2006
Interim Report
中期報告

万华媒体
ONE MEDIA GROUP
One Media Group Limited
萬華媒體集團有限公司

Stock Code 股份代號：426

CHAIRMAN'S STATEMENT

On behalf of the directors (the "Directors") and shareholders of One Media Group Limited (the "Company"), I am pleased to announce the interim results of the Company and its subsidiaries (the "Group") for the period ended 30th September 2006. Fueled by a vibrant economy, a strong consumer appetite for lifestyle information and the Group's persistent efforts to further penetrate the China lifestyle media sector, the top-line revenue has achieved more than 20% growth compared with the same period in the previous year. Clearly, we are progressing towards the execution of our commitment to growth and our goal of being a dominant Chinese language media group in the Hong Kong and Mainland China lifestyle media sector.

The positive revenue growth was offset by diligent planning that required additional investment in infrastructure and human capital necessary to acquire market share and solidify a strong foundation. While the Group has achieved significant progress in terms of business development, circulation and advertising sales, the financial results were not satisfactory and beyond the expectation of the management. Adjustments to the new titles that the Group recently introduced contributed to the teething challenges the Group faced.

"Rolling Stone 音樂時空" (formerly known as *"Rolling Stone 音像世界"*) ("RS") has entered an exciting phase in its development with our new publishing partner in China. In an effort to align ourselves with a business partner that is in line with the vision of the Group, we felt that it was in the best interest of the Group to establish a relationship with a new partner that shares our outlook for the future and is committed to developing promising results.

The Group has been considering to expand portfolio to achieve cross-selling and brand extension. This progress is especially notable in *Ming Pao Weekly* and *"MING明日風尚"* (formerly known as *"MING青春之星"*) ("MING"). The teams from each respective title have worked together to generate additional top-line growth, and the successful execution of this endeavor validates our vision and strategy of expanding revenue through cross-selling among our portfolio of titles.

Just nine months following the introduction of MING into China, it has become a popular brand in the lifestyle genre. This model for success will be replicated in future brand extensions, while organic growth will continue to be a significant driver as the Group expands further into the Mainland China market. The Group has reached a turning point with its newest titles, and now that they are running with a full team as a result of investment in human capital, they are expected to further contribute to both circulation and advertising revenue growth, which will translate to attractive margins in the future.

Acquisitions remain a major focus of our business development efforts. The Group is always in search of an appropriate target that can assimilate well with the Group's strategy and culture to further contribute to growth and earnings. Primarily, the Group will consider additional complimentary businesses to build upon its existing portfolio.

Our successful revenue growth and expansion are the result of the hard work, dedication, and strategic efforts of our management team and staff. Of course, the ability and motivation to successfully execute were further fueled by the devotion of our readers, the loyalty of our advertisers, and the strong support of our shareholders, to whom we are extremely grateful.

Mr. TIONG Kiu King
Chairman

Hong Kong, 14th December 2006

RESULTS SUMMARY

For the period ended 30th September 2006, the Group reported a consolidated turnover of HK$103,281,000 (2005: HK$85,774,000), representing an increase of 20% compared with the corresponding period last year. The result is attributed to an increase in advertising revenue and circulation as the contributions from our new titles began to bear fruit. The benefit of new titles introduced to China is further reflected in the remarkable increase in turnover of 179% in our Mainland China business. The loss after taxation amounted to HK$3,401,000 (2005: profit after taxation HK$2,492,000). The change in performance from profit to loss was mainly attributed to the continued investment in human capital and infrastructure in China and to the intense competition in the technology sector.

REVIEW OF OPERATIONS

Hong Kong

Ming Pao Weekly, Hi-Tech Weekly and *City Children's Weekly* ("HK Magazines") are all currently published in Hong Kong. The titles contributed a combined turnover of HK$82,369,000 (2005: HK$78,280,000), representing an increase of 5% compared to the corresponding period last year. The increase in turnover was mainly attributable to the full-year contribution of the compact edition of the *Ming Pao Weekly* ("Compact Edition") and continuing editorial enhancements in the titles in general. However, this was offset by the increase in paper and production costs.

