

**萬華媒體**

One Media Group Limited  
萬華媒體集團有限公司  
Stock Code 股份代號：426

二〇一四至二〇一五年年報

BEIJING 北京  
SHANGHAI 上海  
GUANGZHOU 廣州  
HONG KONG 香港

The background of the cover features a white, torn-paper-style outline of the map of China. The interior of the map is a solid light blue. Outside the map's boundary, the background is a darker blue, decorated with numerous concentric circles in various shades of blue and green, creating a ripple effect. The company name '万华媒体' is written in large, bold, 3D-style Chinese characters across the center of the map.

**万华  
媒体**



# 万华 媒体

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## CORPORATE INFORMATION

### NON-EXECUTIVE DIRECTOR

Tan Sri Datuk Sir TIONG Hiew King (*Chairman*)

### EXECUTIVE DIRECTORS

Mr. TIONG Kiew Chiong

Mr. LAM Pak Cheong

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. YU Hon To, David

Mr. YANG, Victor

Mr. LAU Chi Wah, Alex

### AUDIT COMMITTEE

Mr. YU Hon To, David (*Chairman*)

Mr. YANG, Victor

Mr. LAU Chi Wah, Alex

### REMUNERATION COMMITTEE

Mr. LAU Chi Wah, Alex (*Chairman*)

Mr. YU Hon To, David

Mr. YANG, Victor

Mr. TIONG Kiew Chiong

### NOMINATION COMMITTEE

Mr. YANG, Victor (*Chairman*)

Mr. YU Hon To, David

Mr. LAU Chi Wah, Alex

Mr. TIONG Kiew Chiong

### COMPANY SECRETARY

Mr. YEUNG Ying Fat

### PRINCIPAL BANKERS

Hang Seng Bank Limited

Bank of Communications Co., Ltd.

(Hong Kong Branch)

### AUDITOR

PricewaterhouseCoopers

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

16th Floor, Block A

Ming Pao Industrial Centre

18 Ka Yip Street

Chai Wan

Hong Kong

### REGISTERED OFFICE

Clifton House

75 Fort Street

P.O. Box 1350 GT

George Town

Grand Cayman

Cayman Islands

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Limited

Clifton House

75 Fort Street

P.O. Box 1350 GT

George Town

Grand Cayman

Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

### STOCK CODE

426

### WEBSITE

[www.omghk.com](http://www.omghk.com)



## GROUP'S PRINCIPAL BUSINESSES



## CHAIRMAN'S STATEMENT



**Tan Sri Datuk Sir TIONG Hiew King**  
*Chairman*

Financial year 2014/15 was characterised by uncertainties in terms of both the political environment and domestic market for Hong Kong. The performance of One Media Group Limited (the “Company”) and its subsidiaries (collectively, the “Group”) was therefore impacted by this tough business environment. In addition, the Group recognised substantial impairment provisions on its interest in an associate and the goodwill arising from the acquisition of the Group’s subsidiaries in Mainland China in 2004. As a result, the Group reported a loss for the financial year ended 31st March 2015 as compared to the profit attributable to equity holders for the last financial year.

During the financial year under review, Hong Kong suffered from an uncertain economic situation. The “2014 Economic Background and 2015 Prospects” published by the Government of Hong Kong Special Administrative Region mentioned that the decline in visitor spending on the luxury products and softened domestic private consumption have adversely affected the existing advertiser’s spending during the financial year and the Group’s advertising revenue was inevitably affected.

To deal with the unsatisfactory market situation, the Group has reallocated resources to diversify existing business categories and to explore potential business opportunities. During the financial year, the Group launched “Ming’s” as a new channel to generate additional advertising revenue and the initial feedback from the advertising market is encouraging. The Group will continue to develop new business and to provide comprehensive services to its clients.

Besides, the Group’s other businesses recorded improvements during the financial year under review. During the year, Connect Media Company Limited experienced steady operational improvement. Meanwhile, Blackpaper Limited has performed satisfactorily in the print media industry.

Last but not least, on behalf of the Board of Directors, I would like to thank our shareholders, business partners and readers for their continuous support. The Group will continue to adopt efficient and tight cost controls and improve its operational efficiency to attain better performance in the coming year.

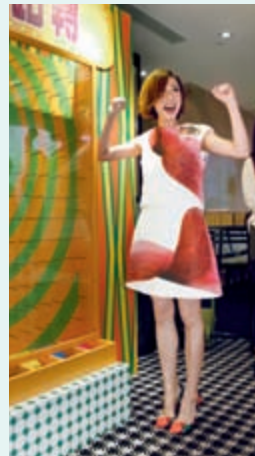
**Tan Sri Datuk Sir TIONG Hiew King**  
*Chairman*

Hong Kong, 28th May 2015



## EVENTS OF THE YEAR

### “MING PAO WEEKLY 明報周刊”





## EVENTS OF THE YEAR

## “MING PAO WEEKLY 明報周刊”



## “TOP GEAR 極速誌”



## “MING WATCH 明錶”



# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS SUMMARY

During the financial year under review, Hong Kong was impacted by the economic slowdown. According to the “2014 Economic Background and 2015 Prospects” published by the Government of Hong Kong Special Administrative Region, the city’s economy grew only modestly in 2014 by 2.3%, down from 2.9% in 2013. The advertising market was inevitably affected under this economic situation. According to admanGO, total advertising spending of all Hong Kong magazines recorded a decline of 6.9%, compared with the previous financial year. During the financial year, advertisers have tightened their advertising and promotion spending and the Group’s performance was therefore adversely impacted during the year under review.

Turnover of the Group for the year ended 31st March 2015 decreased by 12% to HK\$179,248,000, causing the gross profit of the Group fell by 15% to HK\$94,532,000 compared with the previous financial year. Adding to the difficult market conditions, the Group has made allowance for impairment on its interest in an associate and goodwill impairment loss arising from the acquisition of the Group’s subsidiaries in Mainland China in 2004 of HK\$23,467,000 and HK\$2,725,000 respectively. As a result, the Group reported a loss of HK\$11,072,000, compared with profit attributable to equity holders of the Company of HK\$28,646,000 in the previous financial year. However, these provisions had no impact on the cash flow of the Group as they were non-cash expenses. The results of the Group before the impairment charges realised a profit of HK\$15,120,000, representing a 47% drop compared with the previous financial year.

## REVIEW OF OPERATIONS

### Hong Kong

Turnover of Hong Kong operations, which accounted for 89% of the Group’s total turnover for the year, recorded a decline of 10% to HK\$160,242,000. Segment profit from Hong Kong operations was reduced by 29% to HK\$45,469,000 compared with the previous financial year.

“Ming Pao Weekly 明報周刊” (“MP Weekly”) is the Group’s main turnover contributing business for the Hong Kong segment. During the year, MP Weekly suffered from a setback in the retail market of luxury products, which caused advertisers in general tightening their advertising and promotion spending. However, through various marketing strategies, MP Weekly was able to maintain its existing advertisers’ base. Moreover it has been exploring new revenue channels by diversifying business categories such as organising market events and investment seminars.

In September 2014, the Group successfully launched “Ming’s” (“Ming’s”) as a new channel to generate additional advertising revenue. Ming’s is a monthly title published complimentary with MP Weekly, which offers photographs, in-depth articles and quality features covering five major categories — fashion, beauty, luxuries, arts and sports.

MP Weekly always adheres to high standard of quality of journalism and continues to gain public recognition. During the financial year, MP Weekly received the following awards:

- Winner in the Photo Essay category in the “Focus at the Frontline 2014” Photo Contest organised by Hong Kong Press Photographers Association
- No. 1 in the Entertainment category in the Magazine of the Year 2014 and No. 3 in the Top 10 Overall Magazine of the Year organised by Marketing Magazine in Hong Kong



## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF OPERATIONS *(Continued)*

#### Hong Kong *(Continued)*

"Top Gear 極速誌" ("Top Gear Hong Kong"), being a popular automobile magazine with international editorial backing, continuously enriched its content and expands its business and coverage from print format to multi-media format through online video platforms which generated a positive response from readers. During the year, Top Gear Hong Kong performed well and recorded a healthy growth.

"MING Watch 明錶" is a professional high-end watch magazine offering feature stories and the latest trends in the watch industry. It maintained a stable performance for the year under review. As the title has been well accepted by the market in Hong Kong, the Group has officially expanded this publishing business from Hong Kong to Mainland China. The first Mainland China edition was launched in June 2014.

#### Mainland China

During the year, the turnover of the Group's Mainland China operations amounted to HK\$19,006,000, reflecting a drop of turnover of 27% from HK\$26,052,000 in the previous financial year. Segment loss during the year was HK\$14,041,000 compared with a loss of HK\$9,258,000 in the previous financial year. The increase in segment loss was mainly due to goodwill impairment loss arising from the acquisition of the Group's subsidiaries in Mainland China in 2004 of HK\$2,725,000 and certain one-off restructuring expenses of approximately HK\$2,000,000 resulting from the optimisation of the Mainland China business, which included the streamlining of the organisational structure of this segment and the discontinuation of the operation of "Popular Science 科技新時代" starting from September 2014.

"Top Gear 汽車測試報告" maintained a relatively stable performance during the year and continues to attract Mainland Chinese readers with infotainment, automobile news and trends.

"MING Watch 明表", a quarterly magazine, was officially launched in June 2014 opening up new market in Mainland China. It introduces the latest high-end watch market trends and feature stories to satisfy the needs of readers in Mainland China. This new publication has generated additional advertising revenue for the Group.

### PERFORMANCE OF OTHER MEDIA INVESTMENTS

The Group's joint venture, Connect Media Company Limited, showed improvement in terms of business and financial performance. It has continued to focus on the advertising business through the platform of travelers in the Pearl River Delta region.

Blackpaper Limited is engaged in the publication of "BlackPaper", "100 Most" and books as well as the provision of creative multimedia services and advertising campaigns. It recorded a satisfactory performance during the year.

For the investment in ByRead, based on the pre-tax cash flow projection, the return of the investment in ByRead will be an immaterial value. Therefore, the Group recognised an allowance for impairment of HK\$23,467,000 for this investment during the financial year.

### OUTLOOK

The near-term outlook for the Hong Kong economy in 2015 will largely depend on the external environment, which is challenging and fraught with uncertainties. Going forward, with years of experience in the media industry, the Group plans to expand its business based on the strengths of the existing publications and is set to explore new investment opportunities that have synergies with the Group's existing operation. In addition, the management is committed to improving the operational and financial efficiency in all business units, in particular stays cautious and continuously keep tight control on costs.

## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31st March 2015, the Group's net current assets amounted to HK\$85,734,000 (2014: HK\$152,882,000) and the total equity attributable to the equity holders of the Company was HK\$167,495,000 (2014: HK\$192,656,000). The Group had no bank borrowings (2014: Nil) and the gearing ratios, which is defined as the ratio of net debt, calculated as total borrowings (including the liability component of convertible bond) less cash and cash equivalents, to total capital, calculated as total equity attributable to the Company's equity holders plus net debt, was zero at 31st March 2015 and 2014.

### 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 People's Republic of China (the "PRC"), most of the sales and purchases are denominated in Renminbi and the exposure to foreign exchange risk is expected to be minimal.

### CONTINGENT LIABILITIES

As at 31st March 2015, the Group did not have any material contingent liabilities or guarantees (2014: Nil).

### CLOSURE OF THE REGISTER OF THE MEMBERS

The registers of the Company will be closed from Monday, 3rd August 2015 to Wednesday, 5th August 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 31st July 2015.

The register of members will also be closed from Wednesday, 12th August 2015 to Friday, 14th August 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend of HK1 cent 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. Tuesday, 11th August 2015.

### EMPLOYEES

As at 31st March 2015, the Group had approximately 194 employees (2014: 215 employees), of which 158 and 36 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 of the Company 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.



## REPORT OF THE DIRECTORS

The directors (the “Directors”) of the Company submit their report together with the audited consolidated financial statements for the year ended 31st March 2015.

### PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 8 to the consolidated financial statements.

An analysis of the Group’s performance for the year by operating segment is set out in Note 5 to the consolidated financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 39. The Directors have declared an interim dividend of HK0.6 cent (2014: HK1.5 cents) per ordinary share, totalling HK\$2,400,000 (2014: HK\$6,000,000) which was paid on 31st December 2014. The Directors recommended the payment of a final dividend of HK1 cent (2014: HK3 cents) per ordinary share, totalling HK\$4,000,000 (2014: HK\$12,000,000).

### RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 15 to the consolidated financial statements.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 6 to the consolidated financial statements.

### SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 14 to the consolidated financial statements.

### DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31st March 2015, including the share premium, available for distribution, calculated in accordance with the provisions of Companies Law of the Cayman Islands, amounted to HK\$571,056,000 (2014: HK\$584,666,000).

Under the laws of the Cayman Islands, the share premium is distributable to the shareholders (the “Shareholders”) of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

The reserves of the Company available for distribution depend on the dividend distributable by the Company’s subsidiaries. For the dividend purpose, the amount which the Company’s subsidiaries in the PRC can legally distribute by way of a dividend is determined by reference to their profits as reflected in the PRC statutory financial statements which are prepared in accordance with accounting principles generally accepted in the PRC. These profits differ from those that are reflected in the Company’s consolidated financial statements prepared in accordance with International Financial Reporting Standards and disclosure requirements of the Hong Kong Companies Ordinance.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company’s Articles of Association (the “Articles”), or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

# REPORT OF THE DIRECTORS

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 92.

## 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.

## SHARE OPTIONS

The Company has two share option schemes (the "Schemes"). A pre-IPO share option scheme ("Pre-IPO Share Option Scheme") was approved and adopted by the Shareholders on 26th September 2005 (the "Adoption Date"). Another share option scheme, a post-IPO share option scheme ("Post-IPO Share Option Scheme"), was also approved on the same date, 26th September 2005 by the Shareholders. The principal terms of the Pre-IPO Share Option Scheme are substantially the same as the terms of the Post-IPO Share Option Scheme (where applicable) except for the following principal terms: (a) the subscription price per share was the final Hong Kong dollar price per share at which shares were to be sold in an offer for sale in Hong Kong on 18th October 2005 (the "Listing Date"), being the date of the shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); and (b) no options would be offered or granted upon the commencement of dealings in the shares on the Stock Exchange.

Under the Post-IPO Share Option Scheme, the exercise price per share is a price to be determined by the Board of Directors which shall be the highest of the closing price of the shares on the Stock Exchange on the relevant offer date, the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the relevant offer date or the nominal value of the shares. The Board of Directors may grant options to subscribe the shares of the Company to any full time employee, executive and non-executive directors (including the independent non-executive directors) of the Group or Media Chinese International Limited ("Media Chinese") and its subsidiaries (the "Media Chinese Group") (for so long as the Company remains to be a subsidiary of Media Chinese) ("Employee").

The purposes of the Schemes are to encourage employees to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole, and to motivate them to achieve higher levels of good corporate governance.

The maximum number of shares in respect of which options may be granted under the Schemes when aggregated with the maximum number of shares in respect of any options to be granted under any other share option schemes established by the Company (if any) is that number which is equal to 10% of the issued share capital of the Company immediately following the commencement of dealings in the shares of the Company on the Stock Exchange. As at the date of this report, the total number of shares of the Company that may be issued upon exercise of all share options granted and yet to be exercised under the Pre-IPO Share Option Scheme was 6,830,000 shares, which represented approximately 1.71% of the total number of shares of the Company in issue as at that date. As at the date of this report, no option has been granted or agreed to be granted by the Company under the Post-IPO Share Option Scheme. No Employee shall be granted an option if the total number of shares issued and to be issued upon exercise of the options granted and to be granted to such employee in any 12-month period up to the date of the latest grant would exceed 1% of the issued share capital of the Company from time to time.

The period within which an option may be exercised under each of the Schemes will be determined and notified by the Board of Directors in its absolute discretion (subject to any vesting periods, if applicable), save that no option may be exercised later than 10 years from the date of offer of the option or 10 years after the Adoption Date, whichever is earlier. As evidenced by the vesting periods of the options granted under the Pre-IPO Share Option Scheme, no option granted under the Pre-IPO Share Option Scheme will be exercisable within six months from the Listing Date. Save for the number of shares which may be subscribed for pursuant to the exercise of options and the vesting periods of the options granted, each option so granted under the Pre-IPO Share Option Scheme has the same terms and conditions. The offer of a grant of share option may be accepted within 28 days from the date of offer upon payment of a nominal consideration of HK\$1 by the grantee.



## REPORT OF THE DIRECTORS

### SHARE OPTIONS *(Continued)*

In relation to the options granted to the grantees, either of the following two vesting scales has been applied:

- (i) 20% of the shares comprised in the option will vest on each of the five anniversaries of the Listing Date from the first anniversary of the Listing Date to the fifth anniversary of the Listing Date; or
- (ii) 100% of the shares comprised in the option will fully vest on the first anniversary of the Listing Date,

as the case may be, which has been specified in the offer letters to the grantees.

