BEIJING 北京
SHANGHAI 上海
GUANGZHOU 廣州
HONG KONG 香港

二〇一三至二〇一四年年報

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

万华媒体

万华媒体

CONTENTS

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. SIT Kien Ping, Peter
Mr. Victor YANG

AUDIT COMMITTEE
Mr. YU Hon To, David *(Chairman)*
Mr. SIT Kien Ping, Peter
Mr. Victor YANG

REMUNERATION COMMITTEE
Mr. SIT Kien Ping, Peter *(Chairman)*
Mr. YU Hon To, David
Mr. Victor YANG
Mr. TIONG Kiew Chiong

NOMINATION COMMITTEE
Mr. Victor YANG *(Chairman)*
Mr. YU Hon To, David
Mr. SIT Kien Ping, Peter
Mr. TIONG Kiew Chiong

COMPANY SECRETARY
Mr. YEUNG Ying Fat

PRINCIPAL BANKERS
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of Communications Company, Limited (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

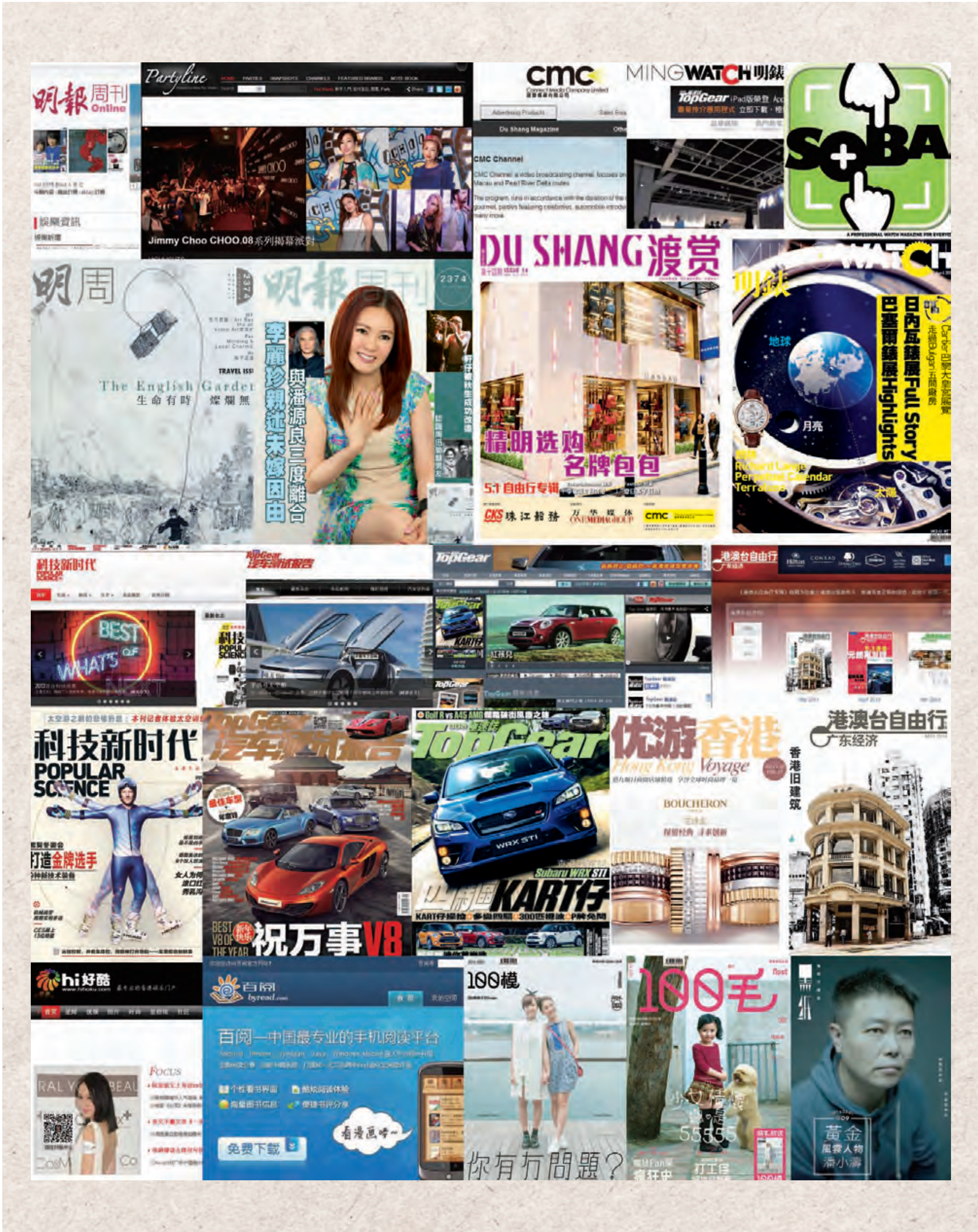
PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Appleby Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen’s Road East
Hong Kong

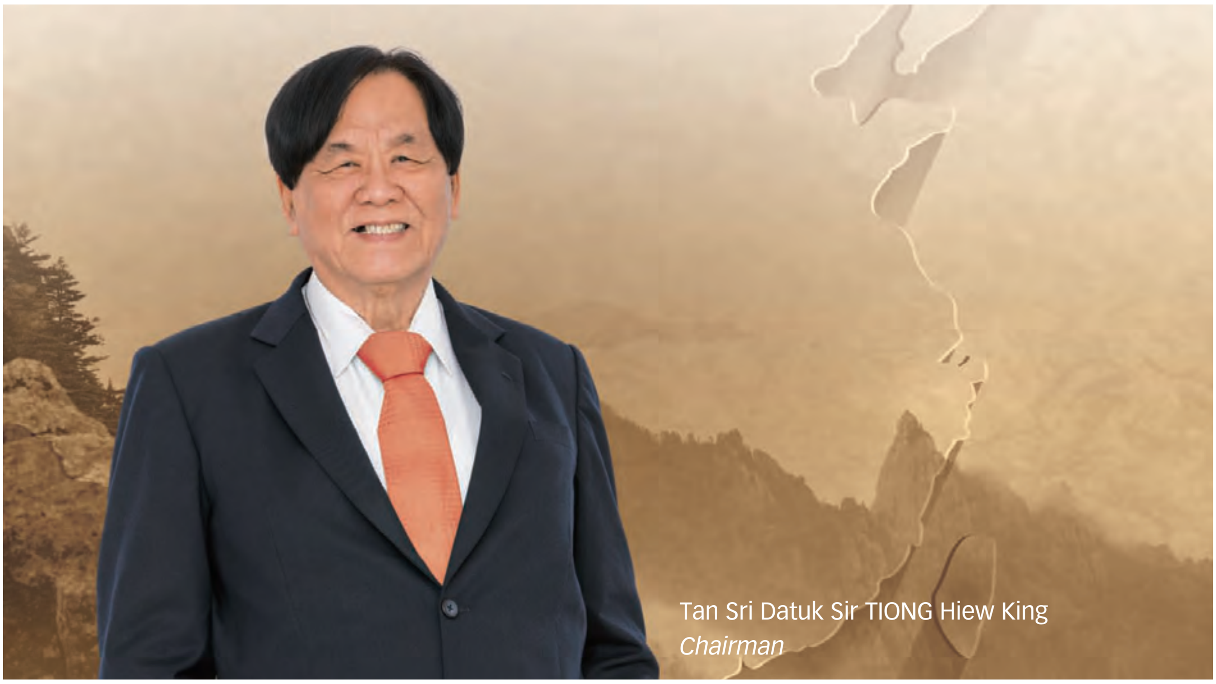
STOCK CODE
426

WEBSITE
www.omghk.com

GROUP'S PRINCIPAL BUSINESSES



CHAIRMAN'S STATEMENT



Tan Sri Datuk Sir TIONG Hiew King
Chairman

Financial year 2013/14 was a tough year for media business in Hong Kong due to the slow-down of economy in the Greater China region, causing in advertisers to tighten their spending. Nevertheless, One Media Group Limited (the "Company") and its subsidiaries (collectively, the "Group") managed to maintain their development pace. The Group has explored and developed comprehensive services for its clients during the year.

The Group has expanded its core business by focusing on not only print but also other business areas such as multi-media, social media, mobile applications, mini-movies as well as event marketing. The widening of advertising business channels through the provision of a comprehensive package of services to clients has allowed the Group to enhance its income platform. This step also enables the Group to strengthen its position in multi-media industry in Greater China.

On the other hand, developing business through cooperation is the Group's other key business strategy. During the year, the Group achieved stable progress in developing its cooperation business – Connect Media Company Limited ("Connect Media") which was jointly formed by the Group and Chu Kong Shipping Enterprises (Group) Company Limited ("Chu Kong Shipping") (Stock code: 560) in 2012. The Group has also invested in a company in Guangzhou which is principally engaged in the business of event marketing in Mainland China. The purpose of this investment is to extend the Group's business from print advertising to event marketing. The Group will continue to seek other cooperative deals as a means of spurring future development growth.

Meanwhile, in terms of operations, the Group has adopted efficient and tight cost controls and will continue practising this policy going forward as it has enabled its operations to maintain steady performance amid the challenging business climate. The Group will continue to explore other means to further improve the performance of its operations and to generate higher shareholder returns.

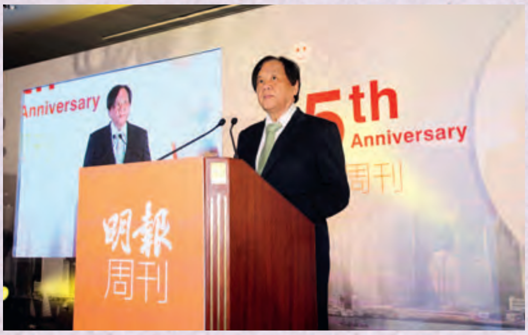
Lastly, I would like to thank my fellow board members, our management team and business partners for the contributions they have made to the Group. On behalf of the board of directors (the "Board of Directors") of the Company, I would also like to express my sincere gratitude to shareholders and readers for their continuous support.

