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**新傳媒集團控股有限公司**  
**New Media Group Holdings Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 708)**

**FINAL RESULTS**  
**FOR THE YEAR ENDED 30TH JUNE, 2010**

**FINANCIAL HIGHLIGHTS**

	<b>Year ended 30th June, 2010 HK\$'000 (12 months)</b>	<b>Period ended 30th June, 2009 HK\$'000 (15 months)</b>	<b>Period ended 30th June, 2009 HK\$'000 (Annualized 12 months)</b>
Turnover			
Circulation income	<b>123,688</b>	163,387	130,710
Advertising income	<b>310,313</b>	384,319	307,455
Provision of magazine content	<b>3,761</b>	5,806	4,645
	<b><u>437,762</u></b>	<u>553,512</u>	<u>442,810</u>
Gross profit	<b><u>167,186</u></b>	<u>192,219</u>	<u>153,775</u>
Less:			
Share option costs	–	2,080	1,664
Impairment loss on intangible assets	–	3,490	2,792
Impairment loss on available-for-sale investment	–	1,500	1,200
Profit for the year/period attributable to the owners of the Company	<b><u>45,605</u></b>	<u>38,762</u>	<u>31,010</u>
Earnings per share – Basic and diluted	<b><u>HK cents 7.60</u></b>	<u>HK cents 6.46</u>	<u>HK cents 5.17</u>

The board of directors (the “Board” or the “Directors”) of New Media Group Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30th June, 2010 (the “Year”) together with comparative figures for the corresponding 15-month period ended 30th June 2009 (the “Period”) as set out below:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 30th June, 2010*

		<b>Year ended 30th June, 2010 HK\$'000 (12 months)</b>	Period ended 30th June, 2009 HK\$'000 (15 months)
	<i>Notes</i>		
Turnover	5	<b>437,762</b>	553,512
Direct operating costs		<b>(270,576)</b>	(361,293)
Gross profit		<b>167,186</b>	192,219
Other income		<b>2,389</b>	2,479
Selling and distribution costs		<b>(66,031)</b>	(86,044)
Administrative expenses		<b>(47,471)</b>	(55,280)
Impairment loss on intangible assets		–	(3,490)
Impairment loss on available-for-sale investment		–	(1,500)
Profit before taxation		<b>56,073</b>	48,384
Taxation charge	6	<b>(10,468)</b>	(9,622)
Profit and total comprehensive income for the Year/Period	7	<b>45,605</b>	38,762
Earnings per share	8		
– Basic and diluted		<b>HK cents 7.60</b>	HK cents 6.46

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30th June, 2010*

	<i>Notes</i>	<b>As at 30th June, 2010 HK\$'000</b>	<b>As at 30th June, 2009 HK\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>12,646</b>	14,606
Intangible assets		–	–
Available-for-sale investment		–	–
Goodwill		<b>695</b>	695
		<hr/> <b>13,341</b> <hr/>	<hr/> 15,301 <hr/>
<b>Current assets</b>			
Inventories		<b>5,239</b>	1,634
Trade and other receivables	9	<b>98,661</b>	78,146
Bank balances and cash		<b>179,509</b>	155,297
		<hr/> <b>283,409</b> <hr/>	<hr/> 235,077 <hr/>
<b>Current liabilities</b>			
Trade and other payables	10	<b>74,220</b>	65,253
Dividend payable		–	7,200
Taxation payable		<b>15,808</b>	4,761
		<hr/> <b>90,028</b> <hr/>	<hr/> 77,214 <hr/>
Net current assets		<hr/> <b>193,381</b> <hr/>	<hr/> 157,863 <hr/>
Total assets less current liabilities		<b>206,722</b>	173,164
<b>Non-current liability</b>			
Deferred taxation liabilities		<b>258</b>	305
		<hr/> <b>206,464</b> <hr/>	<hr/> 172,859 <hr/>
<b>Capital and reserves</b>			
Share capital		<b>6,000</b>	6,000
Reserves		<b>200,464</b>	166,859
		<hr/> <b>206,464</b> <hr/>	<hr/> 172,859 <hr/>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June, 2010

### 1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The corresponding comparative amounts shown for the consolidated statement of comprehensive income and related notes cover a 15-month period ended 30th June, 2009 and therefore may not be comparable with amounts shown for the current year. The period covered by the prior period financial statements was greater than 12 months because the directors of the Company had determined to change the financial year end date of the Company to bring its end of the reporting period in line with the business cycle in view of the seasonality factors of magazine publication, in which the second half of the calendar year, July to December, is usually the major advertisement spending months.