Details of the share options outstanding and movements during the year ended 31st March 2015 are as follows:

Grantee	Number of shares involved in share options					Percentage of issued ordinary shares	Exercise price per share HK\$	Date of grant	Exercisable period
	Balance at 1st April 2014	Granted during the year (Note 2)	Exercised during the year (Note 2)	Lapsed during the year (Note 3)	Balance at 31st March 2015				
Directors:									
Tan Sri Datuk Sir TIONG Hiew King	(Note 1a) 1,250,000	–	–	–	1,250,000	0.31%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. TIONG Kiew Chiong	(Note 1a) 1,250,000	–	–	–	1,250,000	0.31%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. LAM Pak Cheong	(Note 1a) 1,000,000	–	–	–	1,000,000	0.25%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. YU Hon To, David	(Note 1a) 150,000	–	–	–	150,000	0.04%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. SIT Kien Ping, Peter	(Notes 1a & 5) 150,000	–	–	(150,000)	–	–	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. TAN Hock Seng, Peter	(Notes 1a & 5) 150,000	–	–	(150,000)	–	–	1.200	27/9/2005	18/10/2005-25/9/2015
	3,950,000	–	–	(300,000)	3,650,000	0.91%			
Media Chinese's director:									
Dato' Sri Dr. TIONG Ik King	(Note 1a) 1,000,000	–	–	–	1,000,000	0.25%	1.200	27/9/2005	18/10/2005-25/9/2015
Full time employees	(Note 1a) 2,150,000	–	–	(50,000)	2,100,000	0.53%	1.200	27/9/2005	18/10/2005-25/9/2015
Full time employees	(Note 1b) 768,000	–	–	(80,000)	688,000	0.17%	1.200	27/9/2005	18/10/2005-25/9/2015
Total	7,868,000	–	–	(430,000)	7,438,000	1.86%			

Notes:

1. In relation to the options granted to the grantees, either of the following two vesting scales has been applied:
  - a. 20% of the Company's share comprised in the option will vest on each of the five anniversaries of the Listing Date from the first anniversary of the Listing Date to the fifth anniversary of the Listing Date; or
  - b. 100% of the Company's share comprised in each of the option will fully vest on the first anniversary of the Listing Date.
2. No share option was granted, exercised or cancelled during the year.
3. During the year, 430,000 share options have been lapsed by reason of the grantees ceased to be Directors and full-time employees of the Group and Media Chinese Group.
4. The fair value of the options granted is set out in Note 14 to the consolidated financial statements.
5. Mr. TAN Hock Seng, Peter and Mr. SIT Kien Ping, Peter resigned as independent non-executive Directors with effect from 1st April 2014 and 1st September 2014 respectively. Their share options were lapsed upon their resignation.

## REPORT OF THE DIRECTORS

### SHARE OPTIONS *(Continued)*

Apart from the Schemes, at no time during the year were rights to acquire benefits by means of the acquisition of shares, underlying shares or debentures of the Company granted to any Directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company or its holding companies or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporates.

### DIRECTORS

The Directors during the year and up to the date of this report were:

Tan Sri Datuk Sir TIONG Hiew King<sup>#</sup> (*Chairman*)

Mr. TIONG Kiew Chiong (*Deputy Chairman*)

Mr. LAM Pak Cheong

Mr. YU Hon To, David\*

Mr. SIT Kien Ping, Peter\* (resigned as an independent non-executive Director with effect from 1st September 2014)

Mr. TAN Hock Seng, Peter\* (resigned as an independent non-executive Director with effect from 1st April 2014)

Mr. YANG, Victor\* (appointed as an independent non-executive Director with effect from 1st April 2014)

Mr. LAU Chi Wah, Alex\* (appointed as an independent non-executive Director with effect from 1st September 2014)

<sup>#</sup> *Non-executive Director*

\* *Independent non-executive Directors*

In accordance with Article 108(a) of the Articles, Mr. TIONG Kiew Chiong and Mr. LAM Pak Cheong retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election. In addition, pursuant to Article 112 of the Articles, Mr. LAU Chi Wah, Alex retires at the forthcoming annual general meeting but, being eligible, offers himself for re-election.

The Company has received annual written confirmations from each of the independent non-executive Directors in regard to their independence to the Company and considers that each of the independent non-executive Directors is independent to the Company.

### DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a letter of appointment with the Company for a term of three years commencing from 1st April 2014 to 31st March 2017, except for Mr. YU Hon To, David whose appointment letter with the Company commenced from 1st April 2015 to 31st March 2017, and Mr. LAU Chi Wah, Alex whose appointment letter with the Company commenced from 1st September 2014 to 31st March 2017.

None of the Directors who is proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

### DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, its holding companies or its fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



## REPORT OF THE DIRECTORS

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

#### Non-executive Director



**Tan Sri Datuk Sir TIONG Hiew King**, aged 80, was appointed as the Chairman and a non-executive Director of the Company in April 2012. He has been the Chairman of Media Chinese, the holding company of the Company which is listed on the Stock Exchange and Bursa Malaysia Securities Berhad (“Bursa Malaysia”) since October 1995. Tan Sri Datuk Sir TIONG Hiew King is the Executive Chairman of Rimbunan Hijau Group, a large diversified conglomerate in Malaysia comprising timber harvesting, processing and manufacturing of timber products, plantations and other businesses around the world. He has extensive experience in a number of industries, including media and publishing, timber, oil palm plantations and mills, oil and gas, mining, fishery, information technology and manufacturing. He is one of the founders of “*The National*”, an English newspaper in Papua New Guinea and is currently the President of The Chinese Language Press Institute Limited. He was bestowed the

Knight Commander of the Most Excellent Order of the British Empire (K.B.E.) by Queen Elizabeth II of the United Kingdom in June 2009 in recognition of his contribution to commerce, community and charitable organisations. In 2010, he was awarded “Malaysia Business Leadership Award 2010 — The Lifetime Achievement Award” by the Kuala Lumpur Malay Chamber of Commerce in recognition of his entrepreneurship achievements and contribution to the country.

Tan Sri Datuk Sir TIONG Hiew King currently serves as an executive director of Rimbunan Sawit Berhad, a listed company in Malaysia and the Executive Chairman of RH Petrogas Limited, a listed company in Singapore.

He is the brother of Dato’ Sri Dr. TIONG Ik King and a distant relative of Mr. TIONG Kiew Chiong. Both Tan Sri Datuk Sir TIONG Hiew King and Dato’ Sri Dr. TIONG Ik King are substantial Shareholders, while Mr. TIONG Kiew Chiong is the Deputy Chairman and executive Director of the Company.

# REPORT OF THE DIRECTORS

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

### Executive Directors



**TIONG Kiew Chiong**, aged 55, was appointed as an executive Director in March 2005 and is the Deputy Chairman of the Company. Mr. TIONG is also the Chairman of the executive committee of the Company (the “Executive Committee”) and a member of the Remuneration Committee and Nomination Committee of the Company. He has been an executive director of Media Chinese since May 1998 and is currently the Group Chief Executive Officer and a member of the Group Executive Committee of Media Chinese. Media Chinese is the holding company of the Company which is listed on the Stock Exchange and Bursa Malaysia. Mr. TIONG has extensive experience in the media and publishing business. He is one of the founders of “*The National*”, an English newspaper in Papua New Guinea launched in 1993. Mr. TIONG obtained his Bachelor of Business Administration (Honours) from York University, Toronto, Canada in 1982.

Mr. TIONG currently sits on the board of various subsidiaries of the Company. In the last three years preceding 31st March 2015, he had been an executive director of RH Petrogas Limited, a listed company in Singapore.

He is a distant relative of Tan Sri Datuk Sir TIONG Hiew King and Dato’ Sri Dr. TIONG Ik King. Tan Sri Datuk Sir TIONG Hiew King is the Chairman of the Company and both Tan Sri Datuk Sir TIONG Hiew King and Dato’ Sri Dr. TIONG Ik King are substantial Shareholders.



**LAM Pak Cheong**, aged 46, joined the Group in April 2004 and was appointed as the Chief Executive Officer and an executive Director of the Company in April 2011, in charge of overseeing all the operations of the Group. He is also the Editorial Director of the Group, managing editorial matters of all publications and a member of the Executive Committee of the Company. Mr. LAM is also the Head of Finance and a member of the Hong Kong Executive Committee of Media Chinese, the holding company of the Company which is listed on the Stock Exchange and Bursa Malaysia. Mr. LAM has extensive experience in corporate development, media operations, mergers and acquisitions and corporate governance. He is an associate of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. LAM obtained his Master of Business Administration in Financial Services jointly from the University of Manchester and the University of Wales, Bangor in the United Kingdom and Master of Corporate Governance from the Hong Kong Polytechnic University.

Mr. LAM currently holds directorships in various subsidiaries of the Company. In the past three years preceding 31st March 2015, he had been an independent non-executive director of Roma Group Limited, which is a listed company in Hong Kong.

## REPORT OF THE DIRECTORS

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

#### Independent non-executive Directors



**YU Hon To, David**, aged 67, has been an independent non-executive Director of the Company since June 2005. He is also the Chairman of the Audit Committee, and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. YU is a fellow of the Institute of Chartered Accountants in England and Wales and an associate of the Hong Kong Institute of Certified Public Accountants. He was formerly a partner of an international accounting firm with extensive experience in corporate finance, auditing and corporate management. Mr. YU is the Chairman of MCL Financial Group Ltd, a Hong Kong based financial advisory and investment firm. He is currently an independent non-executive director of Media Chinese, the holding company of the Company which is listed on the Stock Exchange and Bursa Malaysia.

Mr. YU also serves as an independent non-executive director of Bracell Limited (formerly known as Sateri Holdings Limited), China Renewable Energy Investment Limited, China Resources Gas Group Limited, Great China Holdings Limited, Haier Electronics Group Co., Limited, Keck Seng Investments (Hong Kong) Limited, New Century Asset Management Limited (the manager of New Century Real Estate Investment Trust which is listed on the Stock Exchange), Playmates Holdings Limited and Synergis Holdings Limited, which are listed companies in Hong Kong. In the past three years preceding 31st March 2015, Mr. YU had been an independent non-executive director of China Datang Corporation Renewable Power Co., Limited, Crown International Corporation Limited (formerly known as VXL Capital Limited) and TeleEye Holdings Limited.



**YANG, Victor**, aged 69, was appointed as an independent non-executive Director of the Company on 1st April 2014. He is also the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company. Mr. YANG was a founding partner of Boughton Peterson Yang Anderson, Solicitors, Hong Kong. He is also a qualified lawyer in Canada and the United Kingdom. Mr. YANG has over 40 years of experience in legal practice primarily in the areas of corporate finance, commercial law, mergers, acquisitions and taxation. He is presently a director and a past governor of the Canadian Chamber of Commerce, a director of the Hong Kong Foundation for UBC Limited and a member of the University of British Columbia, Dean of Law's Council of Advisors.

Mr. YANG is also an independent non-executive director of China Agri-Industries Holdings Limited, Playmates Toys Limited and Singamas Container Holdings Limited, which are listed companies in Hong Kong. Mr. YANG remained as a non-executive director of Lei Shing Hong Limited after the company privatised in March 2008.



# REPORT OF THE DIRECTORS

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

### Independent non-executive Directors *(Continued)*



**LAU Chi Wah, Alex**, aged 51, was appointed as an independent non-executive Director of the Company on 1st September 2014. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. Mr. LAU has over 25 years of experience in the field of corporate finance and accounting in managing initial public offerings and fund-raising exercises and advising listed companies on mergers and acquisitions, takeovers, buyouts and other corporate transactions. He is currently the managing director of BOSC International Company Limited, a wholly-owned subsidiary of Bank of Shanghai (Hong Kong) Limited. Mr. LAU is an associate of the Institute of Chartered Accountants in England and Wales since June 1988 and an associate of the Hong Kong Institute of Certified Public Accountants since 1990. He graduated from the University of East Anglia in the United Kingdom in 1984 with a Bachelor of Science in Accountancy degree. He also obtained an Advance Diploma in Corporate Finance from the Institute of Chartered Accountants in England and Wales in 2006.

Mr. LAU is currently an independent non-executive director of China Conch Venture Holdings Limited and Man Sang International Limited, both of which are listed companies in Hong Kong.

### Senior management

**CHAN Yiu On**, aged 58, joined the Media Chinese Group in July 2005, is the Chief Operating Officer of the Group. Mr. CHAN is also a member of the Executive Committee. He is in charge of the overall sales and marketing and the general management of the business operation of the Group. Mr. CHAN has 37 years of extensive experience in media industry in Hong Kong. Prior to joining the Media Chinese Group, he had worked in several media companies engaged in the business of advertising, media agency, terrestrial TV, print publishing and radio broadcasting. He is very familiar with the media industry and is an experienced senior executive of the advertising industry in Hong Kong.

**YEUNG Ying Fat**, aged 47, joined the Media Chinese Group in February 1997, is the Financial Controller of the Group. Mr. YEUNG was appointed as Company Secretary of the Company in April 2011. He is in charge of the financial, management accounting and company secretarial affairs of the Group. Mr. YEUNG has extensive experience in financial accounting and management accounting. He is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Media Chinese Group, he had worked in several international accounting firms for more than 4 years. Mr. YEUNG obtained his Bachelor of Management in Accounting from the University of Lethbridge in Canada.

**WONG Ching Hang, Cynthia**, aged 48, joined the Group in January 1995, is the Group Business Director of the Group. She is in charge of the overall advertising sales and the business development of the publications of the Group. Ms. WONG has extensive advertising sales experience in the media industry. She obtained her Higher Certificate in Marketing and Sales Management from the Hong Kong Polytechnic University.

## REPORT OF THE DIRECTORS

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31st March 2015, the interests and short positions of the Directors, chief executives and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified or as required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

#### (a) Interests in shares and underlying shares in the Company

Name of Director	Number of shares/underlying shares held				Aggregate interests	Percentage of issued ordinary shares
	Personal interests	Corporate interests	Total interests in shares	Interests in underlying shares pursuant to share options (Note 1)		
Tan Sri Datuk Sir TIONG Hiew King	–	292,700,000	292,700,000	1,250,000	293,950,000	73.49%
		(Note 2)				
Mr. TIONG Kiew Chiong	4,104,000	–	4,104,000	1,250,000	5,354,000	1.34%
Mr. LAM Pak Cheong	–	3,000,000	3,000,000	1,000,000	4,000,000	1.00%
		(Note 3)				
Mr. YU Hon To, David	–	–	–	150,000	150,000	0.04%

All the interests stated above represent long positions in the shares of the Company.

Notes:

- For further details on these share options, please refer to the paragraph "Share Options" on pages 11 to 13.
- For further details on the corporate interests of Tan Sri Datuk Sir TIONG Hiew King, please refer to the paragraph "Substantial Shareholders and Persons who have an Interest and Short Positions discloseable under Divisions 2 and 3 of Part XV of the SFO" in the Report of the Directors on page 19.
- The corporate interests of Mr. LAM Pak Cheong of 3,000,000 shares are held by Venture Logic Investments Limited, in which Mr. LAM holds 100% of its equity interests.

## REPORT OF THE DIRECTORS

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

#### (b) Interests in shares in Media Chinese

Name of Director	Number of shares held				Percentage of issued ordinary shares in Media Chinese
	Personal interests	Family interests	Corporate interests	Aggregate interests	
Tan Sri Datuk Sir TIONG Hiew King	87,109,058	234,566	796,734,373 (Note)	884,077,997	52.40%
Mr. TIONG Kiew Chiong	2,126,039	–	–	2,126,039	0.13%

All the interests stated above represent long positions in the shares of Media Chinese.

*Note:* The corporate interests of Tan Sri Datuk Sir TIONG Hiew King of 796,734,373 shares are held through Progresif Growth Sdn Bhd ("Progresif"), Conch Company Limited ("Conch"), Ezywood Options Sdn Bhd ("Ezywood"), Teck Sing Lik Enterprise Sdn Bhd ("TSL"), Madigreen Sdn Bhd ("Madigreen"), Rimbunan Hijau (Sarawak) Sdn Bhd ("RHS"), Rimbunan Hijau Southeast Asia Sdn Bhd ("RHSa") and Pertumbuhan Abadi Asia Sdn Bhd ("PAA").

Tan Sri Datuk Sir TIONG Hiew King directly holds 84% interest in TSL and 99.99% interest in PAA. In addition, PAA directly holds 47.62% interest in both RHS and RHSa, and 45% in Madigreen. Tan Sri Datuk Sir TIONG Hiew King also directly and indirectly holds 45% interest in Progresif and 70% interest in Ezywood. In respect of Conch, 40% of the interest in Conch is held by Seaview Global Company Limited, in which Tan Sri Datuk Sir TIONG Hiew King holds 50% of its equity interest. In addition, he directly holds 25% of the interest in Conch.