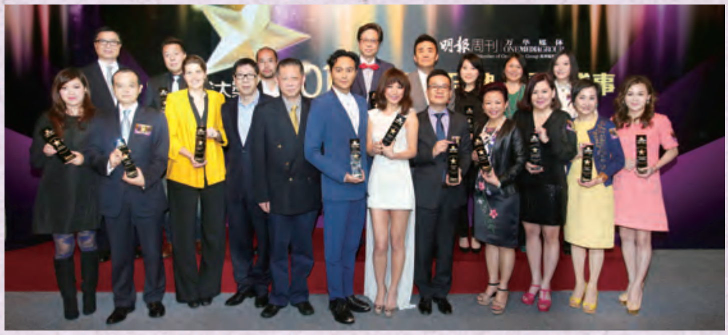
Tan Sri Datuk Sir TIONG Hiew King
Chairman

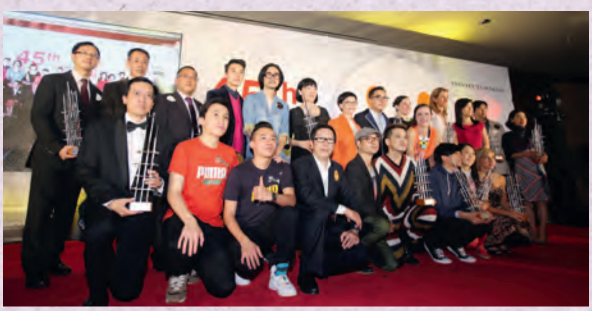
Hong Kong, 29th May 2014

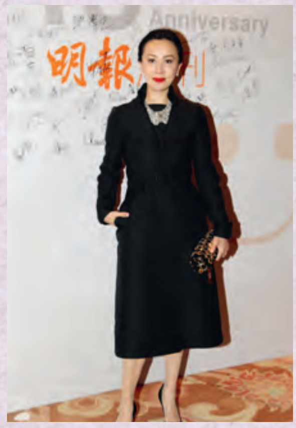
EVENTS OF THE YEAR

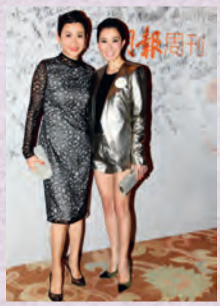
"MING PAO WEEKLY 明報周刊"

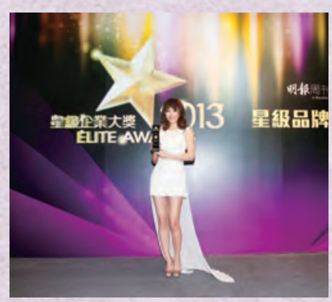






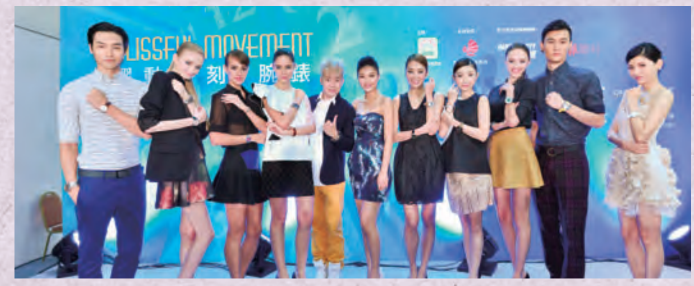




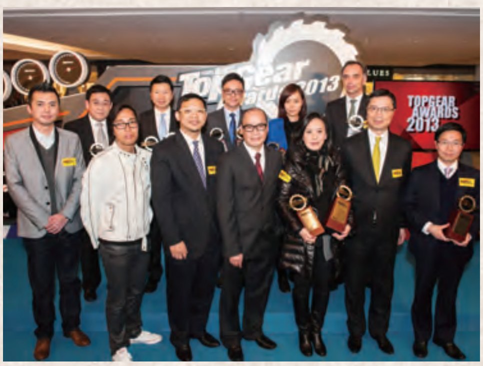


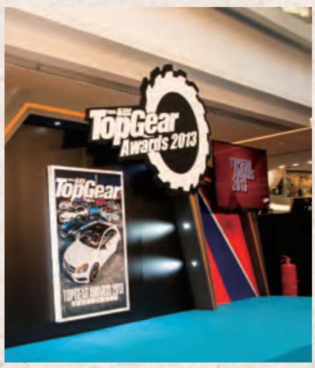
EVENTS OF THE YEAR

"MING PAO WEEKLY 明報周刊"

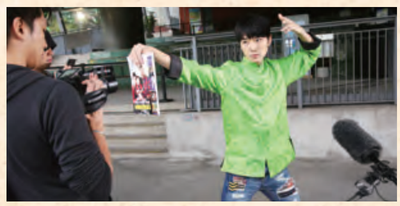


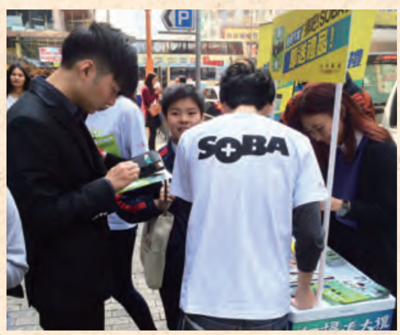
"TOP GEAR 極速誌"





SOBA 掃吧!





MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS SUMMARY

During the financial year under review, there was an economic slowdown in the Greater China region. Advertisers had tightened their promotion budgets and the Group's performance was therefore affected.

Turnover of the Group for the year ended 31st March 2014 decreased by 6% to HK$203,352,000 due to unfavourable advertising market conditions. Gross profit of the Group therefore dropped by 10% to HK$110,894,000 compared with the previous financial year. Profit attributable to equity holders of the Company was HK$28,646,000, representing a 20% drop compared with the previous financial year.

REVIEW OF OPERATIONS

Hong Kong

Turnover of Hong Kong operations, which formed 87% of the Group's total turnover for the year, recorded a drop of 6% to HK$177,300,000. Segment profit from Hong Kong operations decreased by 4% to HK$64,202,000 compared with the previous financial year.

"*Ming Pao Weekly 明報周刊*" ("MP Weekly"), "*Top Gear 極速誌*" ("Top Gear Hong Kong") and "*MING Watch 明錶*" ("MING Watch Hong Kong") are the Group's main turnover contributing businesses in Hong Kong. Impacted by tightened advertising spending during the year, MP Weekly recorded weakened results on advertising sales. Although Top Gear Hong Kong and MING Watch Hong Kong maintained a stable performance, the tough business climate continued to affect the Group's overall performance in Hong Kong.

During the year, the Group's tradition of delivering high quality content continued to garner public recognition and was honoured with various awards. MP Weekly received the following awards:

- Hong Kong Best and Bronze Award in Graphic (Photography-Commercial) as well as Merit in Graphic (Editorial) in the HKDA Global Design Awards 2013
- Certificate of Merit in the Feature and Commentary (Newspapers/Magazines) in the 6th Chinese University Journalism Award
- Silver Award in the Best in Design (Magazine Cover Design) in the 13th Asian Media Awards
- Silver Award in the Entertainment category in the Magazine of the Year 2013 and the 4th Prize in the Top 10 Overall Magazines of the Year 2013 organised by Marketing Magazine in Hong Kong

Meanwhile, Top Gear Hong Kong was given the following awards:

- Silver Prize in the Motoring category in the Magazine of the Year 2013 and the First Prize in the Motor Vehicles category in the Digital Media of the Year 2013 organised by Marketing Magazine in Hong Kong
- Bronze Award in both Monthly Magazine (Overall) and Monthly Magazine (Mobile) at the Media Convergence Awards 2013

During the year, the Group is developing comprehensive services from print to other areas, including but not limited to multi-media business such as social media, mobile applications, mini-movies production and event marketing. In addition, with an aim to make close and timely interaction with readers, the Group has launched a new mobile application SOBA 掃吧! recently using "Augmented Reality" technology to integrate print content with multi-media information. Readers can access relevant e-content on their smartphones and tablets by scanning specific editorial contents and advertisements via SOBA 掃吧!.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS *(Continued)*

Hong Kong *(Continued)*

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

MING Watch Hong Kong is a professional high-end watch magazine offering feature stories and the latest trends in the watch industry. 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.

"*Travel Planner 港澳台自由行專輯*" ("Travel Planner") is a guidebook providing information to travelers visiting Hong Kong, Macau and Taiwan. It introduces indigenous culture, heritage sites and exotic food in addition to being a shopping guide with special features. Due to increasing popularity, Travel Planner has changed from a bimonthly to a monthly magazine since January 2014.

Travel Planner is geared towards the mass market, thus complementing "*Hong Kong Voyage 優遊香港*", another guidebook of the Group which targets the high-end market and is published in the major holiday seasons in Mainland China. With these two travel guides, the Group is able to tap into a wider spectrum of the retail continuum, thereby attracting more advertisers and generating additional income for the Group.

Mainland China

The Group's Mainland China operations recorded a drop of turnover of 11% to HK$26,052,000. Segment loss during the year was HK$9,258,000 compared with HK$8,820,000 in the previous financial year. Increase in segment loss was mainly due to the increase in exchange rate of Renminbi to Hong Kong dollar.

During the year, Mainland China business operation is also offering comprehensive services to customers. "*Top Gear 汽車測試報告*" and "*Popular Science 科技新時代*" continue to attract Mainland Chinese readers with infotainment, news and latest updates from the automobile and technology sector respectively. Hihoku, an online platform providing quality entertainment content to Chinese communities, continues to develop in Mainland China and Hong Kong. The Group, through Hihoku, is building a production platform of mini-movies, a recent popular trend in terms of promotion. It is expected to strengthen the Group's competitiveness in multi-media operations in the long run.

PERFORMANCE OF OTHER MEDIA INVESTMENTS

ByRead Group is one of the leading mobile reading platform providers in Mainland China, with registered users increasing to approximately 69 million as at the end of March 2014, adding more than 11 million users compared with the previous financial year.

In November 2012, the Group and Chu Kong Shipping, jointly formed a new media company, namely, Connect Media, to develop advertising business through the platform of the travellers in the Pearl River Delta region. Its business has officially started in April 2013 and is currently in development stage.

Blackpaper Limited has successfully expanded its operation to launch a new weekly magazine known as "*100 Most*" and has also commenced its own book publishing business. It has achieved satisfactory performance.