### 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the 15-month period ended 30th June, 2009 apart from the adoption of certain new and revised Hong Kong Financial Reporting Standards, amendments and interpretations (collectively the "New and Revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for the accounting periods beginning on or after 1st July, 2009.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current Year, the Group has applied the following New and Revised HKFRSs issued by the HKICPA:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendments to HKFRS 2, HKAS 38, paragraph 80 of HKAS 39, HK(IFRIC*) – INT 9 and HK(IFRIC) – INT 16
HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 3 (Revised)	Business combinations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – Int 15	Agreements for the construction of real estate
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners
HK(IFRIC) – Int 18	Transfers of assets from customers

\* IFRIC represents the International Financial Reporting Interpretations Committee.

The Group applies HKFRS 3 (Revised) “Business Combinations” prospectively to business combinations for which the acquisition date is on or after 1st July, 2009. The requirements in HKAS 27 (Revised) “Consolidated and Separate Financial Statements” in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st July, 2009.

As there was no transaction during the current Year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs are applicable.

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

### **New and revised HKFRSs affecting presentation and disclosure only**

#### *HKAS 1 (Revised 2007) Presentation of financial statements*

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

#### *HKFRS 8 Operating segments*

In the current year, the Group has adopted HKFRS 8 “Operating segments”. HKFRS 8 requires the presentation of operating segments in a manner consistent with the internal reports that are regularly reviewed by the Group’s chief operating decision maker. HKFRS 8 replaces HKAS 14 “Segment reporting” which required an entity to identify two sets of segments (business and geographical). The adoption of HKFRS 8 has not resulted in redesignation of the Group’s reportable segments (see note 4 for details).

The Group has not early applied the following New and Revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>2</sup>
HKAS 24 (Revised)	Related party disclosures <sup>6</sup>
HKAS 32 (Amendment)	Classification of rights issues <sup>4</sup>
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters <sup>3</sup>
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters <sup>5</sup>
HKFRS 2 (Amendments)	Group cash-settled share-based payments transactions <sup>3</sup>
HKFRS 9	Financial instruments <sup>7</sup>
HK(IFRIC) – Int 14 (Amendment)	Prepayments to a minimum funding requirement <sup>6</sup>
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments <sup>5</sup>

- <sup>1</sup> Amendments that are effective for annual periods beginning on or after 1st January, 2010.
- <sup>2</sup> Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate.
- <sup>3</sup> Effective for annual periods beginning on or after 1st January, 2010.
- <sup>4</sup> Effective for annual periods beginning on or after 1st February, 2010.
- <sup>5</sup> Effective for annual periods beginning on or after 1st July, 2010.
- <sup>6</sup> Effective for annual periods beginning on or after 1st January, 2011.
- <sup>7</sup> Effective for annual periods beginning on or after 1st January, 2013.

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from the Group’s annual reporting period beginning 1st July, 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

The Directors of the Company anticipate that the application of the other New and Revised HKFRSs will have no material impact on the consolidated financial statements.

#### **4. SEGMENT INFORMATION**

The Group has adopted HKFRS 8 “Operating segments” with effect from 1st July, 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”), who are the executive directors of the Company for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 “Segment reporting”) required an entity to identify two sets of segments (business and geographical) using a risks and return approach. In the past, the Group’s operating activity is attributable to a single reporting segment focusing on sales of magazines and books, services on publication of advertisements and provision of magazine content. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segment as compared with the primary reportable segment determined in accordance with HKAS 14.

The reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the CODM of the Group.

### Segment revenue and results

The CODM regularly review revenue and operating results derived from sales of magazines and books, services on publication of advertisements and provision of magazine content on an aggregated basis and consider them as one single operating segment.

No analysis of segment assets or segment liabilities is regularly provided to the CODM for review.

### Other segment information

#### *Turnover from major products and services*

The Group principally engages in magazine publishing and generates circulation income, advertising income and income from provision of magazine content. Details are disclosed in note 5 to the consolidated financial statements.

### Geographical information

For each of the Year/Period ended 30th June, 2010 and 2009, the Group's operations are located in Hong Kong and the People's Republic of China ("PRC").