Save as disclosed above and those disclosed under the paragraph headed "Share Options" in the Report of the Directors, as at 31st March 2015, none of the Directors, chief executives and their associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS AND PERSONS WHO HAVE AN INTEREST AND SHORT POSITIONS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that as at 31st March 2015, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Name of Shareholder	Number of ordinary shares held	Capacity	Percentage of issued ordinary shares
Comwell Investment Limited (Note)	292,700,000	Beneficial owner	73.18%

All the interests stated above represent long positions in the shares of the Company.

*Note:* Comwell Investment Limited is an indirect wholly-owned subsidiary of Media Chinese. Tan Sri Datuk Sir TIONG Hiew King, a director and substantial shareholder of Media Chinese, is deemed interested in Media Chinese in an aggregate of 52.40% by virtue of his personal interests, family interests and corporate interests. Dato' Sri Dr. TIONG Ik King, a director and substantial shareholder of Media Chinese, is deemed interested in Media Chinese in an aggregate of 15.63% by virtue of his personal interests and corporate interests.

Save as disclosed above, the Company had not been notified of any other interests representing 5% or more of the issued share capital of the Company as at 31st March 2015.



## REPORT OF THE DIRECTORS

### MANAGEMENT CONTRACTS

Unless otherwise disclosed in this report and those disclosed under the paragraph headed “Continuing Connected Transactions” in the Report of the Directors, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

### MAJOR SUPPLIERS AND CUSTOMERS

During the year, the Group sold less than 30% of its goods and services to its 5 largest customers. The respective percentages of purchases for the year attributable to the Group’s major suppliers are as follows:

Purchases	
— the largest supplier	26%
— five largest suppliers combined	31%

None of the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company’s issued share capital) had an interest in the major suppliers or customers noted above.

### CONTINUING CONNECTED TRANSACTIONS

As disclosed in the prospectus issued by the Company dated 30th September 2005, and announcements of the Company dated 20th April 2007, 25th March 2010 and 7th March 2013, a number of connected transactions have been entered into and will continue to be carried out between members of the Group and members of the Media Chinese Group (the “Continuing Connected Transactions”). Media Chinese is a substantial Shareholder with an indirect holding of 73.18% of the issued share capital of the Company.

During the year ended 31st March 2015, the transactions carried out pursuant to the magazine services agreement, advertising space and service barter agreement, tenancy agreement and licence agreement are continuing connected transactions exempted from the independent Shareholders’ approval requirement but are still subject to the reporting and announcement requirements under the Listing Rules. Further details of these transactions are set out in Notes 1 to 3 on page 21.

Items (c), (e), (h), (i), (j), (l), (m) and (o) as referred to in Note 29 to the consolidated financial statements of the Company are exempted continuing connected transactions under Rules 14A.98 and 14A.76(1) of the Listing Rules. Details of the non-exempt Continuing Connected Transactions, in the context of the Listing Rules, during the year ended 31st March 2015 are set out as follows:

Nature of transactions	For the year ended 31st March 2015 HK\$'000	Annual cap HK\$'000
Charges for the circulation support services, editorial support services and library services ( <i>Note 1</i> )	1,436	2,200
Barter advertising expenses ( <i>Note 2</i> )	1,216	2,000
Barter advertising income ( <i>Note 2</i> )	(1,216)	(2,000)
Charges for leasing and licensing of the office space, storage space and parking spaces ( <i>Note 3</i> )	2,589	2,700

# REPORT OF THE DIRECTORS

## CONTINUING CONNECTED TRANSACTIONS (Continued)

Notes:

1. Pursuant to a magazine services agreement entered into between Ming Pao Newspapers Limited (“MPN”) and One Media Holdings Limited (“OMH”), a direct wholly-owned subsidiary of the Company, dated 1st February 2004, MPN agreed to provide the circulation support services, editorial support services and library services to the Group for a term of three years and two months from 1st February 2004 to 31st March 2007. On 1st April 2007, 25th March 2010 and 7th March 2013, MPN and OMH executed three confirmation letters to confirm the renewal of the agreement on the same terms and conditions for a term of three years from 1st April 2007 to 31st March 2010, 1st April 2010 to 31st March 2013 and 1st April 2013 to 31st March 2016 respectively. MPN is an indirect wholly-owned subsidiary of Media Chinese and is therefore an associate of Media Chinese. Accordingly, MPN is a connected person of the Company as defined under the Listing Rules. The charges for the circulation support services, editorial support services and library services represented the Group’s share of the monthly expenses of MPN’s relevant departments, and therefore were determined on cost reimbursement basis.
2. Pursuant to an advertising space and service barter agreement entered into between Media Chinese and the Company dated 1st April 2007, barter advertising services were arranged between respective members of Media Chinese Group and the Group for a term of three years from 1st April 2007 to 31st March 2010. On 25th March 2010 and 7th March 2013, Media Chinese and the Company executed two confirmation letters to confirm the renewal of the agreement on the same terms and conditions for a term of three years from 1st April 2010 to 31st March 2013 and 1st April 2013 to 31st March 2016 respectively. Under the agreement, members of Media Chinese Group and the Group exchange the advertising space and services and place advertisements in the publications published by the other party. The barter advertising charges of the Media Chinese Group and the Group were determined based on the rates charged by or to (as appropriate) independent third parties of the respective groups.
3. Pursuant to a tenancy agreement and a licence agreement entered into between Holgain Limited (“Holgain”) and OMH both dated 7th March 2013, Holgain agreed to lease and license the office space, storage space and car parking spaces within Ming Pao Industrial Centre respectively to the Group for a term of three years from 1st April 2013 to 31st March 2016. Holgain is an indirect wholly-owned subsidiary of Media Chinese and is therefore an associate of Media Chinese. Accordingly, Holgain is a connected person of the Company as defined under the Listing Rules. The respective rental under the tenancy agreement and the licence fees under the licence agreement were determined with reference to the prevailing market rates of the comparable premises.

The Continuing Connected Transactions have been reviewed by the independent non-executive Directors. The independent non-executive Directors have confirmed that the Continuing Connected Transactions have been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as the case may be) independent third parties;
- (c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (d) within the respective cap amounts as disclosed in the previous announcements in which the relevant Continuing Connected Transactions were disclosed.

The Company’s auditor was engaged to report on the Group’s Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the Continuing Connected Transactions disclosed by the Group on pages 20 to 21 of the Annual Report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor’s letter has been provided by the Company to the Stock Exchange.

Apart from the aforesaid Continuing Connected Transactions, related-party transactions entered into by the Group during the year ended 31st March 2015 which do not constitute connected transactions or continuing connected transactions under the Listing Rules are disclosed in Note 29 to the consolidated financial statements.

## REPORT OF THE DIRECTORS

### SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

### COMPETING BUSINESS

Set out below is information disclosed pursuant to Rule 8.10 of the Listing Rules:

Media Chinese is a listed company in Hong Kong and Malaysia. It is an investment holding company and the principal activities of its subsidiaries are the publishing, printing and distribution of newspapers, magazines, digital contents and books primarily in Chinese language, and the provision of travel and travel related services in Hong Kong, North America, Malaysia and other Southeast Asian countries ("Remaining Business"). The substantial shareholders of Media Chinese are Tan Sri Datuk Sir TIONG Hiew King, who is also a non-executive Director and the Chairman of the Company, and Dato' Sri Dr. TIONG Ik King, both being executive directors of Media Chinese; and Mr. TIONG Kiew Chiong is executive Director of the Company and Media Chinese. As the contents and demographic readership of the publications of the Group and those of Media Chinese Group are different, the Directors consider that there is a clear delineation between the businesses of the Media Chinese Group and the Group and that there is no competition between the Remaining Business and the business of the Group. In addition, the Group is carrying on its business independently of, and at arm's length with, Media Chinese Group.

Save as disclosed above, none of the Directors or their respective associates have any interest in a business which competes or is likely to compete with the business of the Group during the year.

### AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who retires and, being eligible, offers itself for re-appointment at the forthcoming annual general meeting.

By order of the Board

**TIONG Kiew Chiong**

*Director*

Hong Kong, 28th May 2015



# CORPORATE GOVERNANCE REPORT

Good corporate governance practices are crucial to the smooth and effective operation of a company and its ability to attract investment and protect shareholders' interest. The Company is firmly committed to statutory and regulatory corporate governance standards and adheres to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code on corporate governance practices. The Company has complied throughout the year with the code provisions as set out in the CG Code.

## CONDUCT ON SHARE DEALINGS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code for securities transactions by the Directors. 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.

The Directors have confirmed, following specific enquiry by the Company, their compliance with the required standard as set out in the Model Code during the year ended 31st March 2015.

## THE BOARD OF DIRECTORS

### Composition and function

The Board of Directors currently comprises six Directors as follows:

Name of Director	Title
<b>Non-executive Director</b>	
Tan Sri Datuk Sir TIONG Hiew King	Non-executive Director and Chairman
<b>Executive Directors</b>	
Mr. TIONG Kiew Chiong	Executive Director and Deputy Chairman
Mr. LAM Pak Cheong	Executive Director and Chief Executive Officer
<b>Independent non-executive Directors</b>	
Mr. YU Hon To, David	Independent non-executive Director
Mr. YANG, Victor	Independent non-executive Director
Mr. LAU Chi Wah, Alex	Independent non-executive Director

For qualifications, experience, expertise and relationships (if any) of the Board members, please refer to the biographies of each of the Directors as set out on pages 14 to 17.

The Directors have given sufficient time and attention to the Group's affairs, and have disclosed to the Company annually the number and the nature of offices held in public companies or organisations and other significant commitments. The Board believes that the balance of executive Directors, non-executive Director and independent non-executive Directors is reasonable and adequate to provide sufficient balances to protect the interests of the Shareholders and the Group.

Pursuant to the written guidelines adopted by the Company, specific matters are reserved to the Board of Directors for its decision and certain matters are delegated to the senior management.

# CORPORATE GOVERNANCE REPORT

## THE BOARD OF DIRECTORS *(Continued)*

### Composition and function *(Continued)*

The Board of Directors, led by its Chairman, is responsible for, inter alia:

- (a) reviewing and approving the strategic direction of the Group established by executive Directors in conjunction with the management;
- (b) reviewing and approving objectives, strategies and business development plans set by the Executive Committee;
- (c) monitoring the performance of the Chief Executive Officer and the senior management;
- (d) assuming the responsibility for corporate governance;
- (e) approving the nominations of the Directors; and
- (f) reviewing the effectiveness of the internal control system of the Group.

The senior management and the Executive Committee are responsible for:

- (a) formulating strategies and business development plans, submitting the same to the Board of Directors for approval and implementing such strategies and business development plans thereafter;
- (b) submitting report on the Group's operations to the Board of Directors on a regular basis to ensure effective discharge of the Board's responsibilities;
- (c) reviewing annual budgets and submitting the same to the Board of Directors for approval;
- (d) reviewing salary increment proposal and remuneration policy and submitting the same to the Board of Directors for approval; and
- (e) assisting the Board of Directors in conducting the review of the effectiveness of the internal control system of the Group.

The Board of Directors has also formulated written guidelines determining which matters require a decision of the full board and which of the Executive Committee.

### Independence of independent non-executive Directors

Pursuant to the requirements of the Listing Rules, the Company has received annual written confirmation from each independent non-executive Director of his independence to the Group. The Group has reviewed and considered all independent non-executive Directors to be independent.

### Proceedings and retirement of Directors

In accordance with the Articles, subject to the manner of retirement by rotation of Directors from time to time prescribed under the Listing Rules and notwithstanding any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

# CORPORATE GOVERNANCE REPORT

## THE BOARD OF DIRECTORS *(Continued)*

### Proceedings and retirement of Directors *(Continued)*

Every non-executive Director and independent non-executive Director has entered into a letter of appointment with the Company for a specific term, details of which are set out in “Directors’ Service Contracts” paragraph in the Report of Directors on page 13. All of the independent non-executive Directors are subject to retirement and re-election by rotation at the annual general meeting under the Articles.

All Directors have access to board papers and related materials and are provided with adequate information on a timely manner. The Directors may, if necessary, seek legal or other independent professional advice at the expense of the Company pursuant to a written guideline adopted by the Board of Directors. In respect of regular board meetings or committee meetings, the agenda is sent out to the Directors at least 14 days before the meeting and the accompanying papers are sent at least three days before the intended date of meeting for information. The Company also provides the Directors with monthly updates on the performance of the Group.

### Directors’ responsibilities

In relation to the financial reporting, all Directors acknowledge their responsibilities for preparing the financial statements of the Group. Directors are indemnified against all costs and liabilities that may be incurred by them in the execution of their duties. Appropriate directors’ and officers’ liability insurance cover has also been arranged to indemnify the Directors for liabilities arising out of corporate activities.

## GOVERNANCE STRUCTURE

As an integral part of good corporate governance, the Board of Directors has established the following committees whose authority, functions, composition and duties of each of the committees are set out below:

### 1. Executive Committee

The Executive Committee is the decision-making body for day-to-day operation of the Group which currently comprises Mr. TIONG Kiew Chiong, Mr. ONG See Boon, Mr. LAM Pak Cheong and Mr. CHAN Yiu On. Mr. TIONG Kiew Chiong is the Chairman of the Executive Committee.

Its main duties include performing duties delegated by the Board of Directors and exercising the authorities and rights authorised by the same pursuant to the written guidelines.

### 2. Remuneration Committee

The Remuneration Committee currently has four members, namely, Mr. LAU Chi Wah, Alex, Mr. YU Hon To, David, Mr. YANG, Victor and Mr. TIONG Kiew Chiong. Except for Mr. TIONG Kiew Chiong who is an executive Director, the rest are all independent non-executive Directors. Mr. LAU Chi Wah, Alex is the Chairman of the Remuneration Committee.

Written terms of reference have been adopted by the Board of Directors in compliance with the Listing Rules and are available on both the Company’s and the Stock Exchange’s websites. The functions of the Remuneration Committee include, among other things:

- (a) making recommendations to the Board of Directors on the Company’s policy and structure for remuneration of the Directors and senior management;
- (b) making recommendations to the Board of Directors on establishing a formal and transparent procedure for developing policy on remuneration; and
- (c) making recommendations to the Board of Directors on the remuneration packages of individual executive Directors and senior management; and the remuneration of non-executive Directors.



# CORPORATE GOVERNANCE REPORT

## GOVERNANCE STRUCTURE *(Continued)*

### 2. Remuneration Committee *(Continued)*

The remuneration of all Directors and their respective interest in share options are set out in Note 21 to the consolidated financial statements and under the “Share Options” paragraph in the Report of the Directors of this report on page 12.

During the year, the Remuneration Committee has reviewed the remuneration policy and structure of the executive Directors and senior management of the Company. It has also reviewed the specific remuneration packages including the terms of employment and performance-based bonus of the Directors and senior management of the Company and offered recommendations on the same to the Board of Directors.

### 3. Nomination Committee

The Nomination Committee currently has four members, namely, Mr. YANG, Victor, Mr. YU Hon To, David, Mr. LAU Chi Wah, Alex and Mr. TIONG Kiew Chiong. Except for Mr. TIONG Kiew Chiong who is an executive Director, the rest are all independent non-executive Directors. Mr. YANG, Victor is the Chairman of the Nomination Committee.

Written terms of reference have been adopted by the Board of Directors in compliance with the Listing Rules and are available on both the Company’s and the Stock Exchange’s websites. The functions of the Nomination Committee include, among other things:

- (a) reviewing the structure, size and composition of the Board at least annually and making recommendations on any proposed changes to the Board of Directors to complement the Company’s corporate strategy;
- (b) identifying individual suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorship; and
- (c) assessing the independence of independent non-executive Directors.

During the year, the Nomination Committee has reviewed and is of the opinion that the size, structure, board diversity and composition of the Board of Directors is adequate for the Company. It has also evaluated and recommended new nominee to the Board of Directors who was selected on merit basis and had been considered against objective criteria with due regard to the board diversity policy of the Company (“Board Diversity Policy”). In addition, it has assessed the independence of independent non-executive Directors and concluded that all independent non-executive Directors have complied with the independence criteria under the Listing Rules. The Nomination Committee has also reviewed the appointment letter of Director, and recommended to the Board of Directors for approval the renewal of terms of appointment of Director.

### 4. Audit Committee

The Audit Committee comprises all three independent non-executive Directors, namely Mr. YU Hon To, David, Mr. YANG, Victor and Mr. LAU Chi Wah, Alex. Mr. YU Hon To, David is the Chairman of the Audit Committee.