The Group recently re-launched the printed version of *Hi-Tech Weekly* in Hong Kong and launched a new online version, namely "eMag". In addition to the printed version, readers of *Hi-Tech Weekly* can easily access to the magazine on the internet anytime and anywhere. This format is specifically attractive to the readers and advertisers of *Hi-Tech Weekly*, as this distribution method caters primarily to the technologically savvy audience of the magazine. This innovative distribution method is representative of "always-on" world, which may help the Group to position the magazine in this competitive sector.

The tabloid–sized *Ming Pao Weekly* ("Classic Edition") and the Compact Edition have enjoyed increasing revenue. The strategic move to publish both Compact Edition and Classic Edition has proven to be a successful endeavor for the Group. Driven by the desire to offer readers a choice, this strategic positioning has also benefited advertisers with additional leverage to reach a larger readership base. The additional channel for delivering high quality content has enabled the publication to increase readership while catering to the desires of a portion of the readership segment with a different taste in format.

City Children's Weekly remains a favorite among the leading "edutainment" publications. The title serves an extensive audience of primary school students in Hong Kong with the support of educators, parents, and children alike.

The Group remains firmly committed to evolving its HK Magazines portfolio through creative initiatives like the Compact Edition of *Ming Pao Weekly* and the eMag of *Hi-Tech Weekly*. As a seasoned leader in Hong Kong lifestyle magazine publishing, the Group will capitalize on every opportunity to reaffirm its leading position through continuous improvement in its product offerings and their promotion.

Mainland China

The Group has the right to sell advertising space in and provide content to the magazines in Mainland China, including: *"Popular Science 科技新時代"* ("PS"), *"T3 科技新時代"* ("T3"), *"Top Gear 汽車測試報告" ("*TG*")*, MING and RS. These titles contributed a turnover of HK$20,912,000 (2005: HK$7,494,000) to the Group, representing a 179% increase compared to the corresponding period last year. However, an operating loss was recorded as a result of investment in human capital, newly established infrastructure, and investment in newer titles such as MING and RS. The Group is confident that these titles will achieve considerable growth in both circulation and advertising income that will translate to healthy margins and revenue contributions in the future.

The Group's focus on cross-selling has achieved measurable success, especially with *Ming Pao Weekly* and MING. The teams from each respective title have worked together to generate additional revenue flow, and the successful execution of this endeavor reaffirms the Group's vision and strategy of expanding revenue through cross-selling among titles. Just nine months after the introduction of MING into China, it has become a popular brand in the lifestyle genre. This model for success will be replicated in the future. Additional brand extensions and organic expansion will continue to be significant growth drivers as the Group expands further into the Mainland China market.

During the period under review, PS and TG recorded continued growth, primarily driven by the loyal support of clients in the automotive and consumer electronics categories. Meanwhile, T3 maintained its status as a player in the crowded and competitive market of technology magazines in the electronics category.

RS is well on its way to becoming a staple in Mainland China for the music-oriented pop culture genre of lifestyle magazines. The internationally renowned title has now entered an exciting phase of its development as the Group has established a strong working relationship with its new publishing partner. The Group believes this title will be one of the significant growth drivers in the future.

OUTLOOK

Driven by a robust economy, solid infrastructure and recent investment in high-quality human capital, the outlook for the Group is positive and firmly concentrated on growth. Acquisitions remain a major focus as a catalyst for further expansion into Mainland China. The Group will carefully consider appropriate targets that can assimilate well with the Group's strategies and culture to further contribute to growth and earnings. The Group will primarily focus on the acquisition of additional lifestyle titles and will thoroughly scrutinize prospects that are China based, print related, earnings positive, and a compliment to the current demographic and advertisers. Meanwhile, the Group will continue to pursue organic growth through brand extensions and implement stringent cost control measure.