The Group's revenue from external customers based on the location where the sales occurred and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets (note)	
	Year ended 30th June, 2010 HK\$'000 (12 months)	Period ended 30th June, 2009 HK\$'000 (15 months)	As at 30th June, 2010 HK\$'000	As at 30th June, 2009 HK\$'000
Hong Kong	436,663	553,512	12,614	14,606
PRC	1,099	–	32	–
	<u>437,762</u>	<u>553,512</u>	<u>12,646</u>	<u>14,606</u>

Note: Non-current assets excluded goodwill.

### Information about major customers

Revenues from customers of the corresponding Year/Period contributing over 10% of the total sales of the Group are as follows:

	<b>Year ended 30th June, 2010 <i>HK\$'000</i> (12 months)</b>	Period ended 30th June, 2009 <i>HK\$'000</i> (15 months)
Customer A	<b>112,741</b>	149,342
Customer B	<b>46,717</b>	57,482

Customer A is a sole distributor of the magazines published by the Group and Customer B is an advertising agency, which generate circulation income and advertising income respectively to the Group.

### 5. TURNOVER

Turnover represents the net amounts received and receivable from circulation income, advertising income and provision of magazine content during the Year/Period. An analysis of the Group's turnover for the Year/Period is as follow:

	<b>Year ended 30th June, 2010 <i>HK\$'000</i> (12 months)</b>	Period ended 30th June, 2009 <i>HK\$'000</i> (15 months)
Circulation income	<b>123,688</b>	163,387
Advertising income	<b>310,313</b>	384,319
Provision of magazine content	<b>3,761</b>	5,806
	<b><u>437,762</u></b>	<b><u>553,512</u></b>



## 6. TAXATION CHARGE

	<b>Year ended 30th June, 2010 HK\$'000 (12 months)</b>	Period ended 30th June, 2009 HK\$'000 (15 months)
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	10,519	10,196
Overprovision in prior period/year	(4)	(69)
	<u>10,515</u>	<u>10,127</u>
Deferred taxation credit		
Current year/period	(47)	(460)
Change in tax rate	–	(45)
	<u>(47)</u>	<u>(505)</u>
	<u><b>10,468</b></u>	<u><b>9,622</b></u>

Hong Kong profits tax is calculated at 16.5% (2009:16.5%) of the estimated assessable profits for the Year/Period.

## 7. PROFIT FOR THE YEAR/PERIOD

	<b>Year ended 30th June, 2010 HK\$'000 (12 months)</b>	Period ended 30th June, 2009 HK\$'000 (15 months)
Profit for the Year/Period has been arrived at after charging (crediting):		
Amortisation of intangible assets*	–	612
Depreciation	7,195	9,430
Loss on disposal of property, plant and equipment	–	2
Interest income	(458)	(1,598)
	<u><b>6,737</b></u>	<u><b>8,446</b></u>

\* included in direct operating costs

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the Year/Period of HK\$45,605,000 (2009: HK\$38,762,000) and the weighted average of 600,000,000 shares (2009: 600,000,000 shares) for the Year/Period.

The computation of diluted earnings per share does not include the Company's potential dilutive ordinary shares as the exercise price of the share options of the Company is higher than the average market price for the Company's shares for both Year/Period.

## 9. TRADE AND OTHER RECEIVABLES

	As at 30th June, 2010 HK\$'000	As at 30th June, 2009 HK\$'000
Trade receivables from		
– third parties	83,459	71,218
– related companies	69	355
	<u>83,528</u>	<u>71,573</u>
Prepayment and deposits	15,133	6,573
	<u>98,661</u>	<u>78,146</u>

The related companies are companies ultimately owned by The Albert Yeung Discretionary Trust (the "Trust") (of which Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung") is the founder and a deemed controlling shareholder of the Company).

The Group normally grants credit terms of 30 days to 120 days to its customers with reference to their historical payment records and business relationship. Settlement of the sales from circulation income from magazines shall be made by the distributor to the Company within 10 days after the verification of the quantity of magazines sold. Credit limit and outstanding balance from advertising income will be reviewed by the management once a month. The following is an aged analysis of trade receivables at the reporting date:

	As at 30th June, 2010 HK\$'000	As at 30th June, 2009 HK\$'000
Age		
0 – 30 days	75,163	62,802
31 – 90 days	7,737	8,309
91 – 180 days	628	395
Over 180 days	–	67
	<u>83,528</u>	<u>71,573</u>

## 10. TRADE AND OTHER PAYABLES

	<b>As at 30th June, 2010 HK\$'000</b>	As at 30th June, 2009 HK\$'000
Trade payables to		
– third parties	<b>35,083</b>	33,812
– related companies	<b>426</b>	2,259
	<hr/>	<hr/>
	<b>35,509</b>	36,071
Accrued charges	<b>38,711</b>	29,182
	<hr/>	<hr/>
	<b>74,220</b>	65,253
	<hr/> <hr/>	<hr/> <hr/>

The related companies are companies ultimately owned by the Trust (of which Dr. Albert Yeung is the founder and a deemed controlling shareholder of the Company).