Written terms of reference have been adopted by the Board of Directors in compliance with the Listing Rules and are available on both the Company’s and the Stock Exchange’s websites. The roles and functions of the Audit Committee include, among other things:

- (a) acting as the key representative body for overseeing the relationship with the Company’s external auditor;
- (b) making recommendations to the Board of Directors on the appointment, re-appointment and removal of the external auditor;

# CORPORATE GOVERNANCE REPORT

## GOVERNANCE STRUCTURE *(Continued)*

### 4. Audit Committee *(Continued)*

- (c) reviewing the financial information of the Group including monitoring the integrity of the Group's financial statements, annual report and accounts, half-year report, quarterly reports and reviewing significant financial reporting judgments contained therein; and
- (d) overseeing the Group's financial reporting system and internal control procedures.

During the year, the Audit Committee has regularly met with the management and the external auditor and reviewed and made recommendations to the following matters:

- (a) reviewed the audited financial statements for the year ended 31st March 2015, the interim report for the six months ended 30th September 2014 and the quarterly financial reports for the quarters ended 30th June 2014, 30th September 2014, 31st December 2014 and 31st March 2015;
- (b) reviewed and considered the report from the external auditor on the audit of the Group's financial statements;
- (c) made recommendations to the Board of Directors for the appointment of the external auditor and reviewed the proposed audit fees for the year ended 31st March 2015;
- (d) reviewed the external auditor's audit plan, audit strategy and scope of work for the year under review;
- (e) reviewed the internal audit resource requirements, internal audit plan, internal audit reports, recommendations and management response;
- (f) reviewed the continuing connected transactions entered into by the Group;
- (g) reviewed the arrangement (including investigation and follow-up action) that employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters through the whistleblowing policy adopted by the Company; and
- (h) reviewed the training programmes of the staff of the Group's accounting and financial reporting function.

### 5. Investment Committee

The Investment Committee has three members, namely, Mr. TIONG Kiew Chiong, Mr. ONG See Boon and Mr. LAM Pak Cheong. Mr. TIONG Kiew Chiong is the Chairman of the Investment Committee.

Written terms of reference have been adopted by the Board of Directors pursuant to the Articles. The functions of the Investment Committee include, among other things:

- (a) advising the Board of Directors in determining investment policies, objectives and strategies;
- (b) executing investment policies and strategies approved by the Board of Directors;
- (c) operating the fund;
- (d) selecting, appointing, monitoring and releasing investment managers; and
- (e) reviewing the investment performance of each investment product.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE FUNCTION

The Board of Directors is responsible for performing the corporate governance duties as set out below:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report under Appendix 14 to the Listing Rules.

During the year, the Board of Directors has reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report, the training and continuous professional development of Directors and senior management as well as the practices on compliance with legal and regulatory requirements.

## TRAINING FOR DIRECTORS

The Company continuously updates Directors the latest developments and changes to the Listing Rules and other applicable regulatory requirements and provides training to improve and update the Directors' knowledge and skills.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has prepared a training record in order to assist the Directors to record the training that have undertaken.

During the year, an internal training of "Update on Chapter 14A of the Listing Rules — Connected Transactions" was conducted in May 2014. Below is a summary of the training the Directors had received during the year under review:

Name of Director	Type of training
Tan Sri Datuk Sir TIONG Hiew King	A, B
Mr. TIONG Kiew Chiong	A, B
Mr. LAM Pak Cheong	A, B
Mr. YU Hon To, David	A, B
Mr. YANG, Victor	A, B
Mr. LAU Chi Wah, Alex ( <i>Note 1</i> )	A, B

A: attending seminars/conferences/workshops/forums

B: reading journals and updates relating to the economy, media business or director's duties and responsibilities, etc.

Notes:

1. Mr. LAU Chi Wah, Alex was appointed as an independent non-executive Director with effect from 1st September 2014.
2. Mr. TAN Hock Seng, Peter and Mr. SIT Kien Ping, Peter resigned as an independent non-executive Director with effect from 1st April 2014 and 1st September 2014 respectively, accordingly, their training records have not been included above.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the members of the senior management, who are not Directors but act as members of Executive Committee of the Company, for the year ended 31st March 2015 by bands is set out below:

Remuneration bands	Number of persons
HK\$0 to HK\$1,000,000	1
HK\$1,000,001 to HK\$2,000,000	2

Details regarding the Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in Note 21 to the consolidated financial statements.

## NUMBER OF MEETINGS AND THE ATTENDANCE RATE

The following table shows the number of general meetings, regular board meetings and committee meetings held during the year under review as well as the attendance rate of each Director:

Name of Director	General Meeting	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Tan Sri Datuk Sir TIONG Hiew King	1/1	4/4	N/A	N/A	N/A
Mr. TIONG Kiew Chiong	1/1	4/4	N/A	2/2	2/2
Mr. LAM Pak Cheong	1/1	4/4	N/A	N/A	N/A
Mr. YU Hon To, David	1/1	4/4	4/4	2/2	2/2
Mr. SIT Kien Ping, Peter ( <i>Note 2</i> )	0/1	2/2	2/2	2/2	1/1
Mr. YANG, Victor	1/1	4/4	4/4	2/2	2/2
Mr. LAU Chi Wah, Alex ( <i>Note 3</i> )	0/0	2/2	2/2	0/0	1/1

Notes:

1. Mr. TAN Hock Seng, Peter resigned as an independent non-executive Director with effect from 1st April 2014, accordingly, his attendance records have not been included above.
2. Mr. SIT Kien Ping, Peter resigned as an independent non-executive Director with effect from 1st September 2014.
3. Mr. LAU Chi Wah, Alex was appointed as an independent non-executive Director with effect from 1st September 2014.

## THE DIVISION OF RESPONSIBILITIES BETWEEN THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

With a view to maintaining an effective segregation of duties, the positions of the Chairman and the Chief Executive Officer are split and each plays a distinctive role. The Chairman is mainly responsible for the leadership and effective operation of the Board of Directors and ensuring that all key and appropriate issues are discussed by the Board of Directors in a timely and constructive manner, and the Chief Executive Officer is delegated with the authority and is mainly responsible for the operation of the Group's business and the implementation of the approved strategies with a view to achieving the corporate objectives.



## CORPORATE GOVERNANCE REPORT

### BOARD DIVERSITY POLICY

The Company adopted the Board Diversity Policy with effect from 1st September 2013. It sets out the approach to achieve and maintain diversity on the Board of Directors in order to enhance its effectiveness. The Company endeavours to ensure that the Board of Directors has the appropriate balance of skills, experience, expertise and diversity of perspectives. The appointments of board members will continue to be made on merit basis, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board of Directors. Pursuant to the Board Diversity Policy, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The Board of Directors will set up and review the measurable objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Board of Directors will also review and monitor from time to time the implementation of the Board Diversity Policy, as appropriate, to ensure its continued effectiveness.

### COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and reports to the Chairman of the Board of Directors and the Chief Executive Officer. He is responsible for advising the Board of Directors on governance matters. During the year under review, the Company Secretary has complied with the professional training requirements under the CG Code.

### CONSTITUTIONAL DOCUMENTS

During the year under review, there was no change on the Company's Memorandum and Articles of Association ("M&A"). A copy of the latest consolidated version of the M&A is available on the websites of the Company and the Stock Exchange.

### EXTERNAL AUDITOR

PricewaterhouseCoopers ("PwC") was appointed as the Group's external auditor for the year ended 31st March 2015. During the year, PwC and its other member firms provided the following audit services to the Group:

Audit services (including interim review)	HK\$1,145,000
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Total audit services fee provided by other external auditors/audit firms to the subsidiaries of the Group was approximately HK\$78,000.

PwC will retire and offer itself for re-appointment at the annual general meeting of the Company to be held in August 2015.

A statement by PwC about its reporting responsibilities on the consolidated financial statements of the Group is set out in the "Independent Auditor's Report" section on pages 33 to 34.

### PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company has maintained a sufficient public float of its share capital in Hong Kong stock market throughout the financial year ended 31st March 2015.

### INTERNAL CONTROL

It is the responsibility of the Board of Directors to ensure the Group maintains sound and effective internal control system and review its effectiveness to safeguard shareholders investment and the Group's assets. The Board of Directors regularly conducts review on the internal control system of the Group and takes any actions to maintain an adequate internal control system.

# CORPORATE GOVERNANCE REPORT

## INTERNAL CONTROL *(Continued)*

The Group's internal control framework covers (i) the setting of a defined management structure with limits of authority and clear lines of accountability; and (ii) the establishment of regular reporting of financial information. The relevant executive Directors and senior management have been delegated with respective level of authorities. Yearly budgets of the Group are reviewed and approved by the Board of Directors. The relevant executive Directors and senior management have specific responsibility for monitoring the performance of business operating units. Monthly financial reports and quarterly financial review have been provided to the members of the Executive Committee and all Directors. This helps the Board of Directors and the Group's management to monitor the Group's business operations and to plan on a prudent and timely basis.

The Internal Audit Function of Media Chinese, the holding company of the Company, coordinates with an independent international accounting firm to undertake the reviews of the Group's operations and system of internal controls based on annual audit plans. During the year, a review of the Group's internal control system and procedures in respect of the operation of Hong Kong segment was conducted. The scope of review was proposed by the management and approved by the Audit Committee. The Board of Directors, through the Audit Committee, has reviewed the internal control review report issued by the independent international accounting firm. The Directors are of the view that the internal control system of the Group is effective and will continue to review and update the internal control system from time to time to ensure that Shareholders' investments and the Group's assets are safeguarded. In addition, the Board of Directors has considered the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes.

## SHAREHOLDERS' RIGHTS

### 1. Shareholders' communications and procedures for raising enquiries

The Board of Directors has established a Shareholders' communication policy setting out the principles of the Company in relation to the Shareholders' communication, with the objective of providing our Shareholders with detailed information about the Company so that they can exercise their rights as Shareholders in an informed manner. The Company uses a range of communication tools to ensure its Shareholders are kept well informed of key business imperatives. These include general meetings, quarterly, interim and annual reports, announcements and circulars. Procedure for voting by poll has been read out by the chairman at the annual general meeting held in 2014. In addition, separate resolution was proposed by the chairman in respect of each separate issue, including re-election of Directors, and voted by way of poll. The Company announced the results of the poll in the manner prescribed under the Listing Rules.

Shareholders may direct their questions about their shareholdings to the Company's Hong Kong branch share registrar: Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Other enquiries or comments raised by any Shareholder can be mailed to the Board of Directors at the Company's head office in Hong Kong at 16th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong or sent through email to [corpcom@omghk.com](mailto:corpcom@omghk.com).

### 2. Convening of extraordinary general meeting on requisition by Shareholders and putting forward proposal at general meeting

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law. However, Shareholders are requested to follow the Articles where a Shareholder or Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings of the Company may requisition the Directors to convene an extraordinary general meeting ("EGM") by depositing a written requisition to the Company.

## CORPORATE GOVERNANCE REPORT

### SHAREHOLDERS' RIGHTS *(Continued)*

#### 2. Convening of extraordinary general meeting on requisition by Shareholders and putting forward proposal at general meeting *(Continued)*

The written requisition must state the purposes of the meeting (including the resolutions to be considered at the meeting), signed by the requisitionists, addressed to the Board of Directors or the Company Secretary of the Company and deposited at the registered office of the Company at Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands with a copy to the head office of the Company at 16th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong. If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene an EGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene an EGM.

If a Shareholder wishes to propose a person for election as a Director in a general meeting, unless the person proposed to be elected as a Director is a Director retiring at the general meeting or is recommended by the Board of Directors for election, a Shareholder shall submit: (i) a notice in writing (the "Nomination Notice") signed by a Shareholder duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose that person for election as a Director; and (ii) a notice in writing signed by that person of his consent to be elected as a Director to the registered office of the Company at Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands with a copy to the head office of the Company at 16th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong for the attention of the Company Secretary no earlier than the day after the despatch of the notice of the general meeting for such election of Director(s) and ending no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

The Nomination Notice must state the full name of the person proposed for election as a Director and include such person's biographical details as required by the Listing Rules.

Alternatively, if no general meeting has already been convened, a Shareholder may propose a person for election as a Director by requisitioning the Company to convene an EGM, provided that he is holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings of the Company.

# INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

## TO THE SHAREHOLDERS OF ONE MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of One Media Group Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 35 to 91, which comprise the consolidated and company statements of financial position as at 31st March 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March 2015, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 32).

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong  
T: +852 2289 8888, F: +852 2810 9888, [www.pwchk.com](http://www.pwchk.com)



## INDEPENDENT AUDITOR'S REPORT

### OTHER MATTERS

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 28th May 2015

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	Note	2015 HK\$'000	2014 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	3,699	5,108
Intangible assets	7	68,986	74,291
Interests in joint ventures and associates	9	6,172	31,636
Deferred income tax assets	18	3,149	3,114
<b>Total non-current assets</b>		<b>82,006</b>	114,149
<b>Current assets</b>			
Inventories	10	7,158	10,018
Trade and other receivables	12	48,650	50,539
Amounts due from fellow subsidiaries	12	294	365
Income tax recoverable		3,257	1,363
Cash and cash equivalents	13	130,099	123,476
<b>Total current assets</b>		<b>189,458</b>	185,761
<b>Total assets</b>		<b>271,464</b>	299,910
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	14	400	400
Share premium	14	456,073	456,073
Other reserves	15(a)	(324,181)	(324,492)
Retained earnings			
— Proposed final dividends	15(a) & 25	4,000	12,000
— Others	15(a)	31,203	48,675
<b>Total equity</b>		<b>167,495</b>	192,656
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Convertible bond held by a fellow subsidiary	16	—	74,024
Deferred income tax liabilities	18	195	335
Long service payment obligations	19	50	16
<b>Total non-current liabilities</b>		<b>245</b>	74,375

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	Note	2015 HK\$'000	2014 HK\$'000
<b>Current liabilities</b>			
Trade and other payables	17	26,940	31,416
Amounts due to fellow subsidiaries	17	1,158	1,178
Convertible bond held by a fellow subsidiary	16	75,508	–
Income tax liabilities		118	285
<b>Total current liabilities</b>		<b>103,724</b>	32,879
<b>Total liabilities</b>		<b>103,969</b>	107,254
<b>Total equity and liabilities</b>		<b>271,464</b>	299,910
<b>Net current assets</b>		<b>85,734</b>	152,882
<b>Total assets less current liabilities</b>		<b>167,740</b>	267,031

The notes on pages 43 to 91 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 35 to 42 were approved by the Board of Directors on 28th May 2015 and were signed on its behalf

**TIONG Kiew Chiong**  
Director

**LAM Pak Cheong**  
Director

# STATEMENT OF FINANCIAL POSITION

As at 31st March

	Note	2015 HK\$'000	2014 HK\$'000
<b>ASSETS</b>			
<b>Non-current asset</b>			
Interests in subsidiaries	8	547,329	574,450
<b>Current assets</b>			
Other receivables	12	338	122
Cash and cash equivalents	13	111,593	96,727
<b>Total current assets</b>		<b>111,931</b>	96,849
<b>Total assets</b>		<b>659,260</b>	671,299
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	14	400	400
Share premium	14	456,073	456,073
Other reserves	15(b)	11,534	11,534
Retained earnings			
— Proposed final dividends	15(b)&25	4,000	12,000
— Others	15(b)	110,983	116,593
<b>Total equity</b>		<b>582,990</b>	596,600
<b>LIABILITY</b>			
<b>Non-current liability</b>			
Convertible bond held by a fellow subsidiary	16	—	74,024
<b>Total non-current liability</b>		<b>—</b>	74,024
<b>Current liability</b>			
Other payables	17	762	675
Convertible bond held by a fellow subsidiary	16	75,508	—



# STATEMENT OF FINANCIAL POSITION

As at 31st March

	Note	2015 HK\$'000	2014 HK\$'000
<b>Total current liability</b>		<b>76,270</b>	675
<b>Total liabilities</b>		<b>76,270</b>	74,699
<b>Total equity and liabilities</b>		<b>659,260</b>	671,299
<b>Net current assets</b>		<b>35,661</b>	96,174
<b>Total assets less current liability</b>		<b>582,990</b>	670,624

The notes on pages 43 to 91 are an integral part of these financial statements.

