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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 2013

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 2013 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31st March

	<i>Note</i>	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Audited)
Turnover	3	217,295	224,183
Cost of goods sold	12	(94,128)	(95,803)
Gross profit		123,167	128,380
Other income		5,894	4,254
Selling and distribution costs	12	(41,637)	(51,426)
Administrative expenses	12	(40,842)	(40,250)
Operating profit		46,582	40,958
Change in fair value of convertible bond	8	(2,718)	–
Share of loss of associates and jointly controlled entities		(996)	(822)
Profit before income tax		42,868	40,136
Income tax expense	13	(6,986)	(7,555)
Profit for the year		35,882	32,581
Profit attributable to:			
Equity holders of the Company		35,882	32,581
Earnings per share attributable to equity holders of the Company during the year (expressed in HK cents per share)			
– Basic and diluted	14	9.0	8.1
Dividends	15	22,000	19,600

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March

	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Audited)
Profit for the year	35,882	32,581
Other comprehensive income/(losses):		
Currency translation differences	571	1,459
Actuarial gains/(losses) on long service payment obligations	108	(125)
	<hr/>	<hr/>
Total comprehensive income for the year	36,561	33,915
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Attributable to:		
Equity holders of the Company	36,561	33,915
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	<i>Note</i>	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		5,483	5,231
Intangible assets	4	76,785	3,181
Interests in associates and jointly controlled entities	5	32,982	25,978
Deferred income tax assets	10	3,152	807
Total non-current assets		118,402	35,197
Current assets			
Inventories		8,694	8,473
Trade and other receivables	7	59,164	57,581
Income tax recoverable		1,931	–
Cash and cash equivalents		102,798	97,461
Total current assets		172,587	163,515
Total assets		290,989	198,712
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	400	400
Share premium	11	456,073	456,073
Other reserves		(324,441)	(330,334)
Retained earnings			
– Proposed final dividends		14,000	16,000
– Others		38,029	24,147
Total equity		184,061	166,286
LIABILITIES			
Non-current liabilities			
Convertible bond	8	72,474	–
Deferred income tax liabilities	10	288	150
Long service payment obligations		12	117
Total non-current liabilities		72,774	267
Current liabilities			
Trade and other payables	9	33,508	27,832
Amounts due to fellow subsidiaries	9	535	3,611
Income tax liabilities		111	716
Total current liabilities		34,154	32,159
Total liabilities		106,928	32,426
Total equity and liabilities		290,989	198,712
Net current assets		138,433	131,356
Total assets less current liabilities		256,835	166,553

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 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 are presented in Hong Kong dollars, unless otherwise stated, and have been approved for issue by the Board of Directors on 29th May 2013.

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.

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 “HK Stock Exchange”). 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 judgment in the process of applying the Group’s accounting policies.

(a) New and amended standards adopted by the Group

There are no new and amended standards to existing IFRSs that are effective for the Group’s accounting year commencing 1st April 2012 that could be expected to have a material impact on the Group.

(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 2012, and have not been early adopted in preparing these consolidated financial statements:

		Effective for annual period beginning on or after
IAS 19 (Revised 2011)	Employee benefits	1st January 2013
IAS 27 (Revised 2011)	Separate financial statements	1st January 2013
IAS 28 (Revised 2011)	Associates and joint ventures	1st January 2013
IFRS 9	Financial instruments	1st January 2015
IFRS 10	Consolidated financial statements	1st January 2013
IFRS 11	Joint arrangements	1st January 2013
IFRS 12	Disclosure of interests in other entities	1st January 2013
IFRS 13	Fair value measurements	1st January 2013
IFRIC -Int 20	Stripping costs in the production phase of a surface mine (November 2011)	1st January 2013
Amendments to IAS 1	Presentation of financial statements on other comprehensive income	1st July 2012
Amendments to IAS 32	Financial instruments: Presentation — Offsetting financial assets and financial liabilities	1st January 2014
Amendments to IFRS 1	First time adoption on government grants	1st January 2013
Amendments to IFRS 7	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities	1st January 2013
Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised 2011)	Investment entities	1st January 2014
Amendments to IFRS 10, 11 and 12	Transition guidance	1st January 2013
Improvements to IFRSs 2011	Several IFRS standards	1st January 2013

The new standards, amendments to standards and interpretations that are most relevant to the Group's operations are explained in more detail below.