CAPITAL EXPENDITURE

The Group's total capital expenditure for property, plant and equipment for the six months ended 30th September 2006 amounted to HK$6,088,000.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Company issued 100 million shares of HK$0.001 each at HK$1.2 per share by way of placing and public offer on 18th October 2005 (as set out in detail in the prospectus dated 30th September 2005 issued by the Company (the "Prospectus")). The net proceeds, after deduction of related issuance expenses, amounted to approximately HK$102,968,000 ("Net Proceeds"). The Net Proceeds were partially applied up to 30th September 2006 in accordance with the proposed applications set out in the Prospectus as follows:

	Proposed application of Net Proceeds HK$'000	**Actual amount used up to 30th September 2006 HK$'000**
Acquisition of magazine business in PRC	50,000	**—**
Sales and marketing activities for new magazines	24,000	**6,818**
Circulation-related activities of new magazines	12,000	**8,097**
Repayment of short-term loan	10,000	**10,000**
General working capital	6,968	**5,000**
	102,968	**29,915**

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The currency risk of the Group arises mainly from its purchases of raw material denominated in US dollars. In addition, the Group also has investments in the People's Republic of China ("PRC") subsidiaries whose net assets are exposed to currency risk. The Group does not presently hedge this currency exposure.

Since HK dollars are pegged to US dollars, the Group does not foresee any substantial exposure to US dollars in this regard.

The Group currently does not hedge transactions undertaken in Renminbi but manages its exposure through constant monitoring to limit as much as possible the amount of its Renminbi exposures.

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

	Note	(Unaudited) Six months ended 30th September 2006 HK$'000	2005 HK$'000
Turnover	4	**103,281**	85,774
Cost of goods sold		**(63,009)**	(47,117)
Gross profit		**40,272**	38,657
Interest income		**1,735**	10
Selling and distribution costs		**(27,129)**	(22,547)
Administrative expenses		**(18,071)**	(12,551)
Operating (loss)/profit	5	**(3,193)**	3,569
Finance costs	6	**—**	(63)
(Loss)/profit before income tax		**(3,193)**	3,506
Income tax expense	7	**(208)**	(1,014)
(Loss)/profit for the half-year		**(3,401)**	2,492
Attributable to:			
Equity holders of the Company		**(3,401)**	2,492
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company, expressed in HK cent per share	8		
- Basic		**(0.85 cent)**	0.84 cent
- Diluted		**N/A**	N/A
Dividends	9	**—**	—

CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER 2006

	Note	(Unaudited) 30th September 2006 HK$'000	(Audited) 31st March 2006 HK$'000
Non-current assets			
Goodwill		**2,028**	2,028
Property, plant and equipment		**9,564**	4,461
Defined benefit plan's assets		**919**	919
Long service payment assets		**13**	13
Deferred income tax assets		**—**	304
		12,524	7,725
Current assets			
Inventories		**14,994**	11,077
Trade and other receivables	10	**60,742**	52,015
Deferred income tax assets		**3,531**	3,435
Income tax recoverable		**3,448**	2,006
Cash and cash equivalents		**73,305**	94,120
		156,020	162,653
Current liabilities			
Trade and other payables	11	**27,305**	25,123
Amounts due to fellow subsidiaries		**2,550**	2,402
Income tax liabilities		**83**	83
Trust receipt loans, unsecured		**—**	338
Bank overdrafts		**—**	30
		29,938	27,976
Net current assets		**126,082**	134,677
Total assets less current liabilities		**138,606**	142,402
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital	12	**400**	400
Other reserves		**124,584**	123,479
Retained earnings		**13,622**	17,023
Proposed final dividend		**—**	1,500
		138,606	142,402