The Group has also invested in a company in Guangzhou, namely Guangzhou Tangde Advertising Company Limited, which focuses on event marketing business. The Group aims to explore more event marketing business in Mainland China through this platform.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Going forward, the Group will keep its focus on enhancing content for magazines and digital media as well as developing new products in order to explore more business opportunities. In addition, the Group will remain cautious and continuously adopt cost control measures amid business uncertainties.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31st March 2014, the Group's net current assets amounted to HK$152,882,000 (2013: HK$138,433,000) and the total equity attributable to the equity holders of the Company was HK$192,656,000 (2013: HK$184,061,000). The Group had no bank borrowings (2013: 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 2014 and 2013.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's revenues and costs are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. Since Hong Kong dollars remain pegged to United States dollars, the Group does not foresee substantial risks from exposure to United States dollars. For subsidiaries in the PRC, most of the sales and purchases are denominated in Renminbi and the exposure to foreign exchange risk is expected to be minimal.

CONTINGENT LIABILITIES

As at 31st March 2014, the Group did not have any material contingent liabilities or guarantees (2013: Nil).

CLOSURE OF THE REGISTER OF THE MEMBERS

The registers of the Company will be closed from Friday, 1st August 2014 to Tuesday, 5th August 2014, 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 Thursday, 31st July 2014.

The register of members will also be closed from Tuesday, 12th August 2014 to Thursday,14th August 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend of HK3 cents per ordinary share, all completed transfer forms accompanied by the relevant share certificates must be lodged with the aforesaid branch for registration no later than 4:30 p.m. Monday, 11th August 2014.

EMPLOYEES

As at 31st March 2014, the Group has approximately 215 employees (2013: 232 employees), of which 154 and 61 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 2014.

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 36. The Directors have declared an interim dividend of HK1.5 cents (2013: HK2 cents) per ordinary share, totalling HK$6,000,000 (2013: HK$8,000,000) which was paid on 31st December 2013. The Directors recommended the payment of a final dividend of HK3 cents (2013: HK3.5 cents) per ordinary share, totalling HK$12,000,000 (2013: HK$14,000,000).

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 2014, including the share premium, available for distribution, calculated in accordance with the provisions of Companies Law of the Cayman Islands, amounted to HK$584,666,000 (2013: HK$604,650,000).

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 88.

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 of 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 7,718,000 shares, which represented 1.93% of the issued share capital of the Company 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 2014 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 2013	Granted during the year *(Note 2)*	Exercised during the year *(Note 2)*	Lapsed during the year *(Note 3)*	Balance at 31st March 2014				
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	*(Note 1a)*	150,000	–	–	–	150,000	0.04%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. TAN Hock Seng, Peter	*(Notes 1a & 5)*	150,000	–	–	–	150,000	0.04%	1.200	27/9/2005	18/10/2005-25/9/2015
		3,950,000	–	–	–	3,950,000	0.99%			
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)*	2,200,000	–	–	(50,000)	2,150,000	0.54%	1.200	27/9/2005	18/10/2005-25/9/2015
Full time employees	*(Note 1b)*	776,000	–	–	(8,000)	768,000	0.19%	1.200	27/9/2005	18/10/2005-25/9/2015
Total		7,926,000	–	–	(58,000)	7,868,000	1.97%			

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, 58,000 share options have been lapsed by reason of the grantees ceased to be full-time employees of the 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 resigned as an independent non-executive Director with effect from 1st April 2014.

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# *(Chairman)*
Mr. TIONG Kiew Chiong *(Deputy Chairman)*
Mr. LAM Pak Cheong
Mr. YU Hon To, David*
Mr. SIT Kien Ping, Peter*
Mr. TAN Hock Seng, Peter* (resigned as an independent non-executive director with effect from 1st April 2014)
Mr. Victor YANG* (appointed as an independent non-executive director with effect from 1st April 2014)

\# *Non-executive Director*
* *Independent non-executive Directors*

In accordance with Article 108(a) of the Articles, Tan Sri Datuk Sir TIONG Hiew King and Mr. YU Hon To, David 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. Victor YANG 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 and Mr. SIT Kien Ping, Peter who have each entered into a letter of appointment with the Company for a term of two years commencing from 1st April 2013 to 31st March 2015.

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 79, was appointed as the Chairman and a non-executive Director of the Company on 1st 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 the founder of an English newspaper named "*The National*" 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 and his 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 54, 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*", a 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 2014, 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 45, joined the Group in April 2004 and was appointed as the Chief Executive Officer and an executive Director of the Company on 1st April 2011. Mr. LAM is also a member of the Executive Committee and is in charge of overseeing all business operations of the Group. He 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, financial management, mergers and acquisitions, corporate governance and investor relations. 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 2014, 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 66, 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 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, Sateri Holdings Limited and Synergis Holdings Limited, which are listed companies in Hong Kong. In the past three years preceding 31st March 2014, Mr. YU had been an independent non-executive director of China Datang Corporation Renewable Power Co., Limited and TeleEye Holdings Limited. In addition, Mr. YU resigned as an independent non-executive director of VXL Capital Limited on 27th May 2014.

SIT Kien Ping, Peter, aged 61, has been an independent non-executive Director of the Company since June 2005. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. He is a solicitor of Hong Kong, a notary public and a China-appointed attesting officer. Mr. SIT has over 35 years of experience in advising on commercial transactions and conveyancing projects, and currently is a senior and founding partner of Sit, Fung, Kwong & Shum, a law firm in Hong Kong.

Victor YANG, aged 68, 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)*

Senior management

CHAN Yiu On, aged 57, 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 36 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.

LUNG King Cheong, aged 60, joined the Group in January 1996, is the Editorial Director of the Group. Mr. LUNG is also a member of the Executive Committee. He is in charge of the overall editorial works and the general management of the editorial team of all publications of the Group. Mr. LUNG has extensive publishing and editorial experience in Hong Kong. Prior to joining the Group, he was the Chief Editor and Publisher of "*Hong Kong Today*". Mr. LUNG is very familiar with the media industry and is one of the most experienced chief editors of lifestyle magazines in Hong Kong.

YEUNG Ying Fat, aged 46, 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 on 1st 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 47, 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 all 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.

ZHOU Guohua, aged 42, joined the Group in December 2007, is the Chief Executive Officer of the Group's operation in Mainland China. He is in charge of the Group's business operation in Mainland China. Mr. ZHOU has over 18 years of experience in media industry in Mainland China.

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 2014, 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 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:

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

	Number of shares/underlying shares held					
Name of Director	**Personal interests**	**Corporate interests**	**Total interests in shares**	**Interests in underlying shares pursuant to share options** *(Note 1)*	**Aggregate interests**	**Percentage of issued ordinary shares**
Tan Sri Datuk Sir TIONG Hiew King	–	292,700,000 *(Note 2)*	292,700,000	1,250,000	293,950,000	73.49%
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 *(Note 3)*	3,000,000	1,000,000	4,000,000	1.00%
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 *(Note 4)*	–	–	–	150,000	150,000	0.04%

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

Notes:

1. For further details on these share options, please refer to the paragraph "Share Options" on pages 11 to 13.
2. 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 Directors on page 19.
3. 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.
4. Mr. TAN Hock Seng, Peter resigned as an independent non-executive Director with effect from 1st April 2014.

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

	Number of shares held				
Name of Director	**Personal interests**	**Family interests**	**Corporate interests**	**Aggregate interests**	**Percentage of issued ordinary shares in Media Chinese**
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	1,908,039	–	–	1,908,039	0.11%

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 Directors, as at 31st March 2014, 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 (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 2014, 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 2014.

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 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	35%

None of the Directors, their 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 2014, 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 (d), (f), (i), (k), (l), (n) (o) and (r) as referred to in Note 29 to the consolidated financial statements of the Company are exempted continuing connected transactions under Rules 14A.33(2) and 14A.33(3) 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 2014 are set out as follows:

Nature of transactions	**For the year ended 31st March 2014** *HK$'000*	**Annual cap** *HK$'000*
Charges for circulation support services, editorial support services and library services *(Note 1)*	1,502	2,000
Barter advertising expenses *(Note 2)*	1,129	2,000
Barter advertising income *(Note 2)*	(1,129)	(2,000)
Charges for leasing and licensing of office space, storage space and parking spaces *(Note 3)*	2,539	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 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 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 and the licence fees were determined based on 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 his unqualified letter containing his 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 paragraph 14A.38 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 by the Group during the year ended 31st March 2014 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, 29th May 2014

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 of 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 of 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 2014.

THE BOARD OF DIRECTORS

Composition and function

The Board of Directors currently comprises six Directors as follows:

Name of Director	Title
Non-executive Director	
Tan Sri Datuk Sir TIONG Hiew King	Non-executive Director and Chairman
Executive Directors	
Mr. TIONG Kiew Chiong	Executive Director and Deputy Chairman
Mr. LAM Pak Cheong	Executive Director and Chief Executive Officer
Independent non-executive Directors	
Mr. YU Hon To, David	Independent non-executive Director
Mr. SIT Kien Ping, Peter	Independent non-executive Director
Mr. Victor YANG	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 16.

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 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.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS *(Continued)*

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 numbers 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.

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. With effect from 1st April 2012, the Company 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. A directors' and officers' liability insurance policy has been arranged for providing the indemnity.

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, Mr. CHAN Yiu On and Mr. LUNG King Cheong. 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.

CORPORATE GOVERNANCE REPORT

GOVERNANCE STRUCTURE *(Continued)*

2. Remuneration Committee

The Remuneration Committee currently has four members, namely, Mr. SIT Kien Ping, Peter, Mr. YU Hon To, David, Mr. Victor YANG 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. SIT Kien Ping, Peter 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 of the Company's policy and structure for remuneration of the Directors and senior management;

(b) 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.

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. Victor YANG, Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter 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. Victor YANG 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 corporation 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 which 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.

CORPORATE GOVERNANCE REPORT

GOVERNANCE STRUCTURE *(Continued)*

4. Audit Committee

The Audit Committee comprises all three independent non-executive Directors, namely Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. Victor YANG. 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;

(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 2014, the interim report for the six months ended 30th September 2013 and the quarterly financial reports for the quarters ended 30th June 2013, 30th September 2013, 31st December 2013 and 31st March 2014;

(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 2014;

(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; and

(g) 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 on 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.

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, C
Mr. TIONG Kiew Chiong	A, C
Mr. LAM Pak Cheong	A, C
Mr. YU Hon To, David	A, C
Mr. SIT Kien Ping, Peter	A, C
Mr. TAN Hock Seng, Peter*	C

A: attending seminars/conferences/workshops/forums
B: giving talks at seminars/conferences
C: reading newspapers, journals and updates relating to the economy, media business or director's duties and responsibilities, etc

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

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 2014 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	1
HK$2,000,001 to HK$3,000,000	1

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	2/4	N/A	N/A	N/A
Mr. TIONG Kiew Chiong	1/1	4/4	N/A	1/1	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	1/1	2/2
Mr. SIT Kien Ping, Peter	0/1	3/4	4/4	1/1	2/2
Mr. TAN Hock Seng, Peter*	1/1	3/4	3/4	1/1	1/2

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

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.

CORPORATE GOVERNANCE REPORT

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 of Association 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 2014. During the year, PwC and its other member firms provided the following audit and non-audit services to the Group:

Audit services (including interim review)	HK$1,139,000

Total audit services fee provided by other external auditors/audit firms to the subsidiaries of the Group was approximately HK$35,000.

PwC will retire and offer itself for re-appointment at the annual general meeting of the Company to be held in August 2014.

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 page 32.

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 2014.

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.

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.

During the year, a review of the Group's internal control system and procedures in respect of the operation in Hong Kong was conducted by an independent international accounting firm. 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 Company's accounting and financial reporting function, and their training programmes.

CORPORATE GOVERNANCE REPORT

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 2013. In addition, separate resolution was proposed by the chairman in respect of each separate issue, including reelection 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.

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.

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 33 to 87, which comprise the consolidated and company statements of financial position as at 31st March 2014, 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 Hong Kong Companies Ordinance, 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 2014, and of the Group's profit 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.

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, 29th May 2014

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	**5,108**	5,483
Intangible assets	*7*	**74,291**	76,785
Interests in associates and joint ventures	*9*	**31,636**	32,982
Deferred income tax assets	*18*	**3,114**	3,152
Total non-current assets		**114,149**	118,402
Current assets			
Inventories	*10*	**10,018**	8,694
Trade and other receivables	*12*	**50,539**	59,164
Amount due from fellow subsidiaries		**365**	–
Income tax recoverable		**1,363**	1,931
Cash and cash equivalents	*13*	**123,476**	102,798
Total current assets		**185,761**	172,587
Total assets		**299,910**	290,989
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*14*	**400**	400
Share premium	*14*	**456,073**	456,073
Other reserves	*15(a)*	**(324,492)**	(324,441)
Retained earnings			
– Proposed final dividends	*15(a) & 25*	**12,000**	14,000
– Others	*15(a)*	**48,675**	38,029
Total equity		**192,656**	184,061

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	Note	2014 HK$'000	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Convertible bond	*16*	**74,024**	72,474
Deferred income tax liabilities	*18*	**335**	288
Long service payment obligations	*19*	**16**	12
Total non-current liabilities		**74,375**	72,774
Current liabilities			
Trade and other payables	*17*	**31,416**	33,508
Amounts due to fellow subsidiaries	*17*	**1,178**	535
Income tax liabilities		**285**	111
Total current liabilities		**32,879**	34,154
Total liabilities		**107,254**	106,928
Total equity and liabilities		**299,910**	290,989
Net current assets		**152,882**	138,433
Total assets less current liabilities		**267,031**	256,835

By order of the Board

TIONG Kiew Chiong
Director

LAM Pak Cheong
Director

The notes on pages 40 to 87 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31st March

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current asset			
Interests in subsidiaries	*8*	**574,450**	615,515
Current assets			
Other receivables	*12*	**122**	128
Cash and cash equivalents	*13*	**96,727**	74,001
Total current assets		**96,849**	74,129
Total assets		**671,299**	689,644
EQUITY			
Capital and reserves			
Share capital	*14*	**400**	400
Share premium	*14*	**456,073**	456,073
Other reserves	*15(b)*	**11,534**	11,534
Retained earnings			
– Proposed final dividend	*15(b) & 25*	**12,000**	14,000
– Others	*15(b)*	**116,593**	134,577
Total equity		**596,600**	616,584
LIABILITY			
Non-current liability			
Convertible bond	*16*	**74,024**	72,474
Total non-current liability		**74,024**	72,474
Current liability			
Other payables	*17*	**675**	586
Total current liability		**675**	586
Total liabilities		**74,699**	73,060
Total equity and liabilities		**671,299**	689,644
Net current assets		**96,174**	73,543
Total assets less current liability		**670,624**	689,058

By order of the Board

TIONG Kiew Chiong
Director

LAM Pak Cheong
Director

The notes on pages 40 to 87 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 31st March

	Note	**2014 HK$'000**	2013 HK$'000
Turnover	5	**203,352**	217,295
Cost of goods sold		**(92,458)**	(94,128)
Gross profit		**110,894**	123,167
Other income	5	**10,423**	5,894
Selling and distribution expenses		**(37,849)**	(41,637)
Administrative expenses		**(40,782)**	(40,842)
Operating profit		**42,686**	46,582
Change in fair value of convertible bond	16	**(2,306)**	(2,718)
Share of loss of associates and joint ventures	9	**(2,972)**	(996)
Profit before income tax		**37,408**	42,868
Income tax expense	22	**(8,762)**	(6,986)
Profit for the year		**28,646**	35,882
Profit attributable to:			
Equity holders of the Company		**28,646**	35,882
Earnings per share attributable to equity holders of the Company for the year (expressed in HK cents per share)			
– Basic and diluted	24	**7.2**	9.0
Dividends	25	**18,000**	22,000

The notes on pages 40 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March

	2014 **HK$'000**	2013 HK$'000
Profit for the year	**28,646**	35,882
Other comprehensive (losses)/income:		
Item that may be reclassified to profit or loss		
Currency translation differences	**(48)**	571
Item that will not be reclassified subsequently to profit or loss		
Actuarial (losses)/gains on long service payment obligations	**(3)**	108
Total comprehensive income for the year	**28,595**	36,561
Attributable to:		
Equity holders of the Company	**28,595**	36,561

The notes on pages 40 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31st March

	Note	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Cash generated from operations	*26*	**51,042**	51,003
Interest paid		**(756)**	(379)
Hong Kong income tax paid		**(7,945)**	(11,945)
Net cash generated from operating activities		**42,341**	38,679
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,033)**	(2,878)
Purchase of intangible assets		**(243)**	(229)
Interest received		**1,409**	1,177
Dividend received from an associate		**20**	–
Acquisition of an associate		**(891)**	–
Formation of a joint venture		**–**	(8,000)
Proceeds from disposal of property, plant and equipment	*26*	**19**	367
Net cash used in investing activities		**(1,719)**	(9,563)
Cash flows from financing activities			
Dividends paid to Company's shareholders	*25*	**(20,000)**	(24,000)
Net cash used in financing activities		**(20,000)**	(24,000)
Net increase in cash and cash equivalents		**20,622**	5,116
Cash and cash equivalents at the beginning of the year		**102,798**	97,461
Currency translation gain on cash and cash equivalents		**56**	221
Cash and cash equivalents at end of the year	*13*	**123,476**	102,798

The notes on pages 40 to 87 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 2012	400	456,073	(330,334)	40,147	166,286
Comprehensive income					
Profit for the year	–	–	–	35,882	35,882
Other comprehensive income					
Currency translation differences	–	–	571	–	571
Actuarial gains on long service payment obligations	–	–	108	–	108
Total comprehensive income for the year	–	–	679	35,882	36,561
Transactions with shareholders					
Dividend paid relating to 2012 *(Note 25)*	–	–	–	(16,000)	(16,000)
Interim dividend paid relating to 2013 *(Note 25)*	–	–	–	(8,000)	(8,000)
Convertible bond – equity component *(Note 16)*	–	–	5,214	–	5,214
At 31st March 2013	400	456,073	(324,441)	52,029	184,061
At 1st April 2013	**400**	**456,073**	**(324,441)**	**52,029**	**184,061**
Comprehensive income					
Profit for the year	**–**	**–**	**–**	**28,646**	**28,646**
Other comprehensive losses					
Currency translation differences	**–**	**–**	**(48)**	**–**	**(48)**
Actuarial losses on long service payment obligations	**–**	**–**	**(3)**	**–**	**(3)**
Total comprehensive income/(losses) for the year	**–**	**–**	**(51)**	**28,646**	**28,595**
Transactions with shareholders					
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**

The notes on pages 40 to 87 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.

This 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 29th May 2014.

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") issued by the International Accounting Standards Board ("IASB"), requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its 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 standards adopted by the Group are mandatory for the first time for the financial year beginning on or after 1st April 2013:

(i) Amendment to IAS 1 "Financial statements presentation" regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" on the basis of whether they are potentially reclassifiable to profit or losses subsequently (reclassification adjustments).

(ii) IAS 19 (revised) "Employee benefits" amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Group has been in the following areas:

The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. This has increased the income statement charge as the discount rate applied to assets is lower than the expected return on assets. This has no effect on total comprehensive income as the increased charge in profit or loss is offset by a credit in other comprehensive income.

There is a new term "remeasurements". This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.

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) Amendments to IFRS 7 "Financial instruments: Disclosures" on asset and liability offsetting. The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

(iv) IFRS 10 "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

(v) IFRS 11 "Joint arrangements" focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures ("JVs"). Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its specific share of the assets, liabilities, revenue and expenses. JVs arise where the investors have rights to the net assets of the arrangement; JVs are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

(vi) IFRS 12 "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

(vii) IFRS 13 "Fair value measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) *New accounting standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following new standards, amendments and interpretations are effective for annual periods beginning after 1st April 2013, and have not been early adopted in preparing these consolidated financial statements:

		Effective for annual period beginning on or after
Amendments to IAS 19	Defined Benefit Plans – Employee Contributions	1st July 2014
Amendments to IAS 32	Offsetting Financial Assets and Liability	1st January 2014
Amendments to IAS 36	Impairment of Assets	1st January 2014
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	1st January 2014
Amendments to IFRS 10, 12 and IAS 27	Investment Entities	1st January 2014
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle	1st July 2014
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle	1st July 2014
IFRIC-Int 21	Levies	1st January 2014
IFRS 14	Regulatory Deferral Accounts	1st January 2016
IFRS 9	Financial Instruments	To be determined

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.

