Interim Report 2007

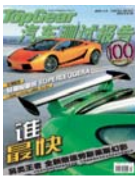
中期報告

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







CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2007

	Note	(Unaudited) Six months ended 30th September 2007 HK$'000	2006 HK$'000
Revenue	4	**101,189**	103,281
Cost of goods sold		**(60,420)**	(63,009)
Gross profit		**40,769**	40,272
Other income		**2,076**	1,735
Selling and distribution costs		**(23,356)**	(27,129)
Administrative expenses		**(16,148)**	(18,071)
Profit/(loss) before income tax	5	**3,341**	(3,193)
Income tax expense	6	**(1,970)**	(208)
Profit/(loss) for the period		**1,371**	(3,401)
Attributable to:			
Equity holders of the Company		**1,371**	(3,401)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company, expressed in HK cent per share			
– Basic	7	**0.34 cent**	(0.85 cent)
– Diluted	7	**N/A**	N/A
Dividends	8	**–**	–

The notes on pages 5 to 13 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30TH SEPTEMBER 2007

	Note	(Unaudited) 30th September 2007 HK$'000	(Audited) 31st March 2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**9,784**	9,474
Goodwill		**2,028**	2,028
Financial asset at fair value through profit or loss		**–**	3,776
Deferred income tax assets		**409**	1,499
		12,221	16,777
Current assets			
Inventories		**12,009**	10,989
Trade and other receivables	9	**57,854**	58,176
Cash and cash equivalents		**94,014**	91,357
		163,877	160,522
Total assets		**176,098**	177,299
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	**400**	400
Share premium	11	**456,073**	456,073
Other reserves	12	**(327,381)**	(329,794)
Retained earnings	12	**19,052**	17,681
Proposed final dividend		**–**	1,500
Total equity		**148,144**	145,860
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**589**	–
Long service payment liability		**78**	78
		667	78
Current liabilities			
Trade and other payables	10	**24,152**	28,126
Amounts due to fellow subsidiaries	13(ii)	**2,578**	3,142
Current income tax liabilities		**383**	93
Bank overdrafts		**174**	–
		27,287	31,361
Total liabilities		**27,954**	31,439
Total equity and liabilities		**176,098**	177,299
Net current assets		**136,590**	129,161
Total assets less current liabilities		**148,811**	145,938

The notes on pages 5 to 13 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2007

		(Unaudited) Six months ended 30th September	
	Note	**2007** **HK$'000**	2006 HK$'000
Currency translation differences	*12*	**1,091**	239
Net income recognised directly in equity		**1,091**	239
Profit/(loss) for the period		**1,371**	(3,401)
Total recognised income/(expense) for the period		**2,462**	(3,162)
Attributable to:			
Equity holders of the Company		**2,462**	(3,162)

The notes on pages 5 to 13 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2007

	(Unaudited) Six months ended 30th September	
	2007	2006
	HK$'000	*HK$'000*
Net cash used in operating activities	**(98)**	(14,725)
Net cash generated from/(used in) investing activities	**4,174**	(4,353)
Net cash used in financing activities	**(1,500)**	(1,838)
Net increase/(decrease) in cash and cash equivalents and bank overdraft	**2,576**	(20,916)
Net cash and cash equivalents at the beginning of the period	**91,357**	94,090
Exchange (loss)/gain on cash and cash equivalents	**(93)**	131
Cash and cash equivalents and bank overdraft at the end of the period	**93,840**	73,305
Analysis of the balances of cash and cash equivalents and bank overdrafts		
Cash and cash equivalents	**94,014**	73,305
Bank overdrafts	**(174)**	–
	93,840	73,305

The notes on pages 5 to 13 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

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

This unaudited condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. This unaudited condensed consolidated interim financial information has been approved for issue by the board of directors on 17th December 2007.

2 BASIS OF PREPARATION

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

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

3 ACCOUNTING POLICIES

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

3 ACCOUNTING POLICIES *(Continued)*

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

4 SEGMENT INFORMATION

Primary reporting format – geographical segments

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

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

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

Secondary reporting format – business segments

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

5 PROFIT/(LOSS) BEFORE INCOME TAX

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

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

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

6 INCOME TAX EXPENSE

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period.

No provision for the People's Republic of China ("PRC") enterprise income tax has been made as the Group has no assessable profits generated during the period ended 30th September 2007.

	(Unaudited) Six months ended 30th September	
	2007	2006
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**291**	–
Deferred income tax		
– Current deferred income tax charge	**1,679**	208
	1,970	208

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

7 EARNINGS/(LOSS) PER SHARE

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

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

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

8 DIVIDENDS

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

9 TRADE AND OTHER RECEIVABLES

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

10 TRADE AND OTHER PAYABLES

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

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

11 SHARE CAPITAL

	Number of ordinary shares issued *(in thousands)*	**Ordinary shares issued** *HK$'000*	**Share premium** *HK$'000*	**Total** *HK$'000*
Balance at 30th September 2006, 31st March 2007, 1st April 2007 and 30th September 2007	400,000	400	456,073	456,473

The total authorised number of ordinary shares is 4,000 million shares (2006: 4,000 million shares) with a par value of HK$0.001 per share (2006: HK$0.001). All issued shares are fully paid.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

12 RESERVES

	Other Reserves								
	Employee share-based payment reserve	Merger reserve	Capital reserve	Exchange reserve	Long service payment reserve	Sub-total	Retained earnings	Proposed final dividend	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note (i))	*(Note(ii))*						
Balance at 1st April 2006	794	(343,050)	10,000	(338)	(103)	(332,697)	16,104	1,500	(315,093)
Currency translation differences	–	–	–	239	–	239	–	–	239
Net income recognised directly in equity	–	–	–	239	–	239	–	–	239
Loss for the period	–	–	–	–	–	–	(3,401)	–	(3,401)
Total recognised income and (expense) for the period	–	–	–	239	–	239	(3,401)	–	(3,162)
Share compensation costs on share options granted	866	–	–	–	–	866	–	–	866
Dividend paid relating to 2005	–	–	–	–	–	–	–	(1,500)	(1,500)
Balance at 30th September 2006	1,660	(343,050)	10,000	(99)	(103)	(331,592)	12,703	–	(318,889)
Balance at 1st April 2007	3,381	(343,050)	10,000	(51)	(74)	(329,794)	17,681	1,500	(310,613)
Currency translation differences	–	–	–	1,091	–	1,091	–	–	1,091
Net income recognised directly in equity	–	–	–	1,091	–	1,091	–	–	1,091
Profit for the period	–	–	–	–	–	–	1,371	–	1,371
Total recognised income for the period	–	–	–	1,091	–	1,091	1,371	–	2,462
Share compensation costs on share options granted	1,322	–	–	–	–	1,322	–	–	1,322
Dividend paid relating to 2006	–	–	–	–	–	–	–	(1,500)	(1,500)
Balance at 30th September 2007	4,703	(343,050)	10,000	1,040	(74)	(327,381)	19,052	–	(308,329)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

12 RESERVES *(Continued)*

Note:

(i) 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 Group reorganisation in preparing for the public listing of the Company's shares in 2005.

(ii) On 31st July 1992, Ming Pao Magazines Limited assigned the publishing title "City Children's Weekly" to Ming Pao Finance Limited, a fellow subsidiary, for a total consideration of HK$10,000,000. The consideration was determined in accordance with directors' valuation with reference to the consideration paid for the acquisition of the company by Ming Pao Holdings Limited in July 1992. The amount was transferred to the non-distributable reserve during that year.

13 RELATED PARTY TRANSACTIONS

The Group is controlled by Winmax Resources Limited (incorporated in the British Virgin Islands), which owns 73.9% of the Company's shares. The remaining 26.1% of the shares are widely held. The ultimate parent of the Company is MPE (incorporated in Bermuda and listed in Hong Kong).

The following transactions were carried out with related parties:

(i) During the period ended 30th September 2007, the Group had entered into the following significant transactions with fellow subsidiaries:

		(Unaudited) Six months ended 30th September	
		2007	2006
	Note	***HK$'000***	*HK$'000*
License fee	*a*	**5,914**	6,569
Circulation support services	*b*	**817**	936
Library support fee	*c*	**191**	216
IS programming support services	*d*	**337**	400
Administrative support services	*e*	**1,021**	1,014
Human resources, corporate communications and legal services	*f*	**353**	359
Leasing of computers and other office equipment	*g*	**110**	119
Leasing of office space, storage space and parking spaces	*h*	**901**	906
Film making expenses	*i*	**188**	321
Ticketing and accommodation expenses	*j*	**421**	396
Barter advertising expenses	*k*	**132**	180
Barter advertising income	*l*	**(830)**	(536)
Printing costs	*m*	**143**	–
Pension costs – defined contribution plan	*n*	**751**	852

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

13 RELATED PARTY TRANSACTIONS *(Continued)*

(i) During the period ended 30th September 2007, the Group had entered into the following significant transactions with fellow subsidiaries: *(Continued)*

Note:

(a) This represented license fee of the right to use the trademark for the printing 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 recharge by a fellow subsidiary relating to provision of library support 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.

(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 human resources, corporate communications and legal services by a fellow subsidiary. It is charged on a cost reimbursement basis.

(g) This represented the total amount of the depreciation charges of the equipment provided by a fellow subsidiary. They are charged on a cost reimbursement basis.

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

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

(j) This represented the 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.

(k) This represented the advertising expenses on 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.

(l) This represented the advertising income on 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.

(m) This represented the printing costs of "*T3 科技新時代*" charged by a fellow subsidiary. It is charged at a pre-determined rate calculated based on the costs incurred.

(n) This represented defined contribution cost made to a fellow subsidiary for the Group's pension obligation in which the Group is sharing the risks associated with the hybrid retirement benefit scheme with the MPE and its subsidiaries ("MPE Group"). There is no stated policy or contractual agreement between the Group and the MPE Group. It is charged based on a pre-determined rate of its employees' salaries.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

13 RELATED PARTY TRANSACTIONS *(Continued)*

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

	(Unaudited) 30th September 2007 *HK$'000*	(Audited) 31st March 2007 *HK$'000*
Amounts due to fellow subsidiaries	**2,578**	3,142

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	
	2007 *HK$'000*	2006 *HK$'000*
Salaries and other short-term employee benefits	**2,770**	2,902
Contributions to pension scheme	**60**	59
Share compensation costs on share options granted	**669**	294
	3,499	3,255

MANAGEMENT COMMENTARY

Results Summary

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

Review of Operations

Hong Kong

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

MANAGEMENT COMMENTARY *(Continued)*

Review of Operations *(Continued)*

Hong Kong (Continued)

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

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

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

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

Mainland China

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

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

Outlook

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

CAPITAL EXPENDITURE

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

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

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

	Proposed application of Net Proceeds	Actual amount used up to 30th September 2007
	HK$'000	*HK$'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 FLUCTUATION IN EXCHANGE RATES

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

CONTINGENT LIABILITIES

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

SHARE OPTIONS

The Company has two share option schemes. A pre-IPO share option scheme ("Pre-IPO Share Option Scheme") was approved and adopted by shareholders on 26th September 2005. 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) 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 the Listing Date and (b) no options would be offered or granted upon the commencement of dealings in the shares of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

SHARE OPTIONS *(Continued)*

Under the Post-IPO Share Option Scheme, the subscription price per share is a price to be determined by the board of directors of the Company 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 of the Company 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 the MPE Group. No share option has been granted or agreed to be granted under the Post-IPO Share Option Scheme during the six months ended 30th September 2007.

Details of the share options outstanding and movements during the six months ended 30th September 2007 are as follows:

		Number of shares involved in share options (in thousands)								
Grantees		**Balance at 1st April 2007**	**Granted during the period**	**Exercised during the period** *(Note 4)*	**Lapsed during the period** *(Note 3)*	**Balance at 30th September 2007**	**Percentage of issued ordinary shares at 30th September 2007**	**Exercise price per share** *HK$*	**Date of conditional grant**	**Exercisable period**
Directors:										
Mr. TIONG Kiu King	*(Note 1)*	1,250	–	–	–	1,250	0.31%	1.20	27/9/2005	18/10/2005-25/9/2015
Mr. TIONG Kiew Chiong	*(Note 1)*	1,250	–	–	–	1,250	0.31%	1.20	27/9/2005	18/10/2005-25/9/2015
Mr. Peter Bush BRACK	*(Note 1)*	1,250	–	–	–	1,250	0.31%	1.20	27/9/2005	18/10/2005-25/9/2015
Mr. TUNG Siu Ho, Terence	*(Note 1)*	1,000	–	–	–	1,000	0.25%	1.20	27/9/2005	18/10/2005-25/9/2015
Mr. Robert William Hong-San YUNG	*(Note 1)*	1,000	–	–	–	1,000	0.25%	1.20	27/9/2005	18/10/2005-25/9/2015
Mr. YU Hon To, David	*(Note 1)*	150	–	–	–	150	0.04%	1.20	27/9/2005	18/10/2005-25/9/2015
Mr. SIT Kien Ping, Peter	*(Note 1)*	150	–	–	–	150	0.04%	1.20	27/9/2005	18/10/2005-25/9/2015
Mr. TAN Hock Seng, Peter	*(Note 1)*	150	–	–	–	150	0.04%	1.20	27/9/2005	18/10/2005-25/9/2015
		6,200	–	–	–	6,200	1.55%			
MPE's directors:										
Tan Sri Datuk TIONG Hiew King	*(Note 1)*	1,250	–	–	–	1,250	0.31%	1.20	27/9/2005	18/10/2005-25/9/2015
Dr. TIONG Ik King	*(Note 1)*	1,000	–	–	–	1,000	0.25%	1.20	27/9/2005	18/10/2005-25/9/2015
Mr. TANG Ying Yu	*(Note 1)*	150	–	–	–	150	0.04%	1.20	27/9/2005	18/10/2005-25/9/2015
Mr. Victor YANG	*(Note 1)*	150	–	–	–	150	0.04%	1.20	27/9/2005	18/10/2005-25/9/2015
		2,550	–	–	–	2,550	0.64%			
Full time employees	*(Note 1)*	4,300	–	–	150	4,150	1.04%	1.20	27/9/2005	18/10/2005-25/9/2015
Full time employees	*(Note 2)*	1,032	–	–	56	976	0.24%	1.20	27/9/2005	18/10/2005-25/9/2015
Total		14,082	–	–	206	13,876	3.47%			

