

Chairman's Statement



Mr. TIONG Kiu King
Chairman

On behalf of the directors and shareholders of One Media Group Limited (the "Company"), I am pleased to announce the results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2006. This financial year was a milestone for the Group, as we successfully spun off from Ming Pao Enterprise Corporation Limited ("MPE") (stock code: 685) and listed our shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18th October 2005 (the "Listing Date"). With fresh capital injected into the Company as a result of our listing and the beginning of a new chapter in our growth, I continue to be optimistic for the future of our lifestyle media business.

This financial year was a significant turning point for the Group as we launched key growth initiatives to further solidify our foundation for future expansion. As we outlined in the prospectus dated 30th September 2005 issued by the Company regarding the initial public offering ("IPO"), the Company intends to use up to approximately 50% of the proceeds from our IPO to acquire magazine businesses as well as to launch additional magazines in the People's Republic of China ("PRC"). In order to successfully implement this strategy, careful preparation was required to insure that the stage for expansion was set. In this financial year, we initiated and executed this strategy on several fronts.

Magazines

In 2006, in cooperation with our local partners, we launched two new magazines in the PRC market, "MING 青春之星" ("MING") and "Rolling Stone 音像世界" ("RS"). Both of these titles generated positive feedback from readers in our major markets and garnered strong advertiser support. These latest titles represent additional future revenue streams that have attracted new and existing advertising clients while further capitalizing on our cross selling capabilities with our current portfolio of magazines. We are optimistic about the future contributions of these titles to the operating performance of our business in China.

Infrastructure

2005 saw the opening of new sales offices in Shanghai and Guangzhou, as well as new premises in Beijing for the corporate headquarter of our China operation. This expansion strategically positions the Group to fully realize the advantage of the large number of advertising clients in those markets and to better serve them from regional offices staffed with local professionals. I believe that this expanded sales and operational structure will have a positive impact on revenues over the long term.

Management

In 2005, we made several key hires in our Hong Kong, Beijing, and Shanghai offices in the areas of sales, marketing, content localisation, and general management. I am particularly pleased that we were able to bring on board an experienced Chief Operating Officer for our China operation. The recent additions to our human resources mark another significant building block to further solidify our foundation for expansion. Our ability to attract top-tier individuals who will be pivotal contributors to the Company clearly indicates our commitment to the future growth and success of the Group.

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Advertising and Circulation

Advertising sales, which account for around 80% of the Group's total revenue, continue to be the heart of our business. I am pleased to share with you that our advertising sales in this financial year were up approximately 11% over the last year.

Although the competition in Hong Kong is fierce, during the past year, the Company made significant progress in the area of circulation in the PRC, especially in increasing the visibility and the reach of the Group's magazines. The PRC market, with its vast size and high-level of fragmentation, has been a challenge in the past, but we believe that the progress we have made in this financial year will be central to our success there moving forward. With the addition of each new title from the Company available on newsstands, we have been able to leverage our bargaining power and negotiate more favorable positioning in all of our major markets, particularly in the key cities: Beijing, Shanghai, and Guangzhou.

Operating Performance

Our operating performance in this financial year reflects our concentrated focus on both consolidation and investment in operations for future expansion. We were able to successfully launch the compact edition of *Ming Pao Weekly* ("Compact Edition") in Hong Kong and two new magazines, MING and RS, in China. These however impacted our cost structure by incurring one-time marketing expenditure and additional production costs for the Compact Edition, as well as pre-launch development costs for MING and RS, which did not provide a significant contribution to the bottom line in this financial year. Our consolidated net profit after tax for the year ended 31st March 2006, including investments in these new magazines, was therefore recorded a drop of 69% as compared with the last financial year. Regarding individual magazine performance, we are very pleased to have realized an increase in turnover, particularly in China. Our China operation posted 49% revenue growth, led by *Top Gear*. With the coming contribution from our new titles, MING and RS, in China, I believe the business in China will play a significant role on revenue growth over the long term.

In summary, I am very pleased with our implementation and execution of new initiatives in this financial year, which marked a key turning point in our strategic growth. While the financial results were not satisfactory on a year on year basis, we have made tremendous strides in business development, circulation, and advertising sales while building a solid infrastructure to ensure future expansion. I am optimistic for the year to come and look forward to our continued strong growth in China, a market that is in its early stages of development.

I would like to close by thanking our board of directors of the Company ("Board") for their valuable counsel at this transition period as we have become a listed company. I would like to thank our shareholders, both new and old, for supporting the Company and our vision to be the premier lifestyle magazine group in China, and I would like to thank our staff, for without their ceaseless efforts on a daily basis, none of this would have been possible.

TIONG Kiu King

Chairman

Hong Kong, 30th June 2006