The Group normally receives credit terms of 60 days to 90 days from its suppliers. The following is an aged analysis of trade payables at the reporting date:

	<b>As at 30th June, 2010 HK\$'000</b>	As at 30th June, 2009 HK\$'000
Age		
0 – 90 days	<b>35,370</b>	35,431
91 – 180 days	<b>119</b>	558
Over 180 days	<b>20</b>	82
	<hr/>	<hr/>
	<b>35,509</b>	36,071
	<hr/> <hr/>	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

New Media Group Holdings Limited (the “Company”) and its subsidiaries (collectively known as the “Group”) is one of the leading magazine groups in Hong Kong. The Group owns and publishes five weekly magazines, namely *Oriental Sunday* (東方新地), *Weekend Weekly* (新假期), *New Monday* (新Monday), *Fashion and Beauty* (流行新姿) and *Economic Digest* (經濟一週). Each magazine owns a distinguished and well-established position in its respective market, with loyal readership from distinctive sectors and age groups.

During the financial year, despite a rather slow recovery in the general market and a considerably fluctuating business environment, the Group was still able to manage a satisfactory performance.

The Group also celebrated its 10th anniversary with its team of staff who had worked hard together through good and tough times. Over the recent years, the Group had taken great care to pave the road for the transition from traditional print media to the new era of digital media and networking. Through trials and errors, successes and lessons learned, the team is now all geared up and ready to progress further into a new social media landscape to reach more readers and to leverage on these new communities to generate greater exposure and increase the revenue source.

### Financial Review

The Group maintained its position as one of the most influential industry players in the advertising-driven magazine sector. The total turnover and profit for the Year attributable to the owners of the Company amounted to HK\$437.8 million and HK\$45.6 million respectively. Since the Group has changed the financial year end date from 31st March to 30th June in the period ended 30th June 2009, the comparative figures for the corresponding period covered 15 months instead.

The Group has benefited from the rejuvenated economy in Hong Kong after the financial turmoil that subsided in mid-2009. The total turnover recorded a slight decrease of 1% (2010: HK\$437.8 million; Annualized 2009: HK\$442.8 million). Dedicated to the effective cost control strategies, gross profit and profit for the Year attributable to the owners of the Company recorded a satisfactory growth of 9% and 47% respectively. Basic earnings per share were HK\$7.6 cents.

Among the Group’s major sources of income, advertising income was the first to recover, recording HK\$310.3 million (Annualized 2009: HK\$307.5 million). Meanwhile, circulation income recorded a fall to HK\$123.7 million (Annualized 2009: HK\$130.7 million) because of the stringent printrun control.

## **Review of Operations**

### **Oriental Sunday**

As one of the top titles among local weeklies, *Oriental Sunday* offers content that covers a wide range of topics, from the latest entertainment news and celebrity gossips to fashion and lifestyle, shopping, dining and health tips. With its rich and diversified editorial content, the magazine has been among the best-selling entertainment magazines in the market, securing a loyal readership base and a strong advertising network over the years.

According to The Hong Kong Audit Bureau of Circulations Limited, *Oriental Sunday* had an average net circulation of 160,507 per issue for the six months from July 1 to December 31, 2009. Its popularity among readers gave confidence to retailers and advertisers especially during times of uncertainty.

To bring the magazine closer to its readers, *Oriental Sunday* had kicked off an electronic marketing campaign for greater exposure and more advertising opportunities. The magazine also enhanced its online platform to provide readers with the most instant news on entertainment. The website was relaunched with a special section dedicated to *MORE*, the magazine's supplement on fashion and beauty products. Well-known beauty experts and trendsetters in town have been invited to set up their blogs at the VIP Bloggers' section to provide up-close and personal advice for *MORE* followers. The relaunch resulted in a rise in viewer traffic and number of page views, bringing the loyal fans of *Oriental Sunday* and *MORE* to an interactive online environment.

### **Weekend Weekly**

*Weekend Weekly* