b>Total equity</b>		<u><b>148,144</b></u>	<u><b>145,860</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		589	–
Long service payment liability		78	78
		<u>667</u>	<u>78</u>
<b>Current liabilities</b>			
Trade and other payables	7	24,152	28,126
Amounts due to fellow subsidiaries		2,578	3,142
Current income tax liabilities		383	93
Bank overdrafts		174	–
		<u>27,287</u>	<u>31,361</u>
<b>Total liabilities</b>		<u><b>27,954</b></u>	<u><b>31,439</b></u>
<b>Total equity and liabilities</b>		<u><b>176,098</b></u>	<u><b>177,299</b></u>
<b>Net current assets</b>		<u><b>136,590</b></u>	<u><b>129,161</b></u>
<b>Total assets less current liabilities</b>		<u><b>148,811</b></u>	<u><b>145,938</b></u>

# 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 principal activities of the Group are publication, marketing and distribution of Chinese language lifestyle magazines.

The Company's consolidated financial statements up to 31st March 2006 had been prepared in accordance with Hong Kong Financial Reporting Standards. Pursuant to the proposed merger between Ming Pao Enterprise Corporation Limited ("MPE") (the ultimate parent of the Company), Sin Chew Media Corporation Berhad and Nanyang Press Holdings Berhad, MPE decided to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") for the financial year ended 31st March 2007. In line with MPE, the consolidated financial statements of the Company for the year ended 31st March 2007 and for the six months ended 30th September 2007 were prepared in accordance with IFRS. The comparative financial information for the six months ended 30th September 2006 has been converted to comply with IFRS.

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information ("Interim Financial Information") for the six months ended 30th September 2007 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Auditing and Assurance Standards Board and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

This Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31st March 2007.

## 3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those used in the annual financial statements for the year ended 31st March 2007 with the addition of the following new standards and interpretations to existing standards which are relevant to the Group's operation and are mandatory for the financial year ending 31st March 2008.

IFRS 7, Financial instruments: Disclosures (effective for annual periods beginning on or after 1st January 2007). IFRS 7 introduces new disclosures relating to financial instruments. The Group has applied IFRS 7 from 1st April 2007 to comply with the new disclosure requirement. The adoption of this standard does not result in material changes to the Group's results of operations and financial position.

IFRIC-Int 10, Interim financial reporting and impairment (effective for annual periods beginning on or after 1st November 2006). IFRIC-Int 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group has applied IFRIC-Int 10 from 1st April 2007 to comply with the new interpretation. The adoption of this interpretation does not result in material changes to the Group's results of operations and financial position.

There is also a number of new standards, amendments to standards and interpretations issued that are not yet effective for the financial year ending 31st March 2008. The Group has carried out a preliminary assessment of these standards, amendments and interpretations and considered that IAS 23 (Revised), IFRIC-Int 12 and IFRIC-Int 14 may not have significant impact on the Group's results of operations and financial position but a detailed assessment is still being carried on. The Group is also in the process of assessing the impact of IFRS 8 and IFRIC-Int 13.

#### 4 SEGMENT INFORMATION

##### Primary reporting format – geographical segments

The Group operates mainly in two geographical areas, Hong Kong and Mainland China. The segment results for the six months ended 30th September 2007 and 2006 are as follows:

	(Unaudited)					
	Six months ended 30th September					
	Hong Kong		Mainland China		Group	
	2007	2006	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<u>85,310</u>	<u>82,369</u>	<u>15,879</u>	<u>20,912</u>	<u>101,189</u>	<u>103,281</u>
Segment results	<u>15,355</u>	<u>9,130</u>	<u>(7,690)</u>	<u>(7,517)</u>	7,665	1,613
Other income					2,076	1,735
Unallocated expenses ( <i>Note</i> )					<u>(6,400)</u>	<u>(6,541)</u>
Profit/(loss) before income tax					3,341	(3,193)
Income tax expense					<u>(1,970)</u>	<u>(208)</u>
Profit/(loss) for the period					<u>1,371</u>	<u>(3,401)</u>

*Note:* Corporate expenses incurred by the Group in the current period are classified as unallocated expenses.

##### Secondary reporting format – business segments

No business segment analysis is presented as the Group has been operating in a single business segment, which is publication, marketing and distribution of Chinese language lifestyle magazines, throughout the six months ended 30th September 2007 and 2006.

## 5 PROFIT/(LOSS) BEFORE INCOME TAX

The following items have been charged to the profit/(loss) before income tax during the interim period:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost of inventories sold	<b>31,934</b>	35,359
Depreciation	<b>1,565</b>	1,062
Employee benefit expenses (including directors' emoluments)	<b>32,259</b>	31,650
Loss on disposal of property, plant and equipment	<b>40</b>	<b>31</b>

A fair value gain of HK\$113,000 of a financial asset held at fair value through profit or loss is recorded against administrative expenses in the condensed consolidated interim income statement for the six months ended 30th September 2007 (2006: Nil).