The financial statements on pages 35 to 42 were approved by the Board of Directors on 28th May 2015 and were signed on its behalf

**TIONG Kiew Chiong**  
Director

**LAM Pak Cheong**  
Director

# CONSOLIDATED INCOME STATEMENT

Year ended 31st March

	Note	2015 HK\$'000	2014 HK\$'000
Turnover	5	179,248	203,352
Cost of goods sold		(84,716)	(92,458)
<b>Gross profit</b>		<b>94,532</b>	110,894
Other income	5	8,463	10,423
Selling and distribution expenses		(38,572)	(37,849)
Administrative expenses		(40,001)	(40,782)
Impairment loss of goodwill		(2,725)	–
<b>Operating profit</b>		<b>21,697</b>	42,686
Change in fair value of convertible bond	16	(2,240)	(2,306)
Share of loss of joint ventures and associates	9	(1,071)	(2,972)
Allowance for impairment of interest in an associate		(23,467)	–
<b>(Loss)/profit before income tax</b>		<b>(5,081)</b>	37,408
Income tax expense	22	(5,991)	(8,762)
<b>(Loss)/profit for the year</b>		<b>(11,072)</b>	28,646
<b>(Loss)/profit attributable to:</b>			
Equity holders of the Company		(11,072)	28,646
<b>(Loss)/earnings per share attributable to equity holders of the Company for the year (expressed in HK cents per share)</b>			
— Basic and diluted	24	(2.8)	7.2
<b>Dividends</b>	25	<b>6,400</b>	18,000

The notes on pages 43 to 91 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March

	2015 HK\$'000	2014 HK\$'000
<b>(Loss)/profit for the year</b>	<b>(11,072)</b>	28,646
<b>Other comprehensive income/(loss):</b>		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	350	(48)
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Actuarial losses on long service payment obligations	(39)	(3)
<b>Total comprehensive (loss)/income for the year</b>	<b>(10,761)</b>	28,595
<b>Attributable to:</b>		
Equity holders of the Company	<b>(10,761)</b>	28,595

The notes on pages 43 to 91 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31st March

	Note	2015 HK\$'000	2014 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	28,557	51,042
Interest paid		(756)	(756)
Long service payment made	19	(6)	–
Hong Kong income tax paid		(8,192)	(7,945)
Net cash generated from operating activities		19,603	42,341
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(635)	(2,033)
Purchase of intangible assets		(124)	(243)
Interest received		1,836	1,409
Dividend received from an associate		40	20
Proceeds from disposal/(acquisition) of an associate		891	(891)
Additional consideration for interests in an associate		(757)	–
Proceeds from disposal of property, plant and equipment	26	123	19
Net cash generated from/(used in) investing activities		1,374	(1,719)
<b>Cash flows from financing activity</b>			
Dividends paid to Company's shareholders	25	(14,400)	(20,000)
Net cash used in financing activity		(14,400)	(20,000)
<b>Net increase in cash and cash equivalents</b>		6,577	20,622
Cash and cash equivalents at the beginning of the year		123,476	102,798
Currency translation gain on cash and cash equivalents		46	56
<b>Cash and cash equivalents at end of the year</b>	13	130,099	123,476

The notes on pages 43 to 91 are an integral part of these consolidated financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31st March

	Attributable to equity holders of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
At 1st April 2013	400	456,073	(324,441)	52,029	184,061
<b>Comprehensive income</b>					
Profit for the year	–	–	–	28,646	28,646
<b>Other comprehensive loss</b>					
Currency translation differences	–	–	(48)	–	(48)
Actuarial losses on long service payment obligations	–	–	(3)	–	(3)
<b>Total comprehensive income/(loss) for the year</b>	–	–	(51)	28,646	28,595
<b>Transactions with shareholders</b>					
Dividend paid relating to 2013 (Note 25)	–	–	–	(14,000)	(14,000)
Interim dividend paid relating to 2014 (Note 25)	–	–	–	(6,000)	(6,000)
At 31st March 2014	400	456,073	(324,492)	60,675	192,656
At 1st April 2014	<b>400</b>	<b>456,073</b>	<b>(324,492)</b>	<b>60,675</b>	<b>192,656</b>
<b>Comprehensive income</b>					
Loss for the year	–	–	–	(11,072)	(11,072)
<b>Other comprehensive income/(loss)</b>					
Currency translation differences	–	–	350	–	350
Actuarial losses on long service payment obligations	–	–	(39)	–	(39)
<b>Total comprehensive income/(loss) for the year</b>	–	–	311	(11,072)	(10,761)
<b>Transactions with shareholders</b>					
Dividend paid relating to 2014 (Note 25)	–	–	–	(12,000)	(12,000)
Interim dividend paid relating to 2015 (Note 25)	–	–	–	(2,400)	(2,400)
At 31st March 2015	<b>400</b>	<b>456,073</b>	<b>(324,181)</b>	<b>35,203</b>	<b>167,495</b>

The notes on pages 43 to 91 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11th March 2005 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business.

These consolidated financial statements are presented in Hong Kong dollars ("HK\$"), unless otherwise stated, and have been approved for issue by the Board of Directors on 28th May 2015.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and under the historical cost convention.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and comparative year.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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

The following new standards and amendments to standards and interpretations are effective for annual periods beginning after 1st April 2014, and have been adopted in preparing these consolidated financial statements:

- (i) Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group's consolidated financial statements.
- (ii) Amendments to IAS 36, 'Impairment of assets' on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment did not have a significant effect on the Group's consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

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

- (iii) Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the Group's consolidated financial statements as a result.
- (iv) IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. As the Group is not currently subjected to significant levies, the impact on the Group is not material.

Other than as disclosed above, there are no IFRSs or International Financial Reporting Interpretations Committee ("IFRIC") interpretations that are effective for the first time for the financial year beginning on 1st April 2014 that 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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st April 2014, and have not been applied in preparing these consolidated financial statements:

		Effective for annual periods beginning on or after
Amendment to IAS 19	Defined Benefit Plans: Employee Contributions	1st July 2014
IFRS 14	Regulatory Deferral Accounts	1st January 2016
Amendment to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1st January 2016
Amendment to IAS 27	Equity Method in Separate Financial Statements	1st January 2016
IFRS 15	Revenue from Contracts with Customers	1st January 2017
IFRS 9	Financial Instruments	1st January 2018

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.1 Basis of preparation *(Continued)*

- (c) *Amendments to Listing Rules (Appendix 16) with reference to the New Companies Ordinance (Cap. 622)*  
In addition, amendments to Appendix 16 to the Listing Rules consequential to the enactment of the New Companies Ordinance (Cap. 622) came into operation as from the Company's financial year ending on 31st March 2016, and have not been applied in preparing these consolidated financial statements. The Group is in the process of making an assessment of expected impact of the amendments on the consolidated financial statements. Management has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

### 2.2 Subsidiaries

#### 2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying amount of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.2 Subsidiaries *(Continued)*

#### 2.2.1 Consolidation *(Continued)*

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill (Note 2.7). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

#### 2.2.2 Separate financial statements

In the Company's statement of financial position, the interests in subsidiaries are stated at cost less allowance for impairment losses (Note 2.8). Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

### 2.3 Associates and joint arrangements

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Interests in joint ventures and associates are accounted for using the equity method of accounting. Under the equity method, the interests are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's interests in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of loss in a joint venture or associate equals or exceeds its interest in the joint venture or associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures or associate.

The Group determines at each reporting date whether there is any objective evidence that the interest in the joint venture and associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and associate and its carrying amount and recognises the impairment adjacent to share of loss of joint venture and associate in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint ventures and associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the joint ventures and associates. Unrealised losses are eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

### 2.5 Foreign currency translation

#### (a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

#### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

#### (c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

On consolidation, currency translation differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, such currency translation differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in consolidated statement of comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.6 Property, plant and equipment

Property, plant and equipment, comprising leasehold improvements, furniture, fixtures and office equipment, computer equipment and motor vehicles, are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced parts is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	10% – 25%
Furniture, fixtures and office equipment	20% – 30%
Computer equipment	30%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

### 2.7 Intangible assets

#### (a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination.

#### (b) Computer software

Acquired software costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software and are stated in the consolidated statement of financial position at cost less accumulated amortisation.

Amortisation of computer software is charged to the consolidated income statement on a straight-line basis over the assets' estimated useful lives, which does not exceed five years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.7 Intangible assets *(Continued)*

#### (c) Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. The trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of 30 years of the trademarks.

### 2.8 Impairment of interests in subsidiaries and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the interests in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 2.9 Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purposes for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise "Trade and other receivables" and "Cash and cash equivalents" in the consolidated statement of financial position (Notes 2.11 and 2.12).

Regular way purchases and sales of financial assets are recognised on the trade-date (that is, the date on which the Group commits to purchase or sell the asset). Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payment is established.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade and other receivables is described in Note 2.11.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.10 Inventories

Inventories represent paper for printing and are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.11 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within selling and distribution costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recovery of amounts previously written off is credited against selling and distribution costs in the consolidated income statement.

### 2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

### 2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.14 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.15 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.15 Current and deferred income tax *(Continued)*

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on interests in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.16 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 reporting date. The equity component of the convertible bond is not re-measured subsequent to initial recognition.

At the date of the settlement, liability component will be re-measured to its fair value. If on the settlement date 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 date, that payment will be applied to settle the liability in full. Any equity component previously recognised remains within equity.

The 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.17 Employee benefits

#### (a) *Pension obligations*

The Group's fellow subsidiary, Ming Pao Holdings Limited, operates a hybrid retirement benefit scheme (the "Scheme") comprising a defined benefit plan and defined contribution plan in which the Group shares the risks associated with the Scheme with Media Chinese, and a Mandatory Provident Fund Scheme ("MPF Scheme") for its employees in Hong Kong. Overseas employees are under separate pension schemes which are defined contribution plans set up in the countries in which the Group operates. A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current year and prior periods. The assets of these retirement plans are held separately from those of the Group in independently administered funds. Defined contribution plans are generally funded by payments from the Group and/or employees.

The Group's contributions to the defined contribution plans of the Scheme and MPF Scheme are expensed as incurred. The Group's contributions to the defined contribution plans of the Scheme are reduced by the Group's contributions forfeited by those employees who leave the plans prior to vesting fully.

#### (b) *Long service payment*

The Group's net obligations in respect of long service payment to its employees on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement plans that are attributed to contributions made by the Group. The discount rate is the yield at reporting date based on Hong Kong Government's Exchange Fund Notes which have terms to maturity approximating the estimated terms of the related liability. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the year in which they occur in the consolidated statement of comprehensive income.

#### (c) *Share based compensation*

The Group operates share based compensation schemes. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the quantum of options that are expected to vest. At each reporting date, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value of the options granted, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.17 Employee benefits *(Continued)*

#### (d) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (e) *Bonus plans*

The expected cost of bonus plans is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by the employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 12 months of the reporting date and are measured at the amounts expected to be paid when they are settled.

### 2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, business tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from the circulation and subscription sales of periodicals, net of trade discounts and returns, is recognised on the transfer of risks and rewards of ownership, which generally coincides with the date of delivery. Unearned subscription fees received from subscribers are recorded as subscriptions received in advance under trade and other payables in the consolidated statement of financial position.

Advertising income, net of trade discounts, is recognised when the periodicals are published.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.19 Revenue recognition *(Continued)*

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Licence fee income is recognised in the period the licence is granted to the licensee, using the straight-line basis over the terms of the agreements.

Media business income is recognised in the period in which the services are rendered.

### 2.20 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

### 2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders in respect of final dividends and approved by the directors in respect of interim dividends.

### 2.22 Allowance for sales return

Revenue is stated net of estimated sales return allowance. Sales return allowance is recognised by the Group upon the delivery of goods to the customers when the significant risks and rewards of ownership of the goods are transferred to customers and when a reliable estimate of the amount can be made.

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose itself to a variety of financial risks: credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management according to the policies of the Group. Financial risks are identified and evaluated in close co-operation within the Group.

#### (a) Credit risk

Credit risk is the risk the Group will incur a loss arising from the counterparties that fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The extent of credit risk relating to the Group's trade and other receivables (according to the extent to which allowances for impairments are warranted) is disclosed in Note 12.

The Group maintains cash and cash equivalents with reputable financial institution from which management believes the risk of loss to be remote. The management assesses credit quality of the outstanding cash and cash equivalents balances as high and considers there is no individually significant exposure. Maximum exposure to credit risk at the reporting date is the carrying amount of the cash at banks.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The Group maintains its liquidity mainly through funding generated from the daily operation of its subsidiaries and the availability under committed credit lines.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For convertible bond, the amounts are subject to conversion per terms stated in Note 16.

	Group		Company	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Convertible bond				
— within one year	75,726	756	75,726	756
— in the second year	—	75,726	—	75,726
	75,726	76,482	75,726	76,482
Trade and other payables within one year	26,094	30,516	762	675
Amounts due to subsidiaries within one year	1,158	1,178	—	—
	102,978	108,176	76,488	77,157

#### (c) Interest rate risk

The Group's interest rate risk arises primarily from cash at bank, bank deposits and convertible bond issued. Deposits at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's deposits are placed with authorised financial institutions and manages this risk by placing deposits at various maturities and interest rate terms.

The Group's convertible bond bearing a fixed interest rate exposes the Group to fair value interest rate risk. The Group does not have formal policies on management of interest rate risk. If interest rate had been 1% higher with all other variables held constant, the change in fair value of the liability component of convertible bond would have been HK\$122,000 lower mainly as a result of a decrease in the fair value of fixed rate convertible bond.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including the liability component of convertible bond) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated statement of financial position plus net debt.

During the year ended 31st March 2015, the Group's strategy, which was unchanged from 2014, was to maintain a gearing ratio of zero. The gearing ratios at 31st March 2015 and 2014 were zero as the Group was not in a net debt position at 31st March 2015 and 2014.

### 3.3 Fair value estimation

The Company analyses the financial instruments carried at fair value as at 31st March 2015 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company's convertible bond is recognised under level 3 of the fair value hierarchy, as the convertible bond is not traded in an active market and its fair value is determined by using valuation techniques. As one or more of the significant inputs required to measure the fair value of the instrument is not based on observable market data, the instrument is included in level 3. Please refer to Note 16 for the change in level 3 instruments for the year ended 31st March 2015.

## 4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and judgements concerning the future based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### (a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations require the use of estimates (Note 7). Changing the assumptions selected by the Group to determine the level, if any, of impairment, including the discount rate or the growth rate assumptions, could significantly affect the Group's reported financial positions and results of operations.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

### (b) Impairment of interests in subsidiaries, joint ventures and associates

The interests in subsidiaries, joint ventures and associates are tested for impairment where there are indicators of impairment. If any such indication exists, the asset's recoverable amount is estimated (Note 2.8). The recoverable amount of each of the interests in subsidiaries, joint ventures and associates is the higher of an asset's value-in-use and its fair value less costs to sell.

Value-in-use calculations involve assumptions, including the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Changes in any of these assumptions used in estimating the recoverable amount of interests in subsidiaries, joint ventures and associates could result in a material impact to reported financial positions and performance results of the Company and the Group, respectively.

### (c) Useful life of trademarks

The management determines the estimated useful life and related amortisation for its trademarks acquired during the year. The estimate of 30-year useful life is based on the management's intention in the operation and future prospect of related publications. Management will alter the amortisation period where the useful life is different from the previously estimated useful life. It will also write off or write down the trademarks if it is subsequently abandoned or sold.

## 5 REVENUE AND SEGMENT INFORMATION

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

Turnover consists of advertising income and revenue from circulation and subscription sale of periodicals. Turnover and other income recognised during the year are as follows:

	2015 HK\$'000	2014 HK\$'000
Turnover	179,248	203,352
Other income		
Bank interest income	1,836	1,409
Licence fee income	724	589
Other media business income	5,903	8,425
	8,463	10,423
Total revenue	187,711	213,775

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 REVENUE AND SEGMENT INFORMATION (Continued)

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 expenses. Other information provided is measured in a manner consistent with that in the internal financial report.

The Group mainly operates its business in Hong Kong and Mainland China. The breakdown of total revenue from external customers from these two areas and the Group’s turnover and results provided to the Executive Committee for the reporting segments for the year ended 31st March 2015 are as follows:

	Media business		Total HK\$'000
	Hong Kong HK\$'000	Mainland China HK\$'000	
Turnover	160,242	19,006	179,248
Segment profit/(loss) before income tax	45,469	(14,041)	31,428
Unallocated expenses			(9,731)
Operating profit			21,697
Change in fair value of convertible bond			(2,240)
Share of loss of joint ventures (“JVs”) and associates			(1,071)
Allowance for impairment of interest in an associate			(23,467)
Loss before income tax			(5,081)
Income tax expense	(5,984)	(7)	(5,991)
Loss for the year			(11,072)
Other information:			
Interest income	1,529	307	1,836
Impairment loss of goodwill	–	2,725	2,725
Depreciation of property, plant and equipment	1,640	380	2,020
Amortisation of intangible assets	2,729	5	2,734

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 REVENUE AND SEGMENT INFORMATION (Continued)

The Group's turnover and results provided to the Executive Committee for the reporting segments for the year ended 31st March 2014 are as follows:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 REVENUE AND SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 31st March 2015 are as follows:

	Hong Kong HK\$'000	Mainland China HK\$'000	Eliminations HK\$'000	Unallocated HK\$'000	Group HK\$'000
Total assets	409,395	26,109	(170,447)	6,407	271,464
Total assets include:					
— Interests in JVs and associates	6,172	—	—	—	6,172
— Additions to non-current assets (other than deferred income tax assets and interests in JVs and associates)	757	3	—	—	760
Total liabilities	(104,013)	(170,090)	170,447	(313)	(103,969)

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

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

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

Segment liabilities comprise operating liabilities. They exclude deferred income tax liabilities and current income tax liabilities.