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

	(Unaudited) Attributable to equity holders of the Company								
	Share capital HK$'000	**Employee share-based payment reserve** HK$'000	**Merger reserve** HK$'000	**Share premium** HK$'000	**Capital reserve** HK$'000	**Share issuance costs** HK$'000	**Exchange reserve** HK$'000	**Retained earnings** HK$'000	**Total** HK$'000
At 1st April 2005	1	—	1,650	—	10,000	(432)	3	11,501	22,723
Issue of shares	299	—	—	8,406	—	—	—	—	8,705
Share issuance costs	—	—	—	—	—	(10,960)	—	—	(10,960)
Exchange adjustment	—	—	—	—	—	—	(16)	—	(16)
Profit for the half-year	—	—	—	—	—	—	—	2,492	2,492
At 30th September 2005	300	—	1,650	8,406	10,000	(11,392)	(13)	13,993	22,944
At 1st April 2006	400	794	1,650	111,373	10,000	—	(338)	18,523	142,402
Share compensation costs on share options granted	—	866	—	—	—	—	—	—	866
Exchange adjustment	—	—	—	—	—	—	239	—	239
Loss for the half-year	—	—	—	—	—	—	—	(3,401)	(3,401)
Dividend relating to 2005	—	—	—	—	—	—	—	(1,500)	(1,500)
At 30th September 2006	400	1,660	1,650	111,373	10,000	—	(99)	13,622	138,606

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

	(Unaudited) Six months ended 30th September	
	2006	2005
	HK$'000	HK$'000
Net cash used in operating activities	**(14,725)**	(4,442)
Net cash used in investing activities	**(4,353)**	(24,305)
Net cash (used in)/generated from financing activities	**(1,838)**	30,212
(Decrease)/increase in cash and cash equivalents	**(20,916)**	1,465
Cash and cash equivalents at the beginning of the period	**94,090**	8,175
Exchange gain/(loss) on cash and cash equivalents	**131**	(16)
Cash and cash equivalents at the end of the period	**73,305**	9,624
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**73,305**	9,624

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11th March 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands.

Pursuant to a group reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 26th September 2005. Following the completion of the public offering and placing of 100,000,000 shares as set out in the Prospectus, the shares of the Company were listed on the Main Board of the Stock Exchange on 18th October 2005 (the "Listing Date").

The Group resulting from the Reorganisation is regarded as a continuing entity and merger accounting has been adopted. Accordingly, the consolidated income statement and condensed consolidated cash flow statement for the six months ended 30th September 2005 were prepared as if the current group structure had been in existence throughout the periods with reference to the Accounting Guideline 5 "Merger Accounting for Common Control Combinations".

The Company is an investment holding company. The principal activities of the Group are publication, marketing and distribution of Chinese language lifestyle magazines.

These unaudited condensed consolidated interim financial statements are presented in thousands of units of HK dollars (HK$'000), unless otherwise stated. These unaudited condensed consolidated interim financial statements have been approved for issue by the board of directors on 14th December 2006.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements ("Interim Financial Statements") were prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31st March 2006.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those used in the annual financial statements for the year ended 31st March 2006.

HKICPA has issued a number of new standards, amendments to standards and interpretations that are effective for accounting periods beginning on or after 1st January 2006. The Group has carried out an assessment of these standards, amendments and interpretations and considered that they have no significant impact on these Interim Financial Statements.

4 SEGMENT INFORMATION

Primary reporting format – geographical segments

The Group operates mainly in two geographical areas, Hong Kong and Mainland China. The segment information is as follows:

	(Unaudited) Six months ended 30th September					
	Hong Kong		Mainland China		Group	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
Turnover	**82,369**	78,280	**20,912**	7,494	**103,281**	85,774
Segment results	**9,130**	12,500	**(7,517)**	(4,565)	**1,613**	7,935
Interest income					**1,735**	10
Unallocated expenses (Note)					**(6,541)**	(4,376)
Operating (loss)/profit					**(3,193)**	3,569

Note: Corporate expenses incurred by the Group in the current period are classified as unallocated expenses. Accordingly, certain comparative figures have been reclassified to conform to the current period's presentation.

Secondary reporting format – business segments

No business segment analysis is presented as the Group has been operating in a single business segment, which is publication, marketing and distribution of Chinese language lifestyle magazines, throughout the six months ended 30th September 2006 and 2005.

5 OPERATING (LOSS)/PROFIT

The following items have been charged to the operating (loss)/profit during the interim period.