2.2 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 net 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. Acquisition-related costs are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 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 acquire 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.

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 ventures

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.

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangement are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in associates and joint ventures 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 investment 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 an associate or joint venture equals or exceeds its interest in the associate or joint venture, 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 associate or joint ventures.

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

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

The change in accounting policies has had no impact on the financial position, comprehensive income, the cash flows of the Group and the earnings per share.

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 revaluation 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. 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%

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.

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 in which the goodwill arose.

(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.

(c) *Trademarks*

Trademarks and customer list 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 expenses. 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 expenses 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, associates and joint ventures 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 statement of financial position. 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.

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, associates and joint ventures, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 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.

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.

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 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 in the Group's contributions.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Employee benefits *(Continued)*

(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 number 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, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 licencee, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(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 no individually significant exposure. Maximum exposure to credit risk at the reporting date is the carrying amount of the cash at banks.

(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**	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Convertible bond				
– within one year	**756**	756	**756**	756
– in the second year	**756**	756	**756**	756
– in the third to fifth year	**74,970**	75,726	**74,970**	75,726
	76,482	77,238	**76,482**	77,238
Trade and other payables within one year	**30,516**	33,432	**675**	586
Amounts due to subsidiaries within one year	**1,178**	535	**–**	–
	108,176	111,205	**77,157**	77,824

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(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$824,000 lower mainly as a result of a decrease in the fair value of fixed rate convertible bond.

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 2014, the Group's strategy, which was unchanged from 2013, was to maintain a gearing ratio of zero. The gearing ratios at 31st March 2014 and 2013 were zero as the Group was not in a net debt position at 31st March 2014 and 2013.

3.3 Fair value estimation

The Company analyses the financial instruments carried at fair value as at 31st March 2014 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 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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

The interests in subsidiaries, associates and joint ventures 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, associates and joint ventures 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, associates and joint ventures could result in a material impact to reported financial positions and performance results of the Company and the Group, respectively.

While the recoverable amounts of most of the investments described above were determined based on value-in-use, the recoverable amount of the interest in ByRead Inc., an associate held by the Group, is determined using fair value less costs to sell based on the market valuation performed by an independent and professionally qualified valuer.

In determining the fair market value, the valuer has been based on the actual number of active users and valuation techniques which involve certain estimates including comparable sales in the relevant industry, recently observed market prices, current and future market conditions and appropriate marketability discount. In relying on the valuation report, the management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

	2014 HK$'000	2013 HK$'000
Turnover	**203,352**	217,295
Other income		
Bank interest income	**1,409**	1,177
Licence fee income	**589**	561
Other media business income	**8,425**	4,156
	10,423	5,894
Total revenue	**213,775**	223,189

IFRS 8 "Operating Segments" requires operating segments to be identified based on internal reporting that is regularly reviewed by the chief operating decision maker. The Group regards the Executive Committee as the chief operating decision maker being responsible for allocating resources to segments and assessing their performance.

The Executive Committee considers the business from geographic perspective. Geographically, management considers the performance of the media business in Hong Kong and Mainland China.

The Executive Committee assesses the performance of the operating segments based on a measure of operating profit/loss before tax but excluding corporate expense. Other information provided is measured in a manner consistent with that in the internal financial reports.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

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 2014 are as follows:

	Media Business		
	Hong Kong HK$'000	**Mainland China HK$'000**	**Total 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 associates and JVs			**(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 Group's turnover and results provided to the Executive Committee for the reporting segments for the year ended 31st March 2013 are as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

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 associates and JVs	**6,744**	**24,892**	**–**	**–**	**31,636**
– Additions to non-current assets (other than deferred income tax assets and interests in associates and JVs)	**2,035**	**241**	**–**	**–**	**2,276**
Total liabilities	**(97,186)**	**(175,756)**	**166,308**	**(620)**	**(107,254)**

The segment assets and liabilities as at 31st March 2013 are as follows:

	Hong Kong HK$'000	Mainland China HK$'000	Eliminations HK$'000	Unallocated HK$'000	Group HK$'000
Total assets	378,593	70,466	(163,153)	5,083	290,989
Total assets include:					
– Interests in associates and JVs	8,579	24,403	–	–	32,982
– Additions to non-current assets (other than deferred income tax assets and interests in associates and JVs)	77,810	897	–	–	78,707
Total liabilities	(94,117)	(175,565)	163,153	(399)	(106,928)

Segment assets consist primarily of property, plant and equipment, intangible assets, interests in associates and JVs, 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$85,238,000 (2013: HK$89,247,000) and the total of these non-current assets located in Mainland China is HK$25,796,000 (2013: HK$26,002,000).

No revenue derived from a single customer is 10% or more of the combined revenue of all operating segments (2013: 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
At 1st April 2012					
Cost	5,062	5,534	10,347	1,950	22,893
Accumulated depreciation	(3,404)	(4,757)	(8,274)	(1,227)	(17,662)
Net book amount	1,658	777	2,073	723	5,231
Year ended 31st March 2013					
Opening net book amount	1,658	777	2,073	723	5,231
Currency translation differences	5	4	6	8	23
Additions	–	435	967	1,476	2,878
Disposals	–	(10)	(39)	(638)	(687)
Depreciation *(Note 20)*	(394)	(409)	(799)	(360)	(1,962)
Closing net book amount	1,269	797	2,208	1,209	5,483
At 31st March 2013					
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**
Year ended 31st March 2014					
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**
At 31st March 2014					
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**

Depreciation expense of HK$2,344,000 (2013: HK$1,962,000) 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
At 1st April 2012				
Cost	720	2,658	–	3,378
Accumulated amortisation	(197)	–	–	(197)
Net book amount	523	2,658	–	3,181
Year ended 31st March 2013				
Opening net book amount	523	2,658	–	3,181
Additions	229	–	–	229
Additions from acquisition	–	–	75,600	75,600
Amortisation expenses *(Note 20)*	(171)	–	(2,100)	(2,271)
Currency translation differences	1	45	–	46
Closing net book amount	582	2,703	73,500	76,785
At 31st March 2013				
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
Year ended 31st March 2014				
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**
At 31st March 2014				
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**

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 projections covering a five-year-period based on financial budgets for year ended 31st March 2014 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 9% 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 rates used are pre-tax and reflect specific risks relating to the relevant segments.

(b) Amortisation expense of HK$2,729,000 (2013: HK$2,271,000) 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	
	2014	2013
	HK$'000	HK$'000
Unlisted shares, at cost *(Note (a))*	**359,720**	359,720
Amounts due from subsidiaries *(Note (b))*	**214,730**	255,795
	574,450	615,515

(a) The following is a list of the principal subsidiaries at 31st March 2014:

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%
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	[2]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 2014: *(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
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	100 ordinary shares of HK$1 each	100%
Media2U Company Limited	Hong Kong, limited liability company	Magazines advertising and operation in Hong Kong	101 ordinary shares of HK$1 each	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	165,000 ordinary shares of HK$10 each	100%
One Media (HK) Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	10 ordinary shares of HK$1 each	100%
One Media Holdings Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	20,000 ordinary shares of US$0.01 each	[1]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 and PRC	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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INTERESTS IN SUBSIDIARIES *(Continued)*

(a) The following is a list of the principal subsidiaries at 31st March 2014: *(Continued)*

1 Shares held directly by the Company.

2 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.

(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 ASSOCIATES AND JOINT VENTURES

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

	2014 **HK$'000**	2013 HK$'000
Interests in associates	**27,313**	25,512
Interests in JVs	**4,323**	7,470
	31,636	32,982

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

	2014 **HK$'000**	2013 HK$'000
Associates	**175**	(466)
JVs	**(3,147)**	(530)
	(2,972)	(996)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(a) Interests in associates

Set out below are the associates of the Group as at 31st March 2014.

Name of associate	Place of incorporation	Effective equity interest	Principal activities	Measurement method
ByRead Inc. ("ByRead")	The Cayman Islands	24.97%	*Note (i)*	Equity
Blackpaper Limited ("Blackpaper")	Hong Kong	10%	*Note (ii)*	Equity
Guangzhou Tangde Advertising Company Limited ("Tangde")	Peoples Republic of China ("PRC")	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, learning and multimedia applications for individuals and enterprises in Mainland China.

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

(iii) Tangde is engaged in providing public relations events organising services for enterprises in Mainland China.

During the year ended 31st March 2014, the Group, through its subsidiary, subscribed for 10% of the entire issued share capital as enlarged by the subscription of the shares in Tangde for a consideration of RMB700,000. Although the Group holds less than 20% of the equity shares of this company, the Group exercises significant influence by virtue of its contractual right to nominate and remove one director out of the three directors, all having equal voting rights, which form the board of directors of this company. In addition, the Group has the power to participate in making the financial and operating policy decisions of this company.

ByRead, Blackpaper and Tangde are private companies with no quoted market prices available for their shares.

There are no contingent liabilities relating to the Group's interests in the associates.

Summarised financial information for associates

Set out below are the summarised financial information for ByRead, Blackpaper and Tangde which are accounted for using the equity method.

Summarised statement of financial position

	ByRead		Others		Total	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Current						
Total current assets	**1,851**	2,671	**11,529**	3,049	**13,380**	5,720
Total current liabilities	**(1,817)**	(2,209)	**(1,564)**	(460)	**(3,381)**	(2,669)
Non-current						
Total non-current assets	**256**	333	**156**	76	**412**	409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(a) Interests in associates *(Continued)*

Summarised statement of comprehensive income

	ByRead		Others		Total	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Revenue	**1,373**	2,224	**16,850**	5,107	**18,223**	7,331
Post-tax profit/(loss) from continuing operations	**(516)**	(1,327)	**5,613**	1,238	**5,097**	(89)
Other comprehensive income	**11**	24	**(37)**	–	**(26)**	24
Total comprehensive income	**(505)**	(1,303)	**5,576**	1,238	**5,071**	(65)
Dividends received from associate	**–**	–	**20**	–	**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.