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

The total of non-current assets located in Hong Kong is HK\$78,349,000 (2014: HK\$85,238,000) and the total of non-current assets located in Mainland China is HK\$508,000 (2014: HK\$25,796,000).

No revenue derived from a single customer is 10% or more of the combined revenue of all operating segments (2014: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6 PROPERTY, PLANT AND EQUIPMENT

	Group				
	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>At 1st April 2013</b>					
Cost	5,099	5,783	10,180	2,391	23,453
Accumulated depreciation	(3,830)	(4,986)	(7,972)	(1,182)	(17,970)
Net book amount	1,269	797	2,208	1,209	5,483
<b>Year ended 31st March 2014</b>					
Opening net book amount	1,269	797	2,208	1,209	5,483
Currency translation differences	5	–	3	1	9
Additions	150	551	582	750	2,033
Disposals	–	(18)	(55)	–	(73)
Depreciation (Note 20)	(604)	(480)	(822)	(438)	(2,344)
Closing net book amount	820	850	1,916	1,522	5,108
<b>At 31st March 2014</b>					
Cost	5,242	5,975	9,424	2,976	23,617
Accumulated depreciation	(4,422)	(5,125)	(7,508)	(1,454)	(18,509)
Net book amount	820	850	1,916	1,522	5,108
<b>Year ended 31st March 2015</b>					
Opening net book amount	820	850	1,916	1,522	5,108
Currency translation differences	2	1	1	5	9
Additions	–	234	401	–	635
Disposals	–	–	(11)	(22)	(33)
Depreciation (Note 20)	(365)	(440)	(685)	(530)	(2,020)
Closing net book amount	457	645	1,622	975	3,699
<b>At 31st March 2015</b>					
Cost	5,270	6,126	9,262	2,561	23,219
Accumulated depreciation	(4,813)	(5,481)	(7,640)	(1,586)	(19,520)
Net book amount	457	645	1,622	975	3,699

Depreciation expense of HK\$2,020,000 (2014: HK\$2,344,000) has been charged in cost of goods sold, selling and distribution and administrative expenses.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 INTANGIBLE ASSETS

	Group			
	Computer software HK\$'000	Goodwill (Note (a)) HK\$'000	Trademarks HK\$'000	Total HK\$'000
<b>At 1st April 2013</b>				
Cost	950	2,703	75,600	79,253
Accumulated amortisation	(368)	–	(2,100)	(2,468)
Net book amount	582	2,703	73,500	76,785
<b>Year ended 31st March 2014</b>				
Opening net book amount	582	2,703	73,500	76,785
Additions	243	–	–	243
Amortisation expenses (Note 20)	(209)	–	(2,520)	(2,729)
Currency translation differences	–	(8)	–	(8)
Closing net book amount	616	2,695	70,980	74,291
<b>At 31st March 2014</b>				
Cost	1,158	2,695	75,600	79,453
Accumulated amortisation	(542)	–	(4,620)	(5,162)
Net book amount	616	2,695	70,980	74,291
<b>Year ended 31st March 2015</b>				
Opening net book amount	616	2,695	70,980	74,291
Additions	124	–	–	124
Impairment charge	–	(2,725)	–	(2,725)
Amortisation expenses (Note 20)	(214)	–	(2,520)	(2,734)
Currency translation differences	–	30	–	30
Closing net book amount	526	–	68,460	68,986
<b>At 31st March 2015</b>				
Cost	1,283	–	75,600	76,883
Accumulated amortisation	(757)	–	(7,140)	(7,897)
Net book amount	526	–	68,460	68,986

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 INTANGIBLE ASSETS (Continued)

- (a) The goodwill arose from the acquisition of the Group's PRC subsidiaries in 2004 and the Group's Mainland China segment is determined to be the corresponding CGU.

The recoverable amount of this CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projection covering a five-year-period based on financial budget for the year ended 31st March 2015 approved by management. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. Key assumptions used for value-in-use calculations are around 7% for average growth rate and 7% for the discount rate. Management determined budgeted gross margin based on past performance and its expectations for the market development. The growth rates used are consistent with the industry forecasts. The discount rate used is pre-tax and reflects specific risks relating to the relevant segments. Based on this projection, the recoverable amount of this CGU will be less than the carrying amount of the CGU, and accordingly the Group recognised an impairment loss of HK\$2,725,000 for the goodwill during the year ended 31st March 2015.

- (b) Amortisation expense of HK\$2,734,000 (2014: HK\$2,729,000) has been charged in cost of goods sold, selling and distribution and administrative expenses.
- (c) Costs of computer software, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over five years.

## 8 INTERESTS IN SUBSIDIARIES

	Company	
	2015	2014
	HK\$'000	HK\$'000
Unlisted shares, at cost (Note (a))	359,721	359,720
Amounts due from subsidiaries (Note (b))	187,608	214,730
	547,329	574,450

- (a) The following is a list of the principal subsidiaries at 31st March 2015:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Interest held by the Group
Beijing Media Advertising Company Limited (北京世華廣告有限公司)	PRC, limited liability company	Advertising in PRC	Registered capital of RMB3,500,000	100%
Beijing OMG Advertising Company Limited (北京萬華廣告有限責任公司)	PRC, limited liability company	Magazines operation in PRC	Registered capital of RMB30,000,000	100%
Beijing OMG M2U Advertising Company Limited (北京萬華共創廣告有限公司)	PRC, limited liability company	Magazines advertising in PRC	Registered capital of RMB50,000,000	100%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8 INTERESTS IN SUBSIDIARIES (Continued)

(a) The following is a list of the principal subsidiaries at 31st March 2015: (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Interest held by the Group
Beijing Times Resource Technology Consulting Limited ("TRT") (北京新時代潤誠科技諮詢有限公司)	PRC, limited liability company	Magazines operation in PRC	Registered capital of RMB3,000,000	*100%
Best Gold Resources Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 share at no par value for HK\$1	100%
Enston Investment Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 share at no par value for HK\$1	100%
Loka Investment Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong and PRC	1 share at no par value for HK\$1	100%
MediaNet Advertising Limited	Hong Kong, limited liability company	Media operation in Hong Kong	HK\$100 issued share capital	100%
Media2U Company Limited	Hong Kong, limited liability company	Magazines advertising and operation in Hong Kong	HK\$101 issued share capital	100%
Media2U (BVI) Company Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 ordinary share of US\$1 each	100%
Media Connect Investment Limited	British Virgin Islands, limited liability company	Investment holding in PRC	1 share at no par value for HK\$1	100%
Ming Pao Finance Limited	British Virgin islands, limited liability company	Licensing of trademarks in Hong Kong	10 ordinary shares of US\$1 each	100%
Ming Pao Magazines Limited	Hong Kong, limited liability company	Magazines publishing in Hong Kong	HK\$1,650,000 issued share capital	100%
One Media (HK) Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	HK\$10 issued share capital	100%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8 INTERESTS IN SUBSIDIARIES (Continued)

(a) The following is a list of the principal subsidiaries at 31st March 2015: (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Interest held by the Group
One Media Holdings Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	20,000 ordinary shares of US\$0.01 each	<sup>#1</sup> 100%
Polyman Investment Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 share at no par value for HK\$1	100%
Sky Success Enterprises Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 share at no par value for US\$1	100%
Top Plus Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	10 ordinary shares of US\$1 each	100%
Tronix Investment Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 share at no par value for HK\$1	100%

<sup>#1</sup> TRT is a domestic enterprise in the PRC owned legally by a PRC national. The Group has entered into contractual arrangement with the legal owner of this company so that the operating and financing activities of TRT are ultimately controlled by the Group. Under this arrangement, the Group is also entitled to substantially all of the operating profits and residual interests generated by TRT which will be transferred to the Group or the Group's designee upon the Group's request at a pre-agreed nominal consideration. Further, the Group can receive cash flows derived from the operations of TRT through the levying of service and consultancy fees. The ownership interests in TRT have also been pledged by the legal owner of TRT to the Group. On this basis, the Directors regard TRT as an indirect wholly-owned subsidiary of the Company.

<sup>#2</sup> Shares are held directly by the Company.

### (b) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, interest-free and will not be demanded for repayment and are considered as quasi-equity loans to the subsidiaries.

## 9 INTERESTS IN JOINT VENTURES AND ASSOCIATES

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

	ByRead Inc.		Others		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Interests in associates, at costs	25,800	25,800	1,757	2,645	27,557	28,445
Share of (loss)/profit and other adjustments for the years	(2,333)	(1,783)	1,424	651	(909)	(1,132)
Allowance for impairment	(23,467)	–	–	–	(23,467)	–
Interests in associates, net (Note (a))	–	24,017	3,181	3,296	3,181	27,313

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9 INTERESTS IN JOINT VENTURES AND ASSOCIATES (Continued)

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

	Total 2015 HK\$'000	2014 HK\$'000
Interests in JVs, at costs	8,000	8,000
Share of loss for the years	(5,009)	(3,677)
Interests in JVs, net (Note (b))	2,991	4,323

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

	2015 HK\$'000	2014 HK\$'000
Associates	261	175
JVs	(1,332)	(3,147)
	(1,071)	(2,972)

#### (a) Interests in associates

Set out below are the associates of the Group:

Name of associates	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		2015	2014		
ByRead Inc. ("ByRead")	The Cayman Islands	24.97%	24.97%	Note (i)	Equity
Blackpaper Limited ("Blackpaper")	Hong Kong	10%	10%	Note (ii)	Equity
Guangzhou Tangde Advertising Company Limited ("Tangde")	PRC	0%	10%	Note (iii)	Equity

- (i) ByRead is an investment holding company and the principal activities of its subsidiaries include the provision of mobile value-added services such as entertainment and online reading for individuals and enterprises in Mainland China.

ByRead is a private company with no quoted market prices available for its shares. There is no commitment and contingent liability relating to the Group's interest in the associate.

The recoverable amount of the investment in ByRead has been determined based on a value-in-use calculation. To determine the recoverable amount of ByRead, the Group used pre-tax cash flow projection based on the financial budget approved by management covering a five-year period.

Key assumptions used for value-in-use calculations are around 7% for average growth rate and 9% for the discount rate. The average growth rate used is based on past performance and is consistent with the industry forecasts. The discount rate used is pre-tax and reflects specific risks relating to the relevant operation of ByRead. Based on this projection, the recoverable amount from the investment in ByRead will be less than the carrying amount of the investment, and accordingly the Group recognised an allowance for impairment of HK\$23,467,000 for the investment in ByRead during the year ended 31st March 2015.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9 INTERESTS IN JOINT VENTURES AND ASSOCIATES (Continued)

### (a) Interests in associates (Continued)

- (ii) Blackpaper is engaged in providing creative multimedia services and advertising campaigns.

Blackpaper is a private company with no quoted market prices available for its shares. There is no commitment and contingent liability relating to the Group's interest in the associate.

- (iii) Pursuant to a share transfer agreement on 1st December 2014, the Group disposed of its 10% equity interest in Tangde for a consideration of RMB700,000 (equivalent to HK\$891,000). As a result of the disposal, the Group recognised a gain on disposal of HK\$3,000 and recorded it as sundry income.

#### Summarised financial information for associates

Set out below are the summarised financial information for the associates which are accounted for using the equity method.

#### Summarised statement of financial position

	ByRead		Others (Note)		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Current</b>						
Total current assets	588	1,851	17,780	11,529	18,368	13,380
Total current liabilities	(1,647)	(1,817)	(1,926)	(1,564)	(3,573)	(3,381)
<b>Non-current</b>						
Total non-current assets	173	256	723	156	896	412

#### Summarised statement of comprehensive income

	ByRead		Others (Note)		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Revenue</b>	491	1,373	21,194	16,850	21,685	18,223
Post-tax (loss)/profit from continuing operations	(1,173)	(516)	7,977	5,613	6,804	5,097
Other comprehensive (loss)/income	(3)	11	–	(37)	(3)	(26)
<b>Total comprehensive (loss)/income</b>	(1,176)	(505)	7,977	5,576	6,801	5,071
<b>Dividends received from associate</b>	–	–	40	20	40	20

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

Note: For the year ended 31st March 2015, others represent the financial information of Blackpaper. For the year ended 31st March 2014, others included the financial information of Blackpaper and Tangde.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9 INTERESTS IN JOINT VENTURES AND ASSOCIATES (Continued)

### (a) Interests in associates (Continued)

#### Reconciliation of summarised financial information

Set out below is the reconciliation of the summarised financial information presented to the carrying amount of the interests in associates.

	ByRead		Others		Total	
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Opening net assets</b>	<b>290</b>	795	<b>10,121</b>	2,665	<b>10,411</b>	3,460
Net assets at acquisition	–	–	–	1,189	–	1,189
Profit/(loss) for the year	<b>(1,173)</b>	(516)	<b>8,121</b>	5,613	<b>6,948</b>	5,097
Capital injection	–	–	<b>757</b>	891	<b>757</b>	891
Dividend declared	–	–	<b>(400)</b>	(200)	<b>(400)</b>	(200)
Other comprehensive income	<b>(3)</b>	11	<b>18</b>	(37)	<b>15</b>	(26)
<b>Closing net (liabilities)/ assets</b>	<b>(886)</b>	290	<b>18,617</b>	10,121	<b>17,731</b>	10,411
Interest in associates (Note)	<b>(221)</b>	72	<b>1,861</b>	1,012	<b>1,640</b>	1,084
Trademark and customer list at net book value	<b>2,878</b>	3,135	–	–	<b>2,878</b>	3,135
Adjustment on additional consideration for interest in an associate	–	–	<b>(76)</b>	–	<b>(76)</b>	–
Contingent consideration recognised as investment cost, net	–	–	<b>757</b>	755	<b>757</b>	755
Goodwill	<b>20,822</b>	20,822	<b>1,528</b>	1,528	<b>22,350</b>	22,350
Allowance for impairment of interest in an associate	<b>(23,467)</b>	–	–	–	<b>(23,467)</b>	–
Sales consideration	–	–	<b>(892)</b>	–	<b>(892)</b>	–
Gain on disposal of interest in an associate	–	–	<b>3</b>	–	<b>3</b>	–
Currency translation differences	<b>(12)</b>	(11)	–	–	<b>(12)</b>	(11)
<b>Carrying amount</b>	<b>–</b>	24,018	<b>3,181</b>	3,295	<b>3,181</b>	27,313

Note: Calculated by the Group's interest in ByRead of 24.97%, interest in Blackpaper of 10% and interest in Tangle of 10% (before disposal) respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9 INTERESTS IN JOINT VENTURES AND ASSOCIATES *(Continued)*

### (b) Interests in JVs

Set out below are the JVs of the Group:

Name of JVs	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		2015	2014		
Chu Kong Culture Media Company Limited ("Chu Kong")	British Virgin Islands	40%	40%	Note (i)	Equity
Connect Media Company Limited ("Connect Media")	Hong Kong	40%	40%	Note (i)	Equity

- (i) Chu Kong is an investment holding company and the principal activities of its wholly-owned subsidiary, Connect Media, include video programs, posters, seat covers, magazine racks, magazines, hull advertising, light box advertisement and e-commerce at the transportation vehicles and also their terminals.

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

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

#### *Summarised financial information for JVs*

Set out below are the summarised financial information for Connect Media which is accounted for using the equity method.

#### *Summarised statement of financial position*

	2015 HK\$'000	2014 HK\$'000
<b>Current</b>		
Cash and cash equivalents	6,355	9,661
Other current assets (excluding cash)	2,136	1,308
Total current assets	8,491	10,969
Financial liabilities (excluding trade payables)	(364)	(208)
Other current liabilities (including trade payables)	(1,413)	(971)
Total current liabilities	(1,777)	(1,179)
<b>Non-current</b>		
Assets	762	1,018
Total non-current assets	762	1,018

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9 INTERESTS IN JOINT VENTURES AND ASSOCIATES *(Continued)*

#### (b) Interests in JVs *(Continued)*

*Summarised statement of comprehensive income*

	2015 HK\$'000	2014 HK\$'000
Revenue	7,523	3,641
Depreciation and amortisation	(401)	(354)
Interest income	1	1
Other expenses	(10,455)	(11,155)
<b>Loss from continuing operations and total comprehensive loss</b>	<b>(3,332)</b>	<b>(7,867)</b>

The information above reflects the amounts presented in the financial statements of the JVs (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the JVs.