## 6 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables and their ageing analysis is as follows:

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30th September</b>	<b>31st March</b>
	<b>2007</b>	<b>2007</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 to 60 days	<b>32,145</b>	29,347
61 to 120 days	<b>11,753</b>	14,337
121 to 180 days	<b>5,374</b>	6,089
Over 180 days	<b>1,832</b>	3,015
	<b>51,104</b>	<b>52,788</b>

The Group allows in general a credit period ranging from 60 days to 120 days to its trade customers.

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

The Group has recognised a loss of HK\$189,000 (2006: HK\$62,000) for the impairment of its trade receivables during the period ended 30th September 2007. The loss has been included in selling and distribution costs in the condensed consolidated interim income statement.

## 7 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables and their ageing analysis is as follows:

	<b>(Unaudited)</b> <b>30th September</b> <b>2007</b> <i>HK\$'000</i>	(Audited) 31st March 2007 <i>HK\$'000</i>
0 to 60 days	<b>8,069</b>	8,092
61 to 120 days	<b>1,213</b>	667
121 to 180 days	<b>262</b>	674
Over 180 days	<b>127</b>	274
	<u><b>9,671</b></u>	<u>9,707</u>

## 8 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 17.5% (2006: 17.5%) 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 no assessable profits generated during the period ended 30th September 2007.

	<b>(Unaudited)</b> <b>Six months ended</b> <b>30th September</b> <b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	<b>291</b>	–
Deferred income tax		
– Current deferred income tax charge	<u><b>1,679</b></u>	<u>208</u>
	<u><b>1,970</b></u>	<u>208</u>

## 9 EARNINGS/(LOSS) PER SHARE

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

	(Unaudited) Six months ended 30th September	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit/(loss) attributable to the equity holders of the Company	<u>1,371</u>	<u>(3,401)</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>400,000</u>	<u>400,000</u>
Basic earnings/(loss) per share (HK cent per share)	<u><u>0.34 cent</u></u>	<u><u>(0.85 cent)</u></u>

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

## 10 DIVIDENDS

No interim dividend had been declared by the Company during the six months ended 30th September 2007 (2006: Nil). A final dividend of HK0.375 cent per share for the year ended 31st March 2007 (2006: HK0.375 cent), totalling HK\$1,500,000 was paid in September 2007 (2006: HK\$1,500,000).

## 11 SHARE CAPITAL

	Number of ordinary shares issued <i>(in thousands)</i>	Ordinary shares issued <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 30th September 2006, 31st March 2007, 1st April 2007 and 30th September 2007	<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 (2006: 4,000 million shares) with a par value of HK\$0.001 per share (2006: HK\$0.001). All issued shares are fully paid.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results Summary

For the period ended 30th September 2007, the Group reported a consolidated turnover of HK\$101,189,000 (2006: HK\$103,281,000), representing a decrease of 2% compared with the corresponding period last year. Profit for the period amounted to HK\$1,371,000 (2006: Loss for the period of HK\$3,401,000) representing a marginal, yet important turnaround as this was accomplished during the first half of the fiscal year, which is traditionally a slower period for the industry. The positive change is attributable to strategic initiatives implemented by management in an effort to streamline the business and focus on areas that provide a positive return while maintaining effective cost control measures.

### Review of Operations

#### Hong Kong

*Ming Pao Weekly*, *Hi-Tech Weekly* and *City Children's Weekly* are all currently published in Hong Kong. The titles contributed a combined revenue of HK\$85,310,000 (2006: HK\$82,369,000), representing an increase of 4% compared to the same period last year, while the operating profit increased to HK\$15,355,000 (2006: HK\$9,130,000), representing a significant increase of 68% over the same period last year. It attributed to the increase in revenue, reduction of printing/paper cost and the stringent cost control.

*Ming Pao Weekly* continued to maintain its popularity among readers provided a solid contribution to the Group. The circulation of the title is enhanced by its accessibility and format which is available in both "Compact" and "Classic" editions. Advertisers have benefited from both "Compact" and "Classic" editions as the different platforms allow advertisers to reach a larger and more diverse readership.

*Hi-Tech Weekly* successfully operates in one of the most competitive segments of the market. The title has maintained a loyal readership base through the delivery of quality content for an industry that is constantly introducing new, innovative changes for consumers. Advertisers and readers alike are able to enjoy the benefits of both hard copies at distribution outlets and soft copies through the online version eMag. The dual delivery options have contributed to the readership volume and allowed advertisers to leverage the multiple delivery platforms for additional exposure. This innovative approach has fueled readership and adspend for the period under review.

*City Children's Weekly* continues to maintain its status as a favorite among the leading "edutainment" publications among educators and families. The title serves an extensive audience of primary school students who enjoy its reliable quality content and strong brand name recognition which is synonymous with fun learning throughout Hong Kong.

The Group will continue to leverage on its strong titles in the Hong Kong market while staying on the cutting edge of each respective genre.

## **Mainland China**

The operation in Mainland China contributed a turnover of HK\$15,879,000 (2006: HK\$20,912,000) to the Group, representing a 24% decrease compared to the corresponding period last year. The operating loss was HK\$7,690,000 (2006: HK\$7,517,000), representing a slight 2% increase compared to the corresponding period last year. Intensified competition in the China market and the discontinued operations of “T3 科技新時代” (“T3”) and “Rolling Stone 音樂時空” (“RS”) led to the decrease in turnover. Although the discontinued operations of T3 and RS contributed to a slight reduction in overhead costs, the full beneficial impact is expected to fruition in the second half of the fiscal year. After the discontinued operations of T3 and RS, the Group currently has the right to sell advertising space in and/or provide content to magazines in Mainland China, including; “Popular Science 科技新時代” (“PS”), “Top Gear 汽車測試報告” (“TG”), and “MING 明日風尚” (“MING”).

MING continues to enjoy its positioning as a leading lifestyle and fashion title in China. TG has benefited from the changing lifestyles in Greater China as motorists and prospective car owners have grown more appreciative of the variety of new products and the content delivered by the title. TG has also achieved an increase in popularity as avid automotive fans constitute a loyal following. Naturally, this change has not been lost on advertisers and they have recognised the importance of exposure to the consumer in this sector as automobile interest and ownership continues its rapid growth in China. Meanwhile, PS has preserved its niche position, enjoying the support of loyal readership in the consumer electronics category.

## **Outlook**

The Group has managed to turn from a loss to profit. It is notable that this was achieved during a period that is usually not the most favourable for the industry in terms of revenue generation. In view of the strong economic growth, the Group is expected to perform well in the second half of the fiscal year.

## **CAPITAL EXPENDITURE**

The Group’s total capital expenditure for property, plant and equipment for the six months ended 30th September 2007 amounted to HK\$2,080,000.

## USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Company issued 100 million shares of HK\$0.001 each at HK\$1.2 per share by way of placing and public offer on 18th October 2005 (as set out in detail in the prospectus dated on 30th September 2005 issued by the Company (the "Prospectus")). The net proceeds, after deduction of related issuance expenses, amounted to approximately HK\$102,968,000 ("Net Proceeds"). The Net Proceeds were partially applied up to 30th September 2007 in accordance with the proposed applications set out in the Prospectus as follows:

	<b>Proposed application of Net Proceeds HK\$'000</b>	Actual amount used up to 30th September 2007 HK\$'000
Acquisition of magazine business in PRC	<b>50,000</b>	–
Sales and marketing activities for new magazines	<b>24,000</b>	6,818
Circulation-related activities of new magazines	<b>12,000</b>	8,097
Repayment of short-term loan	<b>10,000</b>	10,000
General working capital	<b>6,968</b>	5,000
	<b><u>102,968</u></b>	<b><u>29,915</u></b>

## EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's revenues and costs are mainly denominated in HK dollars, US dollars and Renminbi. Since HK dollars remain pegged to the US dollars and Renminbi has been pegged to a basket of currencies, the Group does not foresee substantial risks from exposure to US dollars and Renminbi in this regard.

## CONTINGENT LIABILITIES

As at 30th September 2007, the Group did not have any material contingent liabilities or guarantees (31st March 2007: Nil).

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30th September 2007.

## **EMPLOYEES**

As at 30th September 2007, the Group has approximately 251 employees (31st March 2007: approximately 277 employees), of which 155 and 96 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**

As at 30th September 2007, 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 Listing Rules and complied with the CG Code throughout the period.

## **COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

As at 30th September 2007, 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 as 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 interim results for the six months ended 30th September 2007.

## **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 two Executive Directors, namely, Mr. TIONG Kiew Chiong and Mr. Peter Bush BRACK.

## **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 two Executive Directors, namely, Mr. TIONG Kiew Chiong and Mr. Peter Bush BRACK.

By Order of the Board

**TIONG Kiu King**

*Director*

Hong Kong, 17th December 2007

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

*The Company's Interim Report 2007 containing all the information required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEx") will be published on HKEx's website in due course and will be dispatched to shareholders before end of December 2007.*