Reconciliation of summarised financial information

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

	ByRead		Others		Total	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Opening net assets	**795**	2,098	**2,665**	927	**3,460**	3,025
Net assets at acquisition	**–**	–	**1,189**	–	**1,189**	–
Profit/(loss) for the year	**(516)**	(1,327)	**5,613**	1,238	**5,097**	(89)
Capital injection	**–**	–	**891**	500	**891**	500
Dividend received from associates	**–**	–	**(200)**	–	**(200)**	–
Other Comprehensive income	**11**	24	**(37)**	–	**(26)**	24
Closing net assets	**290**	795	**10,121**	2,665	**10,411**	3,460
Interest in associates *(Note)*	**72**	199	**1,012**	267	**1,084**	466
Trademark and customer list at net book value	**3,135**	3,393	**–**	–	**3,135**	3,393
Contingent consideration recognised as investment cost	**–**	–	**755**	–	**755**	–
Goodwill	**20,822**	20,822	**1,528**	842	**22,350**	21,664
Currency translation differences	**(11)**	(11)	**–**	–	**(11)**	(11)
Carrying amount	**24,018**	24,403	**3,295**	1,109	**27,313**	25,512

Note: Calculated by the Group's interest in ByRead of 24.97%, interest in Blackpaper of 10% and interest in Tangde of 10%, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(b) Interests in JVs

	2014 HK$'000	2013 HK$'000
As at 1st April	**7,470**	8,000
Share of loss	**(3,147)**	(530)
As at 31st March	**4,323**	7,470

The JVs listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

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

(i) Chu Kong is an investment holding company and the principal activities of its wholly-owned subsidiary, Connect Media include but not limited to video programs, posters, seat covers, magazine racks, magazines, hull advertising, light box advertisement and e-commerce at the transportation vehicles and also their terminals.

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

	2014 HK$'000	2013 HK$'000
Current		
Cash and cash equivalents	**9,661**	18,310
Other current assets (excluding cash)	**1,308**	291
Total current assets	**10,969**	18,601
Financial liabilities (excluding trade payables)	**(208)**	(287)
Other current liabilities (including trade payables)	**(971)**	(185)
Total current liabilities	**(1,179)**	(472)
Non-current		
Assets	**1,018**	546
Total non-current assets	**1,018**	546

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(b) Interests in JVs *(Continued)*

Summarised statement of comprehensive income

	2014 HK$'000	2013 HK$'000
Revenue	3,641	–
Depreciation and amortisation	(354)	–
Interest income	1	1
Other expenses	(11,155)	(1,326)
Loss from continuing operations and total comprehensive loss	(7,867)	(1,325)

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.

	2014 HK$'000	2013 HK$'000
Opening net assets	18,675	20,000
Loss for the year	(7,867)	(1,325)
Closing net assets	10,808	18,675
Interest in JVs (40%)	4,323	7,470
Carrying amount	4,323	7,470

10 INVENTORIES

	Group	
	2014 HK$'000	2013 HK$'000
Raw materials	10,018	8,694

The cost of inventories recognised as expense and included in cost of goods sold amounted to HK$34,721,000 (2013: HK$40,028,000).

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
Assets	
At 31st March 2014	
Trade receivables *(Note 12)*	**43,469**
Other receivables	**4,501**
Amount due from fellow subsidiaries	**365**
Cash and cash equivalents *(Note 13)*	**123,476**
Total	**171,811**
At 31st March 2013	
Trade receivables *(Note 12)*	53,338
Other receivables	3,353
Cash and cash equivalents *(Note 13)*	102,798
Total	159,489

	Other financial liabilities HK$'000
Liabilities	
At 31st March 2014	
Trade and other payables	**30,516**
Amounts due to fellow subsidiaries *(Note 17)*	**1,178**
Total	**31,694**
At 31st March 2013	
Trade and other payables	32,612
Amounts due to fellow subsidiaries *(Note 17)*	535
Total	33,147

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Company

	Loans and receivables HK$'000
Assets	
At 31st March 2014	
Other receivables *(Note 12)*	**122**
Cash and cash equivalents *(Note 13)*	**96,727**
Total	**96,849**
At 31st March 2013	
Other receivables *(Note 12)*	**128**
Cash and cash equivalents *(Note 13)*	**74,001**
Total	**74,129**

	Other financial liabilities HK$'000
Liabilities	
At 31st March 2014	
Trade and other payables	**675**
At 31st March 2013	
Trade and other payables	**586**

12 TRADE AND OTHER RECEIVABLES

	Group		**Company**	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
Trade receivables	**43,510**	53,405	**–**	–
Less: allowance for impairment of trade receivables	**(41)**	(67)	**–**	–
Trade receivables – net	**43,469**	53,338	**–**	–
Other receivables – net	**7,070**	5,826	**122**	128
	50,539	59,164	**122**	128

At 31st March 2014 and 31st March 2013, the fair values of trade and other receivables approximated their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 TRADE AND OTHER RECEIVABLES *(Continued)*

The Group allows in general a credit period ranging from 30 days to 120 days to its trade customers. At 31st March 2014 and 2013, the ageing analysis of the Group's trade receivables by invoice date, net of allowance for impairment, is as follows:

	2014 **HK$'000**	2013 HK$'000
0 to 60 days	**23,592**	27,098
61 to 120 days	**13,620**	17,188
121 to 180 days	**2,996**	3,455
Over 180 days	**3,261**	5,597
	43,469	53,338

Other receivables comprised the following:

	Group		**Company**	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
Amounts due from third parties	**6,710**	5,826	**122**	128
Amount due from a joint venture	**360**	–	**–**	–
	7,070	5,826	**122**	128

Trade receivables that are neither past due nor impaired amounted to HK$21,592,000 (2013: HK$25,643,000). 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 2014, trade receivables of HK$21,877,000 (2013: HK$27,695,000) 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:

	2014 **HK$'000**	2013 HK$'000
Overdue by:		
0 to 60 days	**17,005**	20,982
61 to 120 days	**2,257**	1,905
Over 120 days	**2,615**	4,808
	21,877	27,695

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2014 HK$'000	2013 HK$'000
Hong Kong dollars	35,293	39,376
Renminbi	8,176	13,962
	43,469	53,338

For the year ended 31st March 2014, the Group recognised a loss of HK$77,000 (2013: Nil) for the impairment of its trade receivables and directly wrote off an amount of HK$103,000 (2013: Nil) as bad debts.

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

	2014 HK$'000	2013 HK$'000
At 1st April	67	66
Allowance for impairment of receivables	77	–
Receivable written off during the year as uncollectible	(103)	–
Currency translation adjustment	–	1
At 31st March	41	67

The creation and release of allowance for impaired receivables have been included in "selling and distribution expenses" in the consolidated income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

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$375,000 (2013: Nil) are secured by deposits and bank guarantees provided by the customers.

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Cash at bank and in hand	22,583	24,446	5,877	5,454
Short-term bank deposits	100,893	78,352	90,850	68,547
	123,476	102,798	96,727	74,001
Maximum exposure to credit risk	123,301	102,629	96,727	74,001

The effective interest rate on average short-term bank deposits was 1.83% (2013: 1.96%). These deposits have maturity ranged from 30 days to 90 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 CASH AND CASH EQUIVALENTS *(Continued)*

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

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Cash and cash equivalents	**123,476**	102,798	**96,727**	74,001

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$24,224,000 (2013: HK$25,996,000), 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 2012, 2013 and 2014	400,000	400	456,073	456,473

The total authorised number of ordinary shares is 4,000 million shares (2013: 4,000 million shares) with a par value of HK$0.001 per share (2013: 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 "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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 SHARE CAPITAL AND PREMIUM *(Continued)*

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

	2014		2013	
	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)
At 1st April	**1.2**	**7,926**	1.2	9,192
Lapsed	**1.2**	**(58)**	1.2	(1,266)
At 31st March	**1.2**	**7,868**	1.2	7,926

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 7,868,000 shares (2013: 7,926,000 shares) being exercisable as at 31st March 2014.

During the year, no option was granted, exercised or cancelled and options over 58,000 (2013: 1,266,000) 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 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 2014 (2013: 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
At 1st April 2012	6,320	(343,050)	6,482	(86)	–	40,147	(290,187)
Currency translation differences	–	–	571	–	–	–	571
Actuarial gains on long service payment obligations	–	–	–	108	–	–	108
Convertible bond – equity component					5,214	–	5,214
Profit for the year	–	–	–	–	–	35,882	35,882
Final dividend paid relating to 2012	–	–	–	–	–	(16,000)	(16,000)
Interim dividend paid relating to 2013	–	–	–	–	–	(8,000)	(8,000)
At 31st March 2013	6,320	(343,050)	7,053	22	5,214	52,029	(272,412)
At 1st April 2013	**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)**
At 31st March 2014	**6,320**	**(343,050)**	**7,005**	**19**	**5,214**	**60,675**	**(263,817)**

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
At 1st April 2012	6,320	–	52,419	58,739
Profit for the year	–	–	120,158	120,158
Convertible bond – equity component	–	5,214	–	5,214
Final dividend paid relating to 2012	–	–	(16,000)	(16,000)
Interim dividend paid relating to 2013	–	–	(8,000)	(8,000)
At 31st March 2013	6,320	5,214	148,577	160,111
At 1st April 2013	**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)**
At 31st March 2014	**6,320**	**5,214**	**128,593**	**140,127**

16 CONVERTIBLE BOND

	2014 HK$'000	2013 HK$'000
Non-current		
Convertible bond	**74,024**	72,474

The Company issued 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 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, included in non-current liabilities, was calculated using a 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 *(Continued)*

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

	HK$'000
For the year ended 31st March 2013	
Face value of convertible bond issued on 1st June 2012	75,600
Equity component *(Note 15(b))*	(5,214)
Liability component on initial recognition at 1st June 2012	70,386
Coupon interest	(630)
Change in fair value of the liability component of convertible bond	2,718
Liability component at 31st March 2013	72,474
For the year ended 31st March 2014	
Liability component at 1st April 2013	72,474
Coupon interest	(756)
Change in fair value of the liability component of convertible bond	2,306
Liability component at 31st March 2014	74,024

17 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**5,700**	4,740	**–**	–
Other payables	**25,716**	28,768	**675**	586
	31,416	33,508	**675**	586
Amounts due to fellow subsidiaries *(Note 29)*	**1,178**	535	**–**	–
	32,594	34,043	**675**	586

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 2014 and 2013, the ageing analysis of the trade payables by invoice date is as follows:

	2014 HK$'000	2013 HK$'000
0 to 60 days	**4,510**	4,460
61 to 120 days	**1,080**	152
121 to 180 days	**6**	–
Over 180 days	**104**	128
	5,700	4,740

At 31st March 2014 and 31st March 2013, the fair values of trade and other payables approximated their carrying amounts.

Other payables comprised the following:

	Group		**Company**	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Amounts due to third parties	**24,308**	28,768	**675**	586
Amount due to an associate	**1,408**	–	**–**	–
	25,716	28,768	**675**	586

18 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off and that the deferred income taxes relate to the same tax jurisdiction. The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2014 HK$'000	2013 HK$'000
Deferred income tax assets		
– to be recovered after more than 12 months	**1,557**	1,576
– to be recovered within 12 months	**1,557**	1,576
	3,114	3,152

	2014 HK$'000	2013 HK$'000
Deferred income tax liabilities		
– to be realised within 12 months	**(335)**	(288)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

	Group		
	Accelerated tax depreciation HK$'000	**Tax losses HK$'000**	**Total HK$'000**
At 1st April 2012	(150)	807	657
(Charged)/credited to the consolidated income statement *(Note 22)*	(138)	2,332	2,194
Currency translation differences	–	13	13
At 31st March 2013	(288)	3,152	2,864
At 1st April 2013	**(288)**	**3,152**	**2,864**
Charged to the consolidated income statement *(Note 22)*	**(47)**	**(27)**	**(74)**
Currency translation differences	**–**	**(11)**	**(11)**
At 31st March 2014	**(335)**	**3,114**	**2,779**

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$27,003,000 (2013: HK$30,112,000) 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	
	2014 HK$'000	2013 HK$'000
Expiring in the second to fifth year	**11,277**	13,858
With no expiry date	**15,726**	16,254
	27,003	30,112

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 LONG SERVICE PAYMENT OBLIGATIONS

The provision for long service payment represents the present value of the obligation under long service payment and respective actuarial gains. 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	
	2014	2013
	HK$'000	HK$'000
Present value of the unfunded long service payment obligations	**16**	12

The long service payment obligations are repayable over five years (2013: five years).

The movement during the year is the offsetting of current service costs and interest on obligation against long service payment made during the year. Movement of present value of long service payment obligations is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At 1st April	**12**	117
Current service cost	**1**	2
Interest cost	**–**	1
Actuarial losses/(gains) on obligations	**3**	(108)
At 31st March	**16**	12

Movement in the provision for long service payment obligations is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At 1st April	**12**	117
Charged to the consolidated income statement	**1**	3
Actuarial losses/(gains) recognised in the consolidated statement of comprehensive income	**3**	(108)
At 31st March	**16**	12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 LONG SERVICE PAYMENT OBLIGATIONS *(Continued)*

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

	Group	
	2014	2013
	HK$'000	HK$'000
Cumulative amount of actuarial gains/(losses) at beginning of the year	**22**	(86)
Net actuarial (losses)/gains during the year	**(3)**	108
Cumulative amount of actuarial gains at the end of the year	**19**	22

The principal actuarial assumptions used are as follows:

	Group	
	2014	2013
Discount rate (%)	**1.9**	0.8
Expected inflation rate (%)	**3.0**	3.0
Expected rate of return of assets (%)	**4.75 to 6.25**	4.75 to 6.25
Expected rate of future salary increases (%)		
– 2014 and onwards (2013: 2013 and onwards)	**3.5**	3.5

Other disclosure figures as at 31st March 2014 and 2013 are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Present value of the long service payment obligations	**16**	12
Experience adjustment on the long service payment obligations	**4**	(95)

20 EXPENSES BY NATURE

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

	2014	2013
	HK$'000	HK$'000
Paper consumed	**17,332**	20,833
Depreciation of property, plant and equipment *(Note 6)*	**2,344**	1,962
Amortisation of intangible assets *(Note 7)*	**2,729**	2,271
Employee benefit expense (including directors' emoluments) *(Note 21)*	**72,061**	72,530
Occupancy costs	**6,359**	5,392
Loss on disposal of property, plant and equipment	**54**	320
Auditor's remuneration	**1,174**	1,185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 EMPLOYEE BENEFIT EXPENSE, INCLUDING DIRECTORS' EMOLUMENTS

	2014 HK$'000	2013 HK$'000
Wages and salaries	**64,935**	65,239
Social security costs *(Note (a))*	**3,506**	3,887
Pension costs – defined contribution plans and MPF *(Note 29 (i))*	**1,955**	1,827
Staff welfare and allowances	**1,665**	1,577
	72,061	72,530

(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.

(b) Directors' and senior management's emoluments

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
Non-executive Director					
Tan Sri Datuk Sir TIONG Hiew King	**130**	**–**	**–**	**–**	**130**
Executive Directors					
Mr. TIONG Kiew Chiong	**130**	**–**	**614**	**–**	**744**
Mr. LAM Pak Cheong	**130**	**1,848**	**690**	**15**	**2,683**
Independent non-executive Directors					
Mr. YU Hon To, David	**180**	**–**	**–**	**–**	**180**
Mr. SIT Kien Ping, Peter	**150**	**–**	**–**	**–**	**150**
Mr. TAN Hock Seng, Peter*	**140**	**–**	**–**	**–**	**140**

* 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)*

(b) Directors' and senior management's emoluments *(Continued)*

The remuneration of every Director for the year ended 31st March 2013 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
Non-executive Director					
Tan Sri Datuk Sir TIONG Hiew King	120	–	–	–	120
Executive Directors					
Mr. TIONG Kiew Chiong	120	–	769	–	889
Mr. LAM Pak Cheong	120	1,804	857	15	2,796
Independent non-executive Directors					
Mr. YU Hon To, David	170	–	–	–	170
Mr. SIT Kien Ping, Peter	140	–	–	–	140
Mr. TAN Hock Seng, Peter	130	–	–	–	130

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2013: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2013: four) individuals during the year are as follows:

	2014 HK$'000	2013 HK$'000
Basic salaries, other allowances and benefits in kind	**6,641**	6,677
Bonuses	**894**	1,092
Contributions to pension scheme	**248**	253
	7,783	8,022

The emoluments of the four (2013: four) remaining individuals fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
HK$1,000,001 – HK$1,500,000	**1**	1
HK$1,500,001 – HK$2,000,000	**1**	–
HK$2,000,001 – HK$2,500,000	**2**	2
HK$2,500,001 – HK$3,000,000	**–**	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit during the year ended 31st March 2014.

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 2014 and 2013.

	2014 HK$'000	2013 HK$'000
Hong Kong profits tax		
– Current income tax	**(8,708)**	(9,204)
– Over provision in prior year	**20**	24
Deferred income tax *(Note 18)*		
– Current deferred income tax (charge)/credit	**(74)**	2,194
	(8,762)	(6,986)

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

	2014 HK$'000	2013 HK$'000
Profit before tax	**28,646**	42,868
Tax calculated at domestic tax rates applicable to profits in the respective countries *(Note)*	**(5,780)**	(6,526)
Income not subject to tax	**833**	192
Expenses not deductible for tax purposes	**(1,261)**	(1,187)
Tax losses for which no deferred income tax asset was recognised	**(3,230)**	(2,159)
Temporary differences not recognised	**(491)**	(164)
Recognition of deferred tax assets arising from previously unrecognised tax loss	**(27)**	2,332
Utilisation of previously unrecognised tax losses	**1,174**	502
Over provision in prior year	**20**	24
Income tax expense	**(8,762)**	(6,986)

Note: The weighted average applicable tax rate was 20.2% (2013: 15.2%).

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$16,000 (2013: HK$120,158,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 EARNINGS PER SHARE

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

	2014 **HK$'000**	2013 HK$'000
Profit attributable to equity holders of the Company	**28,646**	35,882
Number of ordinary shares in issue (in thousands)	**400,000**	400,000
Basic earnings per share (HK cents per share)	**7.2**	9.0

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

25 DIVIDENDS

Dividends attributable to the year:

	2014 **HK$'000**	2013 HK$'000
Interim dividend, paid, HK1.5 cents (2013: HK2 cents) per ordinary share	**6,000**	8,000
Final dividend, proposed after the end of the reporting period, HK3 cents (2013: HK3.5 cents) per ordinary share	**12,000**	14,000
	18,000	22,000

Dividends paid during the year:

	2014 **HK$'000**	2013 HK$'000
Interim dividend, 2014, HK1.5 cents (2013: HK2 cents) per ordinary share	**6,000**	8,000
Final dividend, 2013, HK3.5 cents (2012: HK4 cents) per ordinary share	**14,000**	16,000
	20,000	24,000

On 29th May 2014, the Board of Directors proposed a final dividend of HK3 cents per share, totalling HK$12,000,000. Such dividend is to be approved by the shareholders at the annual general meeting of the Company to be held on 5th August 2014. Upon approval by the shareholders of the Company, this final dividend will be paid on 22nd August 2014 to shareholders whose names appear on the register of members of the Company at the close of the business on 14th August 2014. These consolidated financial statements do not reflect this dividend payable but accounted for it as proposed dividend.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 CASH GENERATED FROM OPERATIONS

	2014 HK$'000	2013 HK$'000
Profit before income tax	**37,408**	42,868
Adjustments for:		
– Depreciation of property, plant and equipment *(Note 6)*	**2,344**	1,962
– Amortisation of intangible assets *(Note 7)*	**2,729**	2,271
– Loss on disposal of property, plant and equipment *(Note 20)*	**54**	320
– Loss on change in fair value of convertible bond *(Note 16)*	**2,306**	2,718
– Interest income *(Note 5)*	**(1,409)**	(1,177)
– Allowance for receivables impairment *(Note 12)*	**77**	–
– Foreign currency translation losses on operating activities	**(95)**	276
– Costs related to long service payment scheme *(Note 19)*	**1**	3
– Share of loss of associates and joint ventures *(Note 9)*	**2,972**	996
Changes in working capital:		
– Inventories	**(1,324)**	(221)
– Trade and other receivables	**8,548**	(1,583)
– Amount due from fellow subsidiaries	**(365)**	–
– Amounts due to fellow subsidiaries	**643**	(2,853)
– Trade and other payables	**(2,847)**	5,423
Cash generated from operations	**51,042**	51,003

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

	2014 HK$'000	2013 HK$'000
Property, plant and equipment – net book value *(Note 6)*	**73**	687
Loss on disposal of property, plant and equipment	**(54)**	(320)
Proceeds from disposal of property, plant and equipment	**19**	367

27 COMMITMENTS

Operating lease commitments

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	
	2014 HK$'000	2013 HK$'000
No later than 1 year	**5,183**	4,834
Later than 1 year and no later than 5 years	**3,032**	4,833
	8,215	9,667

There are no capital and operating lease commitment for the Company as at 31st March 2014 (2013: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 BANK FACILITIES

The Group has the following undrawn bank facilities:

	Group	
	2014	2013
	HK$'000	HK$'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 ended 31st March 2015.