Notes:

In relation to the options 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,

SHARE OPTIONS *(Continued)*

Notes: (Continued)

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 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.

3. During the period, 206,000 share options have been lapsed by reason of the grantees ceased to be full time employees of the Group.

4. No share option was granted, exercised or cancelled during the period.

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

As at 30th September 2007, the interests or short positions 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 interest as at 30th September 2007**
Mr. TIONG Kiu King	–	–	–	–	1,250,000	1,250,000	0.31%
Mr. TIONG Kiew Chiong	3,500,000	–	–	3,500,000	1,250,000	4,750,000	1.19%
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	200,000	–	–	200,000	150,000	350,000	0.09%

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	Total interests in shares	Deemed interests in MPE's shares pursuant to share options *(Note)*	Total number of MPE's shares in which the director has or is deemed to have interests	Approximate percentage of interest in MPE as at 30th September 2007
Mr. TIONG Kiu King	611,000	147,000	–	758,000	600,000	1,358,000	0.34%
Mr. TIONG Kiew Chiong	1,220,000	–	–	1,220,000	600,000	1,820,000	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's shares pursuant to share options	Approximate percentage of interest in MPE	Exercise price per MPE's share	Date of grant	Exercisable period
Mr. TIONG Kiu King	300,000	0.074%	1.592	31/8/2001	01/9/2001-20/8/2011
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	01/9/2001-20/8/2011
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 2007, 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 2007, 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 2007
Winmax Resources Limited *(Note)*	295,600,000	Beneficial owner	73.9%

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

Note: Winmax Resources Limited is beneficially owned as to 85.027% by Starsome Limited ("Starsome") and 14.973% by RGM Ventures Limited. Starsome is an indirect wholly-owned subsidiary of MPE. MPE is beneficiary owned as to 62.46% by Conch Company Limited ("Conch"). 40% of the interest in Conch is held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King. In addition, Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King directly hold 25% and 22% of the interest in Conch respectively. RGM Ventures Limited is an indirect wholly-owned subsidiary of Redgate Media Inc. ("Redgate Media"). Redgate Media is beneficiary owned as to 14.8% by Mr. Peter Bush BRACK and 1.6% by his associates, 9.45% by Mr. Robert William Hong-San YUNG, 9.45% by Ms. ZHU Ying, 4.01% by Mr. LAU Yat Fan and 60.69% 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 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

EMPLOYEES

As at 30th September 2007, the Group has approximately 251 employees (31st March 2007: approximately 277 employees), of which 155 and 96 were stationed in Hong Kong and in the Mainland China, respectively. The Group remunerates its employees based on the operating results, individual performance and comparable market statistics. The emoluments of the directors and senior management are reviewed by the Remuneration Committee regularly. The Company has implemented share option schemes as an incentive to the directors and eligible employees.

In Hong Kong, the Group participates in the hybrid retirement benefit scheme operated by the Company's fellow subsidiary and the Mandatory Provident Fund scheme for its employees. In Mainland China, the Group provides to its employees social security plans in relation to retirement, medical care and unemployment and has made the required contributions to the local social insurance authorities in accordance with relevant laws and regulations in Mainland China.

CORPORATE GOVERNANCE

As at 30th September 2007, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules and complied with the CG Code throughout the period.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

As at 30th September 2007, the Company has adopted the Model Code as the code for securities transactions by the directors. The directors have confirmed, following specific enquiries by the Company, their compliance with the required standard as set out in the Model Code throughout the period.

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

AUDIT COMMITTEE

The Company established an Audit Committee on 26th September 2005 with written terms of reference. The Audit Committee currently comprises three independent non-executive directors, namely, Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter. The Audit Committee has reviewed the Group's unaudited condensed consolidated interim results for the six months ended 30th September 2007.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

By Order of the Board

TIONG Kiu King
Director

Hong Kong, 17th December 2007

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