*Reconciliation of summarised financial information*

Set out below is the reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the JVs.

	2015 HK\$'000	2014 HK\$'000
<b>Opening net assets</b>	<b>10,808</b>	18,675
Loss for the year	(3,332)	(7,867)
<b>Closing net assets</b>	<b>7,476</b>	10,808
Interest in JVs (40%)	2,991	4,323
<b>Carrying amount</b>	<b>2,991</b>	4,323

### 10 INVENTORIES

	Group 2015 HK\$'000	2014 HK\$'000
Raw materials	7,158	10,018

The cost of inventories recognised as expense and included in cost of goods sold amounted to HK\$31,109,000 (2014: HK\$34,721,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the items below:

### Group

	Loans and receivables HK\$'000
<b>Assets</b>	
At 31st March 2015	
Trade receivables (Note 12)	38,652
Other receivables	6,954
Amounts due from fellow subsidiaries (Note 12)	294
Cash and cash equivalents (Note 13)	130,099
<b>Total</b>	<b>175,999</b>
At 31st March 2014	
Trade receivables (Note 12)	43,469
Other receivables	4,501
Amounts due from fellow subsidiaries (Note 12)	365
Cash and cash equivalents (Note 13)	123,476
<b>Total</b>	<b>171,811</b>
	<b>Other financial liabilities at amortised costs HK\$'000</b>
<b>Liabilities</b>	
At 31st March 2015	
Trade and other payables	26,094
Amounts due to fellow subsidiaries (Note 17)	1,158
<b>Total</b>	<b>27,252</b>
At 31st March 2014	
Trade and other payables	30,516
Amounts due to fellow subsidiaries (Note 17)	1,178
<b>Total</b>	<b>31,694</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

### Company

	Loans and receivables HK\$'000
<b>Assets</b>	
At 31st March 2015	
Other receivables (Note 12)	338
Cash and cash equivalents (Note 13)	111,593
<b>Total</b>	<b>111,931</b>
At 31st March 2014	
Other receivables (Note 12)	122
Cash and cash equivalents (Note 13)	96,727
<b>Total</b>	<b>96,849</b>
	<b>Other financial liabilities at amortised costs HK\$'000</b>
<b>Liabilities</b>	
At 31st March 2015	
Other payables (Note 17)	762
At 31st March 2014	
Other payables (Note 17)	675

## 12 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade receivables	38,652	43,510	–	–
Allowance for impairment of trade receivables	–	(41)	–	–
Trade receivables — net	38,652	43,469	–	–
Other receivables — net	9,998	7,070	338	122
Amounts due from fellow subsidiaries (Note 29(ii))	294	365	–	–
	<b>48,944</b>	<b>50,904</b>	<b>338</b>	<b>122</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES

(Continued)

At 31st March 2015 and 2014, the fair values of trade and other receivables approximated their carrying amounts.

The Group allows in general a credit period ranging from 30 days to 120 days to its trade customers. At 31st March 2015 and 2014, the ageing analysis of the Group's trade receivables by invoice date, net of allowance for impairment, is as follows:

	2015 HK\$'000	2014 HK\$'000
0 to 60 days	22,097	23,592
61 to 120 days	9,410	13,620
121 to 180 days	4,454	2,996
Over 180 days	2,691	3,261
	<b>38,652</b>	43,469

Other receivables comprised the following:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Amounts due from third parties	8,988	6,710	338	122
Amount due from an associate	450	–	–	–
Amount due from a JV	560	360	–	–
	<b>9,998</b>	7,070	<b>338</b>	122

Trade receivables that are neither past due nor impaired amounted to HK\$19,994,000 (2014: HK\$21,592,000). These balances relate to a wide range of customers for whom there is no recent history of default.

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

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis to reduce the exposure to bad debts. The credit period on trade receivables depending on the business area is ranging from 30 to 120 days.

At 31st March 2015, trade receivables of HK\$18,658,000 (2014: HK\$21,877,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015 HK\$'000	2014 HK\$'000
Overdue by:		
0 to 60 days	12,929	17,005
61 to 120 days	3,378	2,257
Over 120 days	2,351	2,615
	<b>18,658</b>	21,877



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES

(Continued)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2015 HK\$'000	2014 HK\$'000
Hong Kong dollars	29,988	35,293
Renminbi	8,664	8,176
	38,652	43,469

For the year ended 31st March 2015, the Group recognised a loss of HK\$720,000 (2014: HK\$77,000) for the impairment of its trade receivables and directly wrote off an amount of HK\$761,000 (2014: HK\$103,000) as bad debts.

Movements on the Group's allowance for impairment of trade receivables are as follows:

	2015 HK\$'000	2014 HK\$'000
At 1st April	41	67
Allowance for impairment of receivables	720	77
Receivables written off against allowance	(761)	(103)
At 31st March	—	41

The creation and release of allowance for impaired receivables have been included in "selling and distribution expenses" in the consolidated income statement. Amounts in the allowance account are generally utilised to write off receivables when there is no expectation of further recovery.

The maximum exposure to credit risk at the reporting date is the carrying amount of trade and other receivables net of impairment allowance. The Group does not hold any collateral as security.

Certain trade receivables of HK\$413,000 (2014: HK\$375,000) are secured by deposits and bank guarantees provided by the customers.

### 13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Cash at bank and in hand	33,612	22,583	15,578	5,877
Short-term bank deposits	96,487	100,893	96,015	90,850
	130,099	123,476	111,593	96,727
Maximum exposure to credit risk	130,018	123,301	111,593	96,727

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 13 CASH AND CASH EQUIVALENTS (Continued)

The effective interest rate on average short-term bank deposits was 1.91% (2014: 1.83%). These deposits have maturity ranged from 30 days to 90 days.

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Cash and cash equivalents	<b>130,099</b>	123,476	<b>111,593</b>	96,727

Included in the cash and cash equivalents of the Group are bank deposits denominated in Renminbi placed with banks in Mainland China amounting to HK\$14,601,000 (2014: HK\$24,224,000), of which the remittance is subject to foreign exchange control.

## 14 SHARE CAPITAL AND PREMIUM

	Number of issued shares (in thousands)	Ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
At 31st March 2013, 2014 and 2015	400,000	400	456,073	456,473

The total authorised number of ordinary shares is 4,000 million shares (2014: 4,000 million shares) with a par value of HK\$0.001 per share (2014: HK\$0.001). All issued shares are fully paid.

### Share options

The Company has two share option schemes (the "Schemes"). A pre-IPO share option scheme ("Pre-IPO Share Option Scheme") was approved and adopted by shareholders on 26th September 2005 (the "Adoption Date"). Another share option scheme ("Post-IPO Share Option Scheme") was also approved on the same date, 26th September 2005 by the shareholders of the Company. The principal terms of the Pre-IPO Share Option Scheme are substantially the same as the terms of the Post-IPO Share Option Scheme (where applicable) except for the following principal terms:

(a) *Subscription price per share*

For Pre-IPO Share Option Scheme, the subscription price per share shall be the final HK dollar price per share at which shares were to be sold in an offer for sale in Hong Kong on 18th October 2005 (the "Listing Date"), being the date of the shares of the Company were listed on the main board of the Stock Exchange.

For Post-IPO Share Option Scheme, the subscription price per share shall be determined by the Board of Directors and notified to an Employee at the time of offer of the option.

(b) *Duration of the share option schemes*

For Pre-IPO Share Option Scheme, the scheme shall be valid and effective up to the Listing date.

For Post-IPO Share Option Scheme, the scheme shall be valid and effective for a period of 10 years from the 26th September 2005, being the date which the scheme was conditionally approved and adopted.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14 SHARE CAPITAL AND PREMIUM *(Continued)*

#### Share options *(Continued)*

Pursuant to the Schemes, the Board of Directors may, at its absolute discretion, grant share options to any full time employees, executive and non-executive directors (including the independent non-executive directors) of the Group or the Media Chinese Group (for so long as the Company remains to be a subsidiary of Media Chinese) to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

The period within which an option may be exercised under each of the Schemes will be determined and notified by the Board of Directors in its absolute discretion (subject to any vesting periods, if applicable), save that no option may be exercised later than 10 years from the date of offer of the option.

Movements in the number of share options of the Pre-IPO Share Option Scheme outstanding and the average exercise prices are as follows:

	2015		2014	
	Average exercise price in HK\$ per share	Number of shares under options (in thousands)	Average exercise price in HK\$ per share	Number of shares under options (in thousands)
<b>At 1st April</b>	<b>1.2</b>	<b>7,868</b>	1.2	7,926
Lapsed	<b>1.2</b>	<b>(430)</b>	1.2	(58)
<b>At 31st March</b>	<b>1.2</b>	<b>7,438</b>	1.2	7,868

The share options above were conditionally granted on 27th September 2005 and the exercisable period is from 18th October 2006 (first anniversary of the Listing Date) to 25th September 2015 with options over 7,438,000 shares (2014: 7,868,000 shares) being exercisable as at 31st March 2015.

During the year, no option was granted, exercised or cancelled and options over 430,000 (2014: 58,000) shares lapsed.

The fair value of options granted during the year ended 31st March 2006 determined using the Binomial Option valuation model was HK\$6,380,000. The significant inputs into the model were the share price of HK\$1.2 (being the IPO and placing share price of the Company), volatility of the underlying stock of 48% (being the volatility of the stock returns of listed companies in the media industry in Hong Kong), risk-free interest rate of 4.16% (being the yield of 10-year fund note issued by the Hong Kong Monetary Authority as at 23rd September 2005) and suboptimal exercise factor of 1.4 (being the factor to account for the early exercise behavior of the share option).

Share compensation costs on share options granted are amortised over the vesting periods of one year or five years in accordance with the terms specified in the Pre-IPO Share Option Scheme. No share compensation cost was recognised in the consolidated income statement for the year ended 31st March 2015 (2014: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 15 OTHER RESERVES

### (a) Group

	Employee share-based payment reserve HK\$'000	Merger reserve HK\$'000 (Note)	Currency translation reserve HK\$'000	Long service payment reserve HK\$'000	Convertible bond-equity component HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>At 1st April 2013</b>	6,320	(343,050)	7,053	22	5,214	52,029	(272,412)
Currency translation differences	–	–	(48)	–	–	–	(48)
Actuarial losses on long service payment obligations	–	–	–	(3)	–	–	(3)
Profit for the year	–	–	–	–	–	28,646	28,646
Final dividend paid relating to 2013	–	–	–	–	–	(14,000)	(14,000)
Interim dividend paid relating to 2014	–	–	–	–	–	(6,000)	(6,000)
<b>At 31st March 2014</b>	6,320	(343,050)	7,005	19	5,214	60,675	(263,817)
<b>At 1st April 2014</b>	6,320	(343,050)	7,005	19	5,214	60,675	(263,817)
Currency translation differences	–	–	350	–	–	–	350
Actuarial losses on long service payment obligations	–	–	–	(39)	–	–	(39)
Loss for the year	–	–	–	–	–	(11,072)	(11,072)
Final dividend paid relating to 2014	–	–	–	–	–	(12,000)	(12,000)
Interim dividend paid relating to 2015	–	–	–	–	–	(2,400)	(2,400)
<b>At 31st March 2015</b>	6,320	(343,050)	7,355	(20)	5,214	35,203	(288,978)

Note:

Pursuant to a group reorganisation exercise (the "Reorganisation") to rationalise the structure of the Company and its subsidiaries in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 26th September 2005.

Merger reserve of the Group mainly represents the difference between the nominal value of the issued capital of One Media Holdings Limited acquired and the fair value of shares allotted as consideration by the Company as part of the Reorganisation in preparing for the public listing of the Company's shares in 2005.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 15 OTHER RESERVES (Continued)

### (b) Company

	Employee share-based payment reserve HK\$'000	Convertible bond-equity component HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>At 1st April 2013</b>	6,320	5,214	148,577	160,111
Profit for the year	–	–	16	16
Final dividend paid relating to 2013	–	–	(14,000)	(14,000)
Interim dividend paid relating to 2014	–	–	(6,000)	(6,000)
<b>At 31st March 2014</b>	6,320	5,214	128,593	140,127
<b>At 1st April 2014</b>	<b>6,320</b>	<b>5,214</b>	<b>128,593</b>	<b>140,127</b>
Profit for the year	–	–	790	790
Final dividend paid relating to 2014	–	–	(12,000)	(12,000)
Interim dividend paid relating to 2015	–	–	(2,400)	(2,400)
<b>At 31st March 2015</b>	<b>6,320</b>	<b>5,214</b>	<b>114,983</b>	<b>126,517</b>

## 16 CONVERTIBLE BOND HELD BY A FELLOW SUBSIDIARY

	2015 HK\$'000	2014 HK\$'000
Convertible bond held by a fellow subsidiary	75,508	74,024

The Company issued to a fellow subsidiary a convertible bond on 1st June 2012, bearing interest at the rate of 1% per annum payable half-yearly in arrears, in the principal amount of HK\$75,600,000. The maturity date of the convertible bond will be on 31st May 2015, the third anniversary of the date of the issue. The holder has the right to convert in whole or part of the principal amount of the bond into shares at a conversion price of HK\$0.90 per conversion share at any time following the issue of the convertible bond and up to the close of business on the maturity date. The values of the liability component and the equity conversion component were determined at issuance of the convertible bond.

The fair value of the liability component was calculated using a discounted cash flow approach and is within level 3 of the fair value hierarchy. The key unobservable input of the valuation is the discount rate adopted of approximately 4% which is based on market interest rate for an equivalent non-convertible bond. The equity component is recognised initially as the difference between the net proceeds from the bond and the fair value of the liability component and is included in other reserves in equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 16 CONVERTIBLE BOND HELD BY A FELLOW SUBSIDIARY (Continued)

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

	HK\$'000
<b>For the year ended 31st March 2014</b>	
Liability component at 1st April 2013	72,474
Coupon interest	(756)
Change in fair value of the liability component of the convertible bond	2,306
<b>Liability component at 31st March 2014</b>	<b>74,024</b>
<b>For the year ended 31st March 2015</b>	
Liability component at 1st April 2014	<b>74,024</b>
Coupon interest	(756)
Change in fair value of the liability component of the convertible bond	<b>2,240</b>
<b>Liability component at 31st March 2015</b>	<b>75,508</b>

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

	Group		Company	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	<b>2,647</b>	5,700	–	–
Other payables	<b>24,293</b>	25,716	<b>762</b>	675
	<b>26,940</b>	31,416	<b>762</b>	675
Amounts due to fellow subsidiaries (Note 29(ii))	<b>1,158</b>	1,178	–	–
	<b>28,098</b>	32,594	<b>762</b>	675

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(Continued)

At 31st March 2015 and 2014, the ageing analysis of the trade payables by invoice date is as follows:

	2015 HK\$'000	2014 HK\$'000
0 to 60 days	2,399	4,510
61 to 120 days	242	1,080
121 to 180 days	3	6
Over 180 days	3	104
	<b>2,647</b>	<b>5,700</b>

At 31st March 2015 and 2014, the fair values of trade and other payables approximated their carrying amounts.

Other payables comprised the following:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Amounts due to third parties	19,741	24,308	762	675
Amount due to an associate	4,552	1,408	—	—
	<b>24,293</b>	<b>25,716</b>	<b>762</b>	<b>675</b>

### 18 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2015 HK\$'000	2014 HK\$'000
Deferred income tax assets		
— to be recovered within 12 months	1,575	1,557
— to be recovered after 12 months	1,574	1,557
	<b>3,149</b>	<b>3,114</b>
Deferred income tax liabilities		
— to be realised within 12 months	(195)	(335)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 18 DEFERRED INCOME TAX ASSETS/(LIABILITIES) (Continued)

The movements in deferred income tax during the year are as follows:

	Group		
	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
<b>At 1st April 2013</b>	(288)	3,152	2,864
Charged to the consolidated income statement (Note 22)	(47)	(27)	(74)
Currency translation differences	–	(11)	(11)
<b>At 31st March 2014</b>	(335)	3,114	2,779
<b>At 1st April 2014</b>	(335)	3,114	2,779
Credited to the consolidated income statement (Note 22)	140	–	140
Currency translation differences	–	35	35
<b>At 31st March 2015</b>	(195)	3,149	2,954

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$27,463,000 (2014: HK\$27,003,000) to carry forward against future taxable income. These tax losses have not been recognised due to uncertainty of their future recoverability.

The expiry dates of these tax losses are shown as follows:

	Group	
	2015 HK\$'000	2014 HK\$'000
Expiring in the first to fifth year	14,197	11,277
With no expiry date	13,266	15,726
	<b>27,463</b>	27,003

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19 LONG SERVICE PAYMENT OBLIGATIONS

The provision for long service payment represents the present value of the obligation to make such payment. Current service costs and interest on obligation were recognised during the year and included in employee benefit expense (Note 21).

The amount recognised in the consolidated statement of financial position is as follows:

	Group 2015 HK\$'000	2014 HK\$'000
Present value of the unfunded long service payment obligations	50	16

The long service payment obligations are repayable over five years (2014: five years).

Movements of present value of long service payment obligations are as follows:

	Group 2015 HK\$'000	2014 HK\$'000
At 1st April	16	12
Current service cost	1	1
Actuarial losses on obligations	39	3
Actual benefits paid	(6)	–
At 31st March	50	16

The amounts recognised in consolidated statement of comprehensive income are as follows:

	Group 2015 HK\$'000	2014 HK\$'000
Cumulative amount of actuarial gains at beginning of the year	19	22
Actuarial losses during the year	(39)	(3)
Cumulative amount of actuarial (losses)/gains at the end of the year	(20)	19

The principal actuarial assumptions used are as follows:

	Group 2015	2014
Discount rate (%)	2.0	1.9
Expected inflation rate (%)	3.0	3.0

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20 EXPENSES BY NATURE

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

	Group	
	2015	2014
	HK\$'000	HK\$'000
Paper consumed	14,379	17,332
Depreciation of property, plant and equipment (Note 6)	2,020	2,344
Amortisation of intangible assets (Note 7)	2,734	2,729
Employee benefit expense (including directors' emoluments) (Note 21)	68,132	72,061
Occupancy costs	5,549	6,359
(Gain)/loss on disposal of property, plant and equipment	(90)	54
Auditor's remuneration	1,223	1,174

## 21 EMPLOYEE BENEFIT EXPENSE, INCLUDING DIRECTORS' EMOLUMENTS

	2015	2014
	HK\$'000	HK\$'000
Wages and salaries	62,081	64,935
Social security costs (Note (a))	2,652	3,506
Pension costs — defined contribution plans and MPF (Note 29 (i))	2,024	1,955
Staff welfare and allowances	1,375	1,665
	68,132	72,061

### (a) Social security costs

All employees of the subsidiaries of the Company in the PRC excluding Hong Kong who are PRC citizens participate in employee social security plans enacted in the PRC, including pension, medical and other welfare benefits, which are organised and administrated by the governmental authorities. According to the relevant regulations, the Group contributes on a monthly basis based on certain percentages of the salaries of the employees, subject to a certain ceiling, and are paid to the labour and social welfare authorities. Contributions to the plans are expensed as incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21 EMPLOYEE BENEFIT EXPENSE, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

### (b) Directors' and senior management's emoluments

The remuneration of every Director for the year ended 31st March 2015 is set out below:

Name of Director	Fees HK\$'000	Salary HK\$'000	Bonuses HK\$'000	Employer's contribution to pension scheme HK\$'000	Total HK\$'000
<i>Non-executive Director</i>					
Tan Sri Datuk Sir Tiong Hiew King	130	–	–	–	130
<i>Executive Directors</i>					
Mr. TIONG Kiew Chiong	130	–	239	–	369
Mr. LAM Pak Cheong	130	1,876	301	18	2,325
<i>Independent non-executive Directors</i>					
Mr. YU Hon To, David	180	–	–	–	180
Mr. SIT Kien Ping, Peter <sup>#1</sup>	63	–	–	–	63
Mr. YANG, Victor <sup>#2</sup>	140	–	–	–	140
Mr. LAU Chi Wah, Alex <sup>#3</sup>	88	–	–	–	88

The remuneration of every Director for the year ended 31st March 2014 is set out below:

Name of Director	Fees HK\$'000	Salary HK\$'000	Bonuses HK\$'000	Employer's contribution to pension scheme HK\$'000	Total HK\$'000
<i>Non-executive Director</i>					
Tan Sri Datuk Sir Tiong Hiew King	130	–	–	–	130
<i>Executive Directors</i>					
Mr. TIONG Kiew Chiong	130	–	614	–	744
Mr. LAM Pak Cheong	130	1,848	690	15	2,683
<i>Independent non-executive Directors</i>					
Mr. YU Hon To, David	180	–	–	–	180
Mr. SIT Kien Ping, Peter <sup>#1</sup>	150	–	–	–	150
Mr. TAN Hock Seng, Peter <sup>#4</sup>	140	–	–	–	140

<sup>#1</sup> Mr. SIT Kien Ping, Peter resigned as an independent non-executive Director with effect from 1st September 2014.

<sup>#2</sup> Mr. YANG, Victor appointed as an independent non-executive Director with effect from 1st April 2014.

<sup>#3</sup> Mr. LAU Chi Wah, Alex appointed as an independent non-executive Director with effect from 1st September 2014.

<sup>#4</sup> Mr. TAN Hock Seng, Peter resigned as an independent non-executive Director with effect from 1st April 2014.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21 EMPLOYEE BENEFIT EXPENSE, INCLUDING DIRECTORS' EMOLUMENTS *(Continued)*

### (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2014: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2014: four) individuals during the year are as follows:

	2015 HK\$'000	2014 HK\$'000
Basic salaries, other allowances and benefits in kind	6,162	6,641
Bonuses	450	894
Contributions to pension scheme	107	248
	6,719	7,783

The emoluments of the four (2014: four) remaining individuals fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
HK\$500,000 – HK\$1,000,000	1	–
HK\$1,000,001 – HK\$1,500,000	–	1
HK\$1,500,001 – HK\$2,000,000	2	1
HK\$2,000,001 – HK\$2,500,000	1	2

## 22 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit during the year ended 31st March 2015.

No provision for the PRC current enterprise income tax has been made as the Group has unutilised tax losses to offset the assessable profits generated in the PRC during the years ended 31st March 2015 and 2014.

	2015 HK\$'000	2014 HK\$'000
Hong Kong profits tax		
— Current income tax	(6,151)	(8,708)
— Over provision in prior year	20	20
Deferred income tax ( <i>Note 18</i> )		
— Current deferred income tax credit/(charge)	140	(74)
	(5,991)	(8,762)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 22 INCOME TAX EXPENSE (Continued)

The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to (loss)/profit of the consolidated companies as follows:

	2015 HK\$'000	2014 HK\$'000
(Loss)/profit before tax	(5,081)	37,408
Tax calculated at domestic tax rates applicable to profits in the respective countries (Note)	1,565	(5,780)
Effects of		
— Income not subject to tax	381	833
— Expenses not deductible for tax purposes	(5,390)	(1,261)
— Tax losses for which no deferred income tax asset was recognised	(2,583)	(3,230)
— Temporary differences not recognised	(177)	(491)
— Recognition of deferred tax assets arising from previously unrecognised tax loss	—	(27)
— Utilisation of previously unrecognised tax losses	193	1,174
— Over provision in prior year	20	20
Income tax expense	(5,991)	(8,762)

Note: The weighted average applicable tax rate was 30.8% (2014: 15.5%).

## 23 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$790,000 (2014: HK\$16,000).

## 24 (LOSS)/EARNINGS PER SHARE

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

	2015 HK\$'000	2014 HK\$'000
(Loss)/profit attributable to equity holders of the Company	(11,072)	28,646
Number of ordinary shares in issue (in thousands)	400,000	400,000
Basic (loss)/earnings per share (HK cents per share)	(2.8)	7.2

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25 DIVIDENDS

Dividends attributable to the year:

	2015 HK\$'000	2014 HK\$'000
Interim dividend, paid, HK0.6 cent (2014: HK1.5 cents) per ordinary share	2,400	6,000
Final dividend, proposed after the end of the reporting period, HK1 cent (2014: HK3 cents) per ordinary share	4,000	12,000
	6,400	18,000

Dividends paid during the year:

	2015 HK\$'000	2014 HK\$'000
Interim dividend, 2015, HK0.6 cent (2014: HK1.5 cents) per ordinary share	2,400	6,000
Final dividend, 2014, HK3 cents (2013: HK3.5 cents) per ordinary share	12,000	14,000
	14,400	20,000

On 28th May 2015, the Board of Directors proposed a final dividend of HK1 cent per share, totalling HK\$4,000,000. Such dividend is to be approved by the shareholders at the annual general meeting of the Company to be held on 5th August 2015. Upon approval by the shareholders of the Company, this final dividend will be paid on 21st August 2015 to shareholders whose names appear on the register of members of the Company at the close of the business on 14th August 2015. These consolidated financial statements do not reflect this dividend payable but accounted for it as proposed dividends.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26 CASH GENERATED FROM OPERATIONS

	2015 HK\$'000	2014 HK\$'000
(Loss)/profit before income tax	(5,081)	37,408
Adjustments for:		
— Depreciation of property, plant and equipment (Note 6)	2,020	2,344
— Amortisation of intangible assets (Note 7)	2,734	2,729
— (Gain)/loss on disposal of property, plant and equipment (Note 20)	(90)	54
— Loss on change in fair value of convertible bond (Note 16)	2,240	2,306
— Allowance for impairment of interest in an associate (Note 9)	23,467	—
— Impairment loss of goodwill (Note 7)	2,725	—
— Gain on disposal of interest in an associate (Note 9)	(3)	—
— Interest income (Note 5)	(1,836)	(1,409)
— Allowance for receivables impairment (Note 12)	720	77
— Foreign currency translation gains/(losses) on operating activities	231	(95)
— Costs related to long service payment scheme (Note 19)	1	1
— Share of loss of JVs and associates (Note 9)	1,071	2,972
Changes in working capital:		
— Inventories	2,860	(1,324)
— Trade and other receivables	1,169	8,548
— Amounts due from fellow subsidiaries	71	(365)
— Amounts due to fellow subsidiaries	(20)	643
— Trade and other payables	(3,722)	(2,847)
Cash generated from operations	28,557	51,042

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2015 HK\$'000	2014 HK\$'000
Property, plant and equipment — net book value (Note 6)	33	73
Gain/(loss) on disposal of property, plant and equipment	90	(54)
Proceeds from disposal of property, plant and equipment	123	19

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 27 COMMITMENTS

### Operating lease commitments — group as lessee

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group 2015 HK\$'000	2014 HK\$'000
No later than 1 year	3,391	5,183
Later than 1 year and no later than 5 years	239	3,032
	3,630	8,215

## 28 BANK FACILITIES

The Group has the following undrawn bank facilities:

	Group 2015 HK\$'000	2014 HK\$'000
Floating rate — expiring within one year	30,000	30,000

The facilities expiring within one year are annual facilities subject to review during the year ending 31st March 2016.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 29 RELATED-PARTY TRANSACTIONS

The ultimate parent of the Company is Media Chinese, a company incorporated in Bermuda.

The following transactions were carried out with related parties:

- (i) During the year ended 31st March 2015, the Group entered into the following transactions with fellow subsidiaries, a JV and an associate:

	Note	2015 HK\$'000	2014 HK\$'000
Circulation support services charges	a	1,258	1,284
Library services charges	b	178	218
Administrative support and IS programming support services charges	c	8,333	5,529
Charges for leasing and licensing of office space, storage space and parking spaces	d	2,589	2,539
Ticketing and accommodation expenses	e	817	862
Barter advertising expenses	f	1,216	1,129
Barter advertising income	g	(1,216)	(1,129)
Type-setting, colour separation and film making expenses	h	50	12
Promotion expenses	i	10	14
Pension costs — defined contribution plans	j	2,024	1,955
Agency income	k	(2,734)	(1,934)
Sundry income	l	(141)	(813)
E-magazines profit-sharing expenses and downloaded expenses	m	108	88
Dividend income	n	(40)	(20)
Convertible bond interest	o	756	756
Content providing and video production income	p	(960)	(2,427)

Notes:

- (a) This represents recharge of circulation support services relating to the distribution, sale and promotion of the publications of the Group by a fellow subsidiary. It is charged on a reimbursement basis.
- (b) This represents recharge by a fellow subsidiary relating to provision of library services including data classification, data indexing and filing, data storage management and retrieval, data provision and newspaper clipping. It is charged on a cost reimbursement basis.
- (c) This represents recharge of administrative, human resources, corporate communications, legal services, information system support services and depreciation on certain computers and office equipment leased from fellow subsidiaries. It is charged on a cost reimbursement basis.
- (d) This represents charges paid to a fellow subsidiary for the leasing and licensing of office space, storage space and parking spaces. The rentals and licence fees are charged at a pre-determined rate calculated by reference to the prevailing market rates.
- (e) This represents ticketing and accommodation expenses paid to a fellow subsidiary. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.
- (f) This represents advertising expenses on a barter basis in accordance with barter advertising agreement entered into with Media Chinese. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.
- (g) This represents advertising income on a barter basis in accordance with barter advertising agreement entered into with Media Chinese. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.
- (h) This represents type-setting, colour separation and film making expenses charged by a fellow subsidiary. It is charged at a pre-determined rate calculated based on the cost incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 29 RELATED-PARTY TRANSACTIONS (Continued)

- (i) During the year ended 31st March 2015, the Group entered into the following transactions with fellow subsidiaries, a JV and an associate: (Continued)

Notes: (Continued)

- (i) This represents promotion expenses paid to a fellow subsidiary. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.
- (j) This represents defined contribution cost made to a fellow subsidiary for the Group's pension obligation. There is no stated policy or contractual agreement between the Group and the Media Chinese Group. It is charged based on a pre-determined rate of the employees' salaries.
- (k) This represents agency commission and profit sharing of an associate. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.
- (l) This represents sub-lease rental income and accounting servicing income in accordance with agreements entered into with related companies of the controlling party of Media Chinese. It is charged at a pre-determined rate calculated by references to the prevailing market rates and a cost reimbursement basis respectively.
- (m) This represents e-magazines profit-sharing expenses and downloaded expenses paid in accordance with the agreement entered into with a fellow subsidiary of the Company at arm's length basis.
- (n) This represents dividend income received from an associate. It is calculated according to the equity interest held by the Group in the associate.
- (o) This represents convertible bond interest at the rate of 1% per annum, calculated daily on the basis of 365 days per year and payable half-yearly in arrears to a fellow subsidiary.
- (p) This represents content providing income and video production income received from a JV in accordance with the agreements entered into with it at arm's length basis.
- (ii) The balances at 31st March 2015 and 2014 arising from the related party transactions as disclosed in Note 29 (i) above are as follows:

	2015 HK\$'000	2014 HK\$'000
Amounts due from fellow subsidiaries (Note 12)	294	365
Amounts due to fellow subsidiaries (Note 17)	(1,158)	(1,178)
Amount due from a JV (Note 12)	560	360
Amount due from an associate (Note 12)	450	–
Amount due to an associate (Note 17)	(4,552)	(1,408)

The outstanding balances with fellow subsidiaries are aged within 180 days from the invoice date and are unsecured, non-interest bearing and with normal credit terms from 30 days to 180 days.

- (iii) Key management compensation

	2015 HK\$'000	2014 HK\$'000
Salaries and other short-term employee benefits	6,161	7,395
Contributions to pension scheme	53	89
	6,214	7,484

## FIVE-YEAR FINANCIAL SUMMARY

The results of the Group for the last five financial years are as follows:

	For the year ended 31st March				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Turnover	<b>179,248</b>	203,352	217,295	224,183	200,188
Profit attributable to the equity holders of the Company	<b>(11,072)</b>	28,646	35,882	32,581	20,406
Basic (loss)/earnings per share	<b>(HK2.8 cents)</b>	HK7.2 cents	HK9.0 cents	HK8.1 cents	HK5.1 cents

The assets and liabilities of the Group for the last five financial years are as follows:

	As at 31st March				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Property, plant and equipment	<b>3,699</b>	5,108	5,483	5,231	4,376
Intangible assets	<b>68,986</b>	74,291	76,785	3,181	2,719
Interests in joint ventures and associates	<b>6,172</b>	31,636	32,982	25,978	–
Deferred income tax assets	<b>3,149</b>	3,114	3,152	807	51
Current assets	<b>189,458</b>	185,761	172,587	163,515	169,056
Current liabilities	<b>(28,216)</b>	(32,879)	(34,154)	(32,159)	(32,203)
Convertible bond	<b>(75,508)</b>	–	–	–	–
Net current assets	<b>85,734</b>	152,882	138,433	131,356	136,853
Total assets less current liabilities	<b>167,740</b>	267,031	256,835	166,553	143,999
Convertible bond	–	(74,024)	(72,474)	–	–
Deferred income tax liabilities	<b>(195)</b>	(335)	(288)	(150)	–
Long service payment obligations	<b>(50)</b>	(16)	(12)	(117)	(28)
Capital and reserves attributable to the equity holders of the Company	<b>167,495</b>	192,656	184,061	166,286	143,971





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