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 2014, the Group entered into the following transactions with fellow subsidiaries, an associate and JVs:

	Note	**2014** **HK$'000**	2013 HK$'000
Licence fees	*a*	**–**	1,921
Circulation support services charges	*b*	**1,284**	1,072
Library services charges	*c*	**218**	219
Administrative support services charges	*d*	**5,529**	5,370
Charges for leasing and licensing of office space, storage space and parking spaces	*e*	**2,539**	2,098
Ticketing and accommodation expenses	*f*	**862**	992
Barter advertising expenses	*g*	**1,129**	1,487
Barter advertising income	*h*	**(1,129)**	(1,487)
Type-setting, colour separation and film making expenses	*i*	**12**	2
Printing costs	*j*	**–**	1,676
Promotion expenses	*k*	**14**	266
Pension costs – defined contribution plans	*l*	**1,955**	1,827
Agency (income)/fee	*m*	**(1,934)**	284
Sundry income	*n*	**(813)**	(771)
E- magazines profit-sharing expenses and downloaded expenses	*o*	**88**	–
Dividend income	*p*	**(20)**	–
Acquisition of a subsidiary	*q*	**–**	75,600
Convertible bond interest	*r*	**756**	630
Content providing and video production income	*s*	**(2,427)**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 RELATED-PARTY TRANSACTIONS *(Continued)*

(i) During the year ended 31st March 2014, the Group entered into the following transactions with fellow subsidiaries, an associate and JVs: *(Continued)*

Notes:

(a) This represents licence fees of the right to use the trademark for the printing of "*Ming Pao Weekly 明報周刊*" and their past contents by a fellow subsidiary. It is charged at a pre-determined rate calculated by reference to the licence fees charged by third party licensors to the Group.

(b) 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 cost reimbursement basis.

(c) 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.

(d) This represents recharge of administrative support services, human resources, corporate communications, legal services, information system support services and depreciation on certain computers and office equipment leased from a fellow subsidiary. It is charged on a cost reimbursement basis.

(e) This represents charges 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.

(f) This represents ticketing and accommodation expenses paid to a fellow subsidiary and a related company of the controlling party of Media Chinese. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.

(g) 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.

(h) 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.

(i) 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.

(j) This represents printing costs charged by a fellow subsidiary. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.

(k) This represents promotion expenses paid to fellow subsidiaries and an associate. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.

(l) 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 its employees' salaries.

(m) This represents retainer fee less 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.

(n) 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.

(o) This represents e-magazines profit-sharing expenses and downloaded expenses paid in accordance with agreement entered into with Ming Pao Education Publications Ltd, a fellow subsidiary of the Company at arm's length basis.

(p) This represents dividend income received from an associate. It is calculated according to the equity interests held by the Group in the associate.

(q) This represents the cost of acquiring 100% of the issued shares in Ming Pao Finance Limited from Ming Pao Holdings Limited, a fellow subsidiary of the Company.

(r) 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.

(s) This represents content providing income and video production income received from a joint venture, Connect Media, in accordance with the agreements entered into with it at arm's length basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 RELATED-PARTY TRANSACTIONS *(Continued)*

(ii) The balances at 31st March 2014 and 31st March 2013 arising from the related party transactions as disclosed in Note 29 (i) above are as follows:

	2014 **HK$'000**	2013 HK$'000
Amounts due from fellow subsidiaries	**365**	–
Amounts due to fellow subsidiaries	**(1,178)**	(535)
Amount due from a joint venture *(Note 12)*	**360**	–
Amount due to an associate *(Note 17)*	**(1,408)**	–

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

(iii) Key management compensation

	2014 **HK$'000**	2013 HK$'000
Salaries and other short-term employee benefits	**7,395**	7,756
Contributions to pension scheme	**89**	108
	7,484	7,864

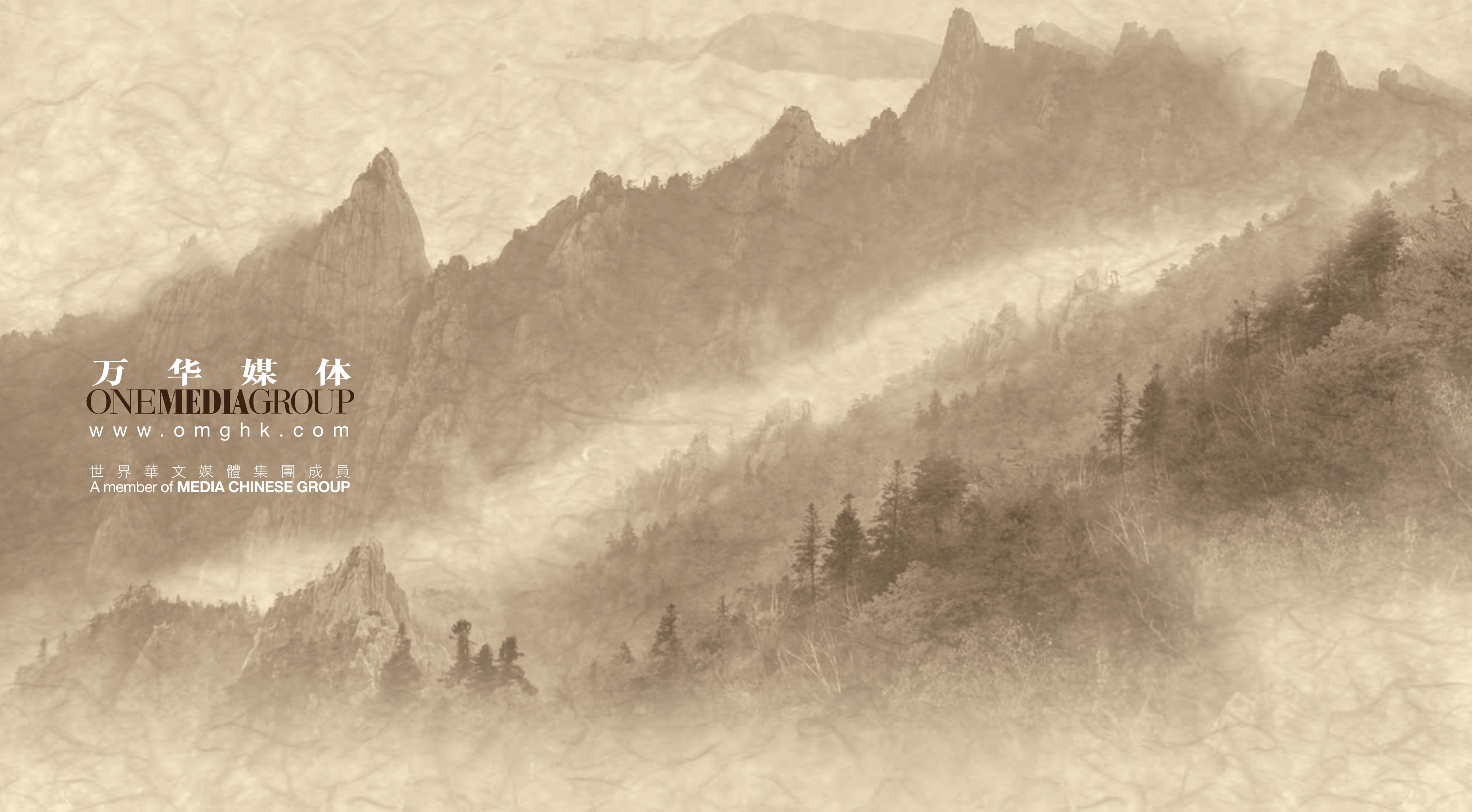
FIVE-YEAR FINANCIAL SUMMARY

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

	For the year ended 31st March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**203,352**	217,295	224,183	200,188	181,374
Profit attributable to the equity holders of the Company	**28,646**	35,882	32,581	20,406	5,662
Basic earnings per share	**HK7.2 cents**	HK9.0 cents	HK8.1 cents	HK5.1 cents	HK1.4 cents

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

	As at 31st March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	**5,108**	5,483	5,231	4,376	4,318
Intangible assets	**74,291**	76,785	3,181	2,719	2,591
Interests in associates and joint ventures	**31,636**	32,982	25,978	–	–
Deferred income tax assets	**3,114**	3,152	807	51	–
Current assets	**185,761**	172,587	163,515	169,056	181,590
Current liabilities	**(32,879)**	(34,154)	(32,159)	(32,203)	(21,368)
Net current assets	**152,882**	138,433	131,356	136,853	160,222
Total assets less current liabilities	**267,031**	256,835	166,553	143,999	167,131
Convertible bond	**(74,024)**	(72,474)	–	–	–
Deferred income tax liabilities	**(335)**	(288)	(150)	–	(41)
Long service payment obligations	**(16)**	(12)	(117)	(28)	(32)
Capital and reserves attributable to the equity holders of the Company	**192,656**	184,061	166,286	143,971	167,058



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