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.

The Group has assessed that the adoption of IFRS 10 does not have any financial impact on the Group as all subsidiaries within the Group satisfy the requirements for control under IFRS 10 and there are no new subsidiaries identified under the new guidance.

Apart from IFRS 10, management is in the process of making an assessment of the impact of the above new standards, amendments to standards and interpretations. Management is not yet in a position to state what impact they would have, if any, on the Group's results of operations and financial positions.

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 places and 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:

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

The Group's turnover and results provided to the Executive Committee for the reporting segments for the year ended 31st March 2012 are as follows:

	(Audited)		
	Hong Kong <i>HK\$'000</i>	Media Business Mainland China <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	183,443	40,740	224,183
Segment profit/(loss) before income tax	62,957	(10,292)	52,665
Unallocated expenses			(11,707)
Operating profit			40,958
Share of loss of associates			(822)
Profit before income tax			40,136
Income tax (expense)/credit	(8,361)	806	(7,555)
Profit for the year			32,581
Other information:			
Interest income	552	337	889
Depreciation of property, plant and equipment	797	897	1,694
Amortisation of intangible assets	75	25	100

The segment assets and liabilities as at 31st March 2013 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	378,593	70,466	(163,153)	5,083	290,989
Total assets include:					
– Interests in associates and jointly controlled entities	8,579	24,403	–	–	32,982
– Additions to non-current assets (other than deferred income tax assets and interests in associates and jointly controlled entities)	77,810	897	–	–	78,707
Total liabilities	(94,116)	(175,565)	163,153	(400)	(106,928)

The segment assets and liabilities as at 31st March 2012 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	283,196	69,633	(154,924)	807	198,712
Total assets include:					
– 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 and jointly controlled entities, 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\$89,247,000 (2012: HK\$4,378,000) and the total of these non-current assets located in Mainland China is HK\$26,002,000 (2012: HK\$30,012,000).

No revenue derived from a single customer is 10% or more of the combined revenue of all operating segments (2012: Nil).

4 INTANGIBLE ASSETS

	Group			
	Computer softwares <i>HK\$'000</i>	Goodwill <i>HK\$'000</i>	Trademark <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 2011 (Audited)				
Cost	245	2,570	–	2,815
Accumulated amortisation	(96)	–	–	(96)
Net book amount	<u>149</u>	<u>2,570</u>	<u>–</u>	<u>2,719</u>
Year ended 31st March 2012 (Audited)				
Opening net book amount	149	2,570	–	2,719
Additions	474	–	–	474
Amortisation expenses	(100)	–	–	(100)
Currency exchange differences	–	88	–	88
Closing net book amount	<u>523</u>	<u>2,658</u>	<u>–</u>	<u>3,181</u>
At 31st March 2012 (Audited)				
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>
Year ended 31st March 2013 (Unaudited)				
Opening net book amount	523	2,658	–	3,181
Additions	229	–	–	229
Additions from acquisition (Note 6)	–	–	75,600	75,600
Amortisation expenses	(171)	–	(2,100)	(2,271)
Currency exchange differences	1	45	–	46
Closing net book amount	<u>582</u>	<u>2,703</u>	<u>73,500</u>	<u>76,785</u>
At 31st March 2013 (Unaudited)				
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>

5 INTERESTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Audited)
Interests in associates	25,512	25,978
Interests in jointly controlled entities (“JCEs”)	7,470	–
	<u>32,982</u>	<u>25,978</u>

Movements on the interests in associates and JCEs are as follows:

	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Audited)
At 1st April	25,978	–
Acquisition of associates (<i>notes (a) and (b)</i>)	–	26,800
Formation of JCEs (<i>note (d)</i>)	8,000	–
Share of loss	(738)	(693)
Amortisation of trademark and customer list	(258)	(129)
At 31st March	<u>32,982</u>	<u>25,978</u>

Notes:

- (a) On 30th September 2011, the Group acquired all 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 31st March 2013, interest in ByRead Inc. included goodwill, trademark and customer list identified from the acquisition of ByRead Inc. of HK\$20,822,000, HK\$3,787,000 and HK\$737,000 respectively. The useful lives for trademark and customer list are 30 years and 5 years respectively.