	(Unaudited) Six months ended 30th September	
	2006 HK$'000	2005 HK$'000
Cost of inventories sold	**22,049**	15,595
Depreciation	**1,062**	613
Employee benefit expenses (including directors' emoluments)	**31,650**	25,486
Loss on disposal of property, plant and equipment	**31**	—

6 FINANCE COSTS

	(Unaudited) Six months ended 30th September	
	2006	2005
	HK$'000	HK$'000
Interest expenses on bank loans	**—**	63

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the period.

The PRC enterprise income tax has been provided at the applicable rates between 7.5% and 33% on the profit of the Group's operations in the PRC, in accordance with the income tax laws of PRC for foreign-invested enterprises and domestic companies.

	(Unaudited) Six months ended 30th September	
	2006	2005
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**—**	1,425
– Over provision of PRC enterprise income tax in prior year	**—**	(372)
Deferred income tax expense/(credit)	**208**	(39)
	208	1,014

8 (LOSS)/EARNINGS PER SHARE

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

	(Unaudited) Six months ended 30th September	
	2006	2005
	HK$'000	HK$'000
(Loss)/profit attributable to the equity holders of the Company	**(3,401)**	2,492
Weighted average number of ordinary shares in issue (in thousands)	**400,000**	295,623
Basic (loss)/earnings per share (HK cent per share)	**(0.85)**	0.84

The calculation of basic (loss)/earnings per share for the period is based on the Group's (loss)/profit attributable to the equity holders of the Company and the weighted average number of ordinary shares of 400,000,000 (2005: 295,623,000) shares.

9 DIVIDENDS

No interim dividend had been declared by the Company during the six months ended 30th September 2006 (2005: Nil). A final dividend of HK0.375 cent per share for the year ended 31st March 2006 (2005: Nil), totalling HK$1,500,000 was paid in September 2006.

10 TRADE AND OTHER RECEIVABLES

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

	(Unaudited) 30th September 2006 HK$'000	(Audited) 31st March 2006 HK$'000
0 to 60 days	**29,635**	24,422
61 to 120 days	**12,362**	13,408
121 to 180 days	**9,874**	6,394
Over 180 days	**1,893**	984
	53,764	45,208

The Group allows in general a credit period ranging from 30 days to 90 days to its trade customers.

11 TRADE AND OTHER PAYABLES

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

	(Unaudited) 30th September 2006 HK$'000	(Audited) 31st March 2006 HK$'000
0 to 60 days	**9,863**	8,660
61 to 120 days	**2,044**	2,340
121 to 180 days	**894**	196
Over 180 days	**121**	128
	12,922	11,324

12 SHARE CAPITAL

	(Unaudited) 30th September 2006 HK$'000	(Audited) 31st March 2006 HK$'000
Authorised:		
4,000,000,000 shares of HK$0.001 each	**4,000**	4,000
Issued and fully paid:		
400,000,000 shares of HK$0.001 each	**400**	400

13 RELATED PARTY TRANSACTIONS

The Group is controlled by Winmax Resources Limited (incorporated in the British Virgin Islands), which owns 73.875% of the Company's shares. The remaining 26.125% of the shares are widely held. The ultimate parent of the Group is Ming Pao Enterprise Corporation Limited ("MPE") (incorporated in Bermuda).

The following transactions were carried out with related parties:

(i) During the six months ended 30th September 2006, the Group had entered into the following significant transactions with related parties:

		(Unaudited) Six months ended 30th September	
	Note	**2006 HK$'000**	2005 HK$'000
License fee	(a)	**6,569**	6,241
Circulation support services	(b)	**936**	1,835
Colour separation expenses	(c)	**670**	288
EDP programming support services	(d)	**400**	512
Administrative support services	(e)	**1,014**	848
Personnel, public relations and legal services	(f)	**359**	590
Leasing of office space, storage space and parking spaces	(g)	**906**	712
Barter advertising expense	(h)	**180**	837
Barter advertising income	(i)	**(536)**	(837)

13 RELATED PARTY TRANSACTIONS (Continued)

Notes:

(a) This represented license fee for the right to use the trademark for the print of *Ming Pao Weekly, Hi-Tech Weekly, City Children's Weekly* and their past contents by a fellow subsidiary. It is charged at a pre-determined rate calculated by reference to the license fees charged by third party licensors to the Group.

(b) This represented 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 cost reimbursement basis.

(c) This represented the colour separation charge paid to a fellow subsidiary. It is charged at a pre-determined rate calculated based on the costs incurred.

(d) This represented recharge of internet-related services, networking services, data management services, general computing and programming support services and system analysis by a fellow subsidiary. It is charged on a cost reimbursement basis.

(e) This represented recharge of security services, cleaning services, mail processing and messenger services, ordering and distribution of office supplies services, receptionist and general clerical services by a fellow subsidiary. It is charged on a cost reimbursement basis.

(f) This represented recharge of personnel, administration service and corporate communication service by a fellow subsidiary. It is charged on a cost reimbursement basis.

(g) This represented the rental for leasing of office space, storage space and parking space by a fellow subsidiary. The rentals are charged at a pre-determined rate calculated by reference to the prevailing market rates.

(h) This represented the advertising expenses on a barter basis in accordance with barter advertising agreement entered into with a fellow subsidiary. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.

(i) This represented the advertising income on a barter basis in accordance with barter advertising agreement entered into with a fellow subsidiary. It is charged at a pre-determined rate calculated based on the rates charged to the third party customers.

(ii) Period/year end balance arising from the related parties transactions as disclosed in Note 13 (i) above was as follows:

	(Unaudited) 30th September 2006 HK$'000	(Audited) 31st March 2006 HK$'000
Amounts due to fellow subsidiaries	**2,550**	2,402

The outstanding balances with fellow subsidiaries are aged within 30 days and are unsecured, non-interest bearing and with normal credit terms of 30 days.

(iii) Key management compensation

	(Unaudited) Six months ended 30th September	
	2006 HK$'000	2006 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	**2,902**	2,315
Contributions to pension scheme	**59**	49
Share compensation costs on share options granted	**294**	—
	3,255	2,364

SHARE OPTIONS

The pre-IPO share option scheme (the "Scheme") was conditionally approved and adopted by ordinary resolutions of the shareholders of the Company and MPE on 26th September 2005. The subscription price per share is the offer price for the Company's shares being offered by way of placing and public offer. No options will be offered or granted prior to the commencement of dealings in the Company's shares on the Stock Exchange. The options were granted under the Scheme to recognise the contributions of certain directors and employees of the Group and MPE and its subsidiaries to the growth of the Group and to incentivise them going forward.

During the period, movements of the share options granted under the Scheme are as follows:

		Number of shares involved in share options								
Grantees		Balance at 1st April 2006	Granted during the period	Exercised during the period	Lapsed during the period (Note 3)	Balance at 30th September 2006	Percentage of issued ordinary shares at 30th September 2006	Exercise price per share HK$	Date of conditional grant	Exercisable period
Directors:										
Mr. TIONG Kiu King	(Note 1)	1,250,000	—	—	—	1,250,000	0.31%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. TIONG Kiew Chiong	(Note 1)	1,250,000	—	—	—	1,250,000	0.31%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. Peter Bush BRACK	(Note 1)	1,250,000	—	—	—	1,250,000	0.31%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. TUNG Siu Ho, Terence	(Note 1)	1,000,000	—	—	—	1,000,000	0.25%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. Robert William Hong-San YUNG	(Note 1)	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 1)	150,000	—	—	—	150,000	0.04%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. SIT Kien Ping, Peter	(Note 1)	150,000	—	—	—	150,000	0.04%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. TAN Hock Seng, Peter	(Note 1)	150,000	—	—	—	150,000	0.04%	1.200	27/9/2005	18/10/2005-25/9/2015
		6,200,000	—	—	—	6,200,000	1.55%			

SHARE OPTIONS (Continued)

Grantees		Number of shares involved in share options: Balance at 1st April 2006	Granted during the period	Exercised during the period	Lapsed during the period (Note 3)	Balance at 30th September 2006	Percentage of issued ordinary shares at 30th September 2006	Exercise price per share HK$	Date of conditional grant	Exercisable period
MPE's directors:										
Tan Sri Datuk TIONG Hiew King	(Note 1)	1,250,000	—	—	—	1,250,000	0.31%	1.200	27/9/2005	18/10/2005-25/9/2015
Dr. TIONG Ik King	(Note 1)	1,000,000	—	—	—	1,000,000	0.25%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. TANG Ying Yu	(Note 1)	150,000	—	—	—	150,000	0.04%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. Victor YANG	(Note 1)	150,000	—	—	—	150,000	0.04%	1.200	27/9/2005	18/10/2005-25/9/2015
		2,550,000	—	—	—	2,550,000	0.64%			
Full time employees	(Note 1)	4,550,000	—	—	150,000	4,400,000	1.10%	1.200	27/9/2005	18/10/2005-25/9/2015
Full time employees	(Note 2)	1,172,000	—	—	72,000	1,100,000	0.28%	1.200	27/9/2005	18/10/2005-25/9/2015
Total		14,472,000	—	—	222,000	14,250,000	3.57%			

Notes:

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

1. 20% of the Company's 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

2. 100% of the Company's shares comprised in each of 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. Subject to the relevant vesting period, each option has a 10-year exercise period from the date of the offer of the option. As evidenced by the vesting periods of the options granted under the Scheme, no option granted under the Scheme will be exercisable within six months from the Listing Date.

3. During the period, 222,000 share options have lapsed by reason of the grantees ceased to be full time employees of the Company and its subsidiaries.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30th September 2006, the interests or short position of the directors, chief executives and their associates in the shares, underlying shares or 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 of the Listing Rules were as follows:

(a) Interests in the Company's shares

	Number of shares/underlying shares held						
Name of director	Personal interests	Family interests	Corporate interests	Total interests in shares	Interests in underlying shares pursuant to share options (Note)	Aggregate interests	Percentage of the Company's issued share capital as at 30th September 2006
Mr. TIONG Kiu King	—	—	—	—	1,250,000	1,250,000	0.31%
Mr. TIONG Kiew Chiong	3,100,000	—	—	3,100,000	1,250,000	4,350,000	1.09%
Mr. Peter Bush BRACK	110,000	—	—	110,000	1,250,000	1,360,000	0.34%
Mr TUNG Siu Ho, Terence	—	—	—	—	1,000,000	1,000,000	0.25%
Mr. Robert William Hong-San YUNG	—	—	—	—	1,000,000	1,000,000	0.25%
Mr. YU Hon To, David	—	—	—	—	150,000	150,000	0.04%
Mr. SIT Kien Ping, Peter	—	—	—	—	150,000	150,000	0.04%
Mr. TAN Hock Seng, Peter	310,000	—	—	310,000	150,000	460,000	0.12%

Note: For further details on the share options, please refer to the paragraph "Share Options".

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

(b) Interests in shares in MPE

	Number of shares/underlying shares held					
Name of Director	Personal interests	Family interests	Corporate interests	Deemed interests in MPE shares pursuant to share options (Note)	Total number of MPE shares in which the Director has or is deemed to have interests	Approximate percentage of MPE's issued share capital as at 30th September 2006
Mr. TIONG Kiu King	611,000	147,000	—	600,000	1,358,000	0.34%
Mr. TIONG Kiew Chiong	1,200,000	—	—	600,000	1,800,000	0.45%

Note: These represent share options granted by MPE to the relevant Directors under the share option scheme approved at a special general meeting of MPE held on 21st August 2001 to subscribe for shares in MPE. Further details of these share options are as follows:

Name of Director	Underlying MPE shares pursuant to share options	Approximate percentage of interest in MPE	Exercise price per MPE share	Date of grant	Exercisable period
Mr. TIONG Kiu King	300,000	0.074%	1.592	31/8/2001	1/9/2001-20/8/2011
Mr. TIONG Kiu King	300,000	0.074%	1.800	15/9/2003	16/9/2003-20/8/2011
Mr. TIONG Kiew Chiong	300,000	0.074%	1.592	31/8/2001	1/9/2001-20/8/2011
Mr. TIONG Kiew Chiong	300,000	0.074%	1.800	15/9/2003	16/9/2003-20/8/2011

Save as disclosed above and those disclosed under the paragraph "Share Options", as at 30th September 2006, none of the directors, chief executives and their associates had any interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in 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 OR 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 30th September 2006, 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 as at 30th September 2006
Winmax Resources Limited (Note)	295,500,000	Beneficial owner	73.875%
JP Morgan Chase & Co.	22,828,000	Institutional investor	5.707%

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

Notes:

(1) As at 30th September 2006, Winmax Resources Limited ("Winmax") was beneficially owned as to 60% by Starsome Limited ("Starsome") and 40% by RGM Ventures Limited ("RGM Ventures"). From 10th October 2006, Winmax is beneficially owned as to 85.027% by Starsome and 14.973% by RGM Ventures. Please refer to the joint announcement of the Company and MPE dated 11th October 2006 for information.

(2) Starsome is an indirect wholly-owned subsidiary of MPE. RGM Ventures is an indirect wholly-owned subsidiary of Redgate Media Inc. ("Redgate Media"). Redgate Media is beneficiary owned as to 15.59% by Mr. Peter Bush BRACK and 1.69% by his associates, 9.95% by Mr. Robert William Hong-San YUNG, 9.95% by Ms. ZHU Ying, 4.22% by Mr. LAU Yat Fan and 58.6% by other independent third parties not connected with the Company.

Save as disclosed above and those disclosed under "Directors' interests and short positions in the share capital and debentures of the Company and its associated corporations", the Company had not been notified of any other interests representing 5% or more of the issued share capital of the Company as at 30th September 2006.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30th September 2006.

CONTINGENT LIABILITIES

As at 30th September 2006, the Group did not have any material contingent liabilities or guarantees (2005: Nil).

EMPLOYEES

As at 30th September 2006, the Group had approximately 280 employees (31st March 2006: approximately 270 employees), of which 169 and 111 were stationed in Hong Kong and Mainland China, respectively. The Group remunerates its employees based on industry practice and performance of individual employees.

The emoluments of the directors are reviewed by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. None of the directors, or their associates, is involved in determining his remuneration. The Company has implemented share option schemes as an incentive to the directors and eligible employees.

In Hong Kong, the Group participates in the hybrid retirement benefit scheme operated by the Company's fellow subsidiary and the Mandatory Provident Fund scheme for its employees. In the 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 the Mainland China.

CORPORATE GOVERNANCE

As at 30th September 2006, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules and complied with the CG Code throughout the period.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

As at 30th September 2006, the Company has adopted the Model Code contained in Appendix 10 of the Listing Rules as the code for securities transactions by the Directors. The Directors have confirmed, following specific enquiries by the Company, their compliance with the required standard set out in the Model Code throughout the period.

The Company has also established written guidelines regarding securities transactions on no less exacting terms of the Model Code for senior management and relevant employees who may have access to price sensitive information in relation to the securities of the Company.

AUDIT COMMITTEE

The Company established an Audit Committee on 26th September 2005 with written terms of reference. The Audit Committee currently has three Independent Non-executive Directors, namely, Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter. The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30th September 2006 and discussed matters relating to auditing, internal control and financial reporting.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 26th September 2005 with written terms of reference. The Remuneration Committee currently comprises three Independent Non-executive Directors, namely, Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter and two Executive Directors, namely, Mr. TIONG Kiew Chiong and Mr. Peter Bush BRACK.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 26th September 2005 with written terms of reference. The Nomination Committee currently comprises three Independent Non-executive Directors, namely, Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter and two Executive Directors, namely, Mr. TIONG Kiew Chiong and Mr. Peter Bush BRACK.

By Order of the Board

TIONG Kiu King
Director

Hong Kong, 14th December 2006

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