ByRead Inc. is determined to be the corresponding cash-generating units (“CGU”) for the goodwill acquired and the recoverable amount of this CGU is determined based on fair value less cost to sell. With reference to the advice obtained from an independent and professionally qualified valuer, the recoverable amount is higher than the carrying amount and no impairment of interest in ByRead Inc. was recognised during the year ended 31st March 2013 (2012: Nil).

- (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:

Name of associates	Place of incorporation	Effective equity interest	Principal activities
ByRead Inc.	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) 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 jointly controlled entity, Chu Kong Culture Media Company Limited, whereby the Company's subsidiary subscribed for 40,000 shares in the jointly controlled entity, which represents 40% of the issued share capital of the new company.

Name of jointly controlled entities	Place of incorporation	Effective equity interest	Principal activities
Chu Kong Culture Media Company Limited	British Virgin Islands	40%	Note (i)
Connect Media Company Limited	Hong Kong	40%	Note (i)

- (i) Chu Kong Culture Media Company Limited is an investment holding company and the principal activities of its wholly-owned subsidiary, Connect Media Company Limited 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.

The Group's share of the results of its principal associates and JCEs and the gross amounts of assets (excluding goodwill) and liabilities are as follows:

	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Audited)
Revenue	1,111	456
Expenses	(2,107)	(1,278)
Loss for the year	(996)	(822)
Non-current assets	956	722
Current assets	24,321	3,944
Current liabilities	(3,143)	(1,555)
Net assets	22,134	3,111

There were no contingent liabilities relating to the Group's interests in the associates and JCEs and no significant contingent liabilities of the associates and JCEs themselves as at 31st March 2013 and 2012.

6 ACQUISITION OF MING PAO FINANCE LIMITED

On 1st June 2012, the Group acquired 100% of the issued share capital in Ming Pao Finance Limited (“MP Finance”), which had no business activity except holding of publishing titles and past contents, for a 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, which was recognised as acquisition of trademark during the year and included in intangible assets (Note 4). The consideration was fully satisfied by the issue of a convertible bond (Note 8) by the Company to Ming Pao Holdings Limited.

7 TRADE AND OTHER RECEIVABLES

	2013 <i>HK\$’000</i> (Unaudited)	2012 <i>HK\$’000</i> (Audited)
Trade receivables	53,405	53,022
Less: allowance for impairment of trade receivables	(67)	(66)
Trade receivables — net	53,338	52,956
Prepayments and deposits — net	5,826	4,625
	59,164	57,581

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

The Group allows in general a credit period ranging from 30 days to 120 days to its trade customers. At 31st March 2013 and 2012, the ageing analysis of the Group’s trade receivables by invoice date, net of allowance for impairment, is as follows:

	2013 <i>HK\$’000</i> (Unaudited)	2012 <i>HK\$’000</i> (Audited)
0 to 60 days	27,098	31,090
61 to 120 days	17,188	13,506
121 to 180 days	3,455	6,254
Over 180 days	5,597	2,106
	53,338	52,956

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

8 CONVERTIBLE BOND

	2013 <i>HK\$’000</i> (Unaudited)	2012 <i>HK\$’000</i> (Audited)
Non-current		
Convertible bond	72,474	—

As the consideration for the Group's acquisition of 100% of the issued shares in MP Finance from Ming Pao Holdings Limited, a fellow subsidiary of the Company (Note 6), 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 convert whole or part of the principal amount of the bond into shares at 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 (3.02% to 3.17%) 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.

	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Audited)
Face value of convertible bond issued	75,600	–
Equity component	(5,214)	–
Coupon interest	(630)	–
Change in fair value of the liability component of convertible bond	2,718	–
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Fair value of liability component	72,474	–
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9 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Audited)
Trade payables	4,740	7,114
Accrued expenses and receipts in advance	28,768	20,718
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	33,508	27,832
Amounts due to fellow subsidiaries	535	3,611
	<hr/>	<hr/>
	34,043	31,443
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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 2013 and 2012, the ageing analysis of the trade payables by invoice date is as follows:

	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Audited)
0 to 60 days	4,460	6,438
61 to 120 days	152	638
121 to 180 days	–	27
Over 180 days	128	11
	<hr/>	<hr/>
	4,740	7,114
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10 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:

	Group	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Deferred income tax assets		
– to be recovered after more than 12 months	1,576	–
– to be recovered within 12 months	1,576	807
	3,152	807
	Group	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Deferred income tax liabilities		
– to be realised within 12 months	(288)	(150)

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

	Group		
	Accelerated tax depreciation	Tax losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st April 2011 (Audited)	51	–	51
(Charged)/credited to the consolidated income statement	(201)	807	606
At 31st March 2012 (Audited)	(150)	807	657
At 1st April 2012 (Audited)	(150)	807	657
(Charged)/credited to the consolidated income statement	(138)	2,332	2,194
Exchange differences	–	13	13
At 31st March 2013 (Unaudited)	(288)	3,152	2,864

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\$30,112,000 (2012: HK\$36,506,000) to carry forward against future taxable income. These tax losses have not been recognised due to uncertainty of their future recoverability.

11 SHARE CAPITAL AND PREMIUM

	Number of issued shares (in thousands)	Ordinary share HK\$'000	Share premium HK\$'000	Total HK\$'000
At 31st March 2011, 2012 (Audited) and 2013 (Unaudited)	400,000	400	456,073	456,473

The total authorised number of ordinary shares is 4,000 million shares (2012: 4,000 million shares) with a par value of HK\$0.001 per share (2012: HK\$0.001). All issued shares are fully paid.

12 EXPENSES BY NATURE

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

	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Audited)
Paper consumed	20,833	20,034
Depreciation of property, plant and equipment	1,962	1,694
Amortisation of intangible assets	2,271	100
Employee benefit expense (including directors' emoluments)	72,530	66,330
Occupancy costs	5,392	4,352
Loss on disposal of property, plant and equipment	320	–
Auditor's remuneration	1,185	1,098

13 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit during the year ended 31st March 2013.

No provision for the People's Republic of China ("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 2013 and 2012.

	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Audited)
Hong Kong profits tax		
– Current income tax	(9,204)	(8,161)
– Over provision in prior year	24	–
Deferred income tax		
– Current deferred income tax credit	2,194	606
	(6,986)	(7,555)

14 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.

	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Audited)
Profit attributable to equity holders of the Company	<u>35,882</u>	<u>32,581</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><u>9.0</u></u>	<u><u>8.1</u></u>

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

15 DIVIDENDS

Dividends attributable to the year:

	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Audited)
Interim dividend, paid, HK2 cents (2012: HK0.9 cent) per ordinary share	8,000	3,600
Final dividend, proposed after the end of the reporting period, HK3.5 cents (2012: HK4 cents) per ordinary share	<u>14,000</u>	<u>16,000</u>
	<u><u>22,000</u></u>	<u><u>19,600</u></u>

Dividends paid during the year:

	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Audited)
Interim dividend, 2013, HK2 cents (2012: HK0.9 cent) per ordinary share	8,000	3,600
Final dividend, 2012, HK4 cents (2011: HK2 cents) per ordinary share	<u>16,000</u>	<u>8,000</u>
	<u><u>24,000</u></u>	<u><u>11,600</u></u>

On 29th May 2013, the Board of Directors proposed a final dividend of HK3.5 cents per share, totalling HK\$14,000,000. Such dividend is to be approved by the shareholders at the annual general meeting of the Company on 5th August 2013. Upon approval by the shareholders of the Company, this final dividend will be paid on 23rd August 2013 to shareholders whose names appear on the register of members of the Company at the close of the business on 13th August 2013. These consolidated financial statements do not reflect this dividend payable but accounted for it as proposed dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Summary

For the fiscal year 2012/13, the Group achieved record results since its listing on HK Stock Exchange in October 2005. The Group completed restructuring and sustained moderate growth in its Hong Kong operation and also started strategic development.

Profit attributable to equity holders of the Company for the year under review rose 10% to HK\$35,882,000. It attributed to the increased cost efficiency of the Group. Turnover of the Group for the year was HK\$217,295,000, which was 3% slightly decrease from HK\$224,183,000 of the previous financial year. It was mainly due to business restructuring of discontinuing a publication with limited upside.

Review of Operations

Hong Kong

Segment profit from Hong Kong operation increased by 7% year-on-year to HK\$67,071,000. Turnover of Hong Kong operation maintained stable growth of 2% to HK\$188,009,000, representing 87% of the Group's total turnover for the year.

During the year under review, the Group's magazine business delivered stable performance. "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 contributors.

MP Weekly has already established a strong readership with loyalty. The Group continued to strengthen MP Weekly's position as a lifestyle and entertainment magazine, featuring in-depth and inspiring articles on art, culture and society in order to target readers from a high-income demographic group.

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

"MING Watch 明錶" is a professional bimonthly magazine providing distinguished feature stories on the latest timepiece trends in the industry. It has achieved the support from a number of prestigious brands since its debut in December 2011 and contributed stable advertising revenue to the Group for the year ended 31st March 2013.

"Travel Planner 港澳台自由行專輯" and "Hong Kong Voyage 優遊香港" are two guidebooks focusing on updated travel information of Hong Kong, Macau and Taiwan. With these two travel guides, the Group is able to produce reasonable revenue from advertisers targeting the tourism industry.

Mainland China

The Group's Mainland China operation recorded an improvement in terms of segment results after restructuring which allowed the Group to more efficiently allocate its resources. The segment loss reduced to HK\$8,820,000 from HK\$10,292,000 in the previous financial year. Turnover dropped from HK\$40,740,000 to HK\$29,286,000 during the year partly due to the cessation of "MING 明日風尚" which was part of business restructuring.

"Top Gear 汽車測試報告" ("Top Gear China") and "Popular Science 科技新時代" ("Popular Science") continued to deliver Mainland Chinese readers with infotainment, automobile news and trends as well as science news respectively along with the latest updates in the tech sector. Popular Science achieved growth in advertising revenue, while Top Gear China's advertising revenue remained stable during the year under review.

Digital Media

ByRead Group is one of the leading mobile reading platform providers in Mainland China, with registered users increasing to approximately 58 million as at 31st March 2013.

Hihoku is an online platform providing quality entertainment news to Chinese communities around the globe.

The Group further developed its digital media business to capture more cross-media advertising revenue. Partyline is a social networking application. It is backed by MP Weekly to provide live coverage of the hottest events in town, including fashion show parties of illustrious brands and private parties featuring celebrities.

New Business

In November 2012, the Group and Chu Kong Shipping Enterprises (Group) Company Limited (stock code: 0560)("Chu Kong Shipping"), jointly formed a transportation media company named Connect Media Company Limited ("Connect Media") to create a high-speed waterborne passenger transport advertising platform for Guangdong, Hong Kong and Macau, enjoying the complementary strengths of the two groups.

Connect Media is one of our new business highlights, and is expected to explore more business opportunities via extensive networking of the Group and Chu Kong Shipping. It also represents a prime opportunity for the Group to expand its revenue base and create new advertising platforms in the prosperous Pearl River Delta.

Outlook

Despite the challenging operating environment, the Group will continue to expand the scope of its business and investment portfolio, with the aim of broadening its income base.

To uphold the Group's competitive edge as one of the leading media players in Greater China, multimedia operations will be the Group's development trajectory in the coming year. The Group is also looking for new growth opportunities that further enhance business segments.

Upon completion of the Group's business restructuring, the Group established a new position as a multimedia enterprise targeting news, lifestyle and infotainment content in Greater China. The management of the Group strongly believes that this new position together with the new strategic development will enhance shareholder value going forward.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIOS

As at 31st March 2013, the Group's net current assets amounted to HK\$138,433,000 (2012: HK\$131,356,000) and the total equity attributable to the equity holders of the Company was HK\$184,061,000 (2012: HK\$166,286,000). The Group had no bank borrowings (2012: 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, were zero at 31st March 2013 and 2012.

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, 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 2013, the Group did not have any material contingent liabilities or guarantees (2012: Nil).

CLOSURE OF THE REGISTER OF THE MEMBERS

The register of members of the Company will be closed from Thursday, 1st August 2013 to Monday, 5th August 2013, 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 form accompanied by the relevant share certificates must be lodged with the Company's branch 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 Wednesday, 31st July 2013.

The register of members will also be closed from Friday, 9th August 2013 to Tuesday, 13th August 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend of HK3.5 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. Thursday, 8th August 2013.

EMPLOYEES

As at 31st March 2013, the Group had approximately 232 employees (2012: 225 employees), of which 152 and 80 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 31st March 2013, the Company has adopted the code provisions set out in the Corporate Governance Code (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 2012/13.

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. TAN Hock Seng, Peter. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st March 2013 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 Kiew Chiong
Director

Hong Kong, 29th May 2013

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 Annual Report 2012/13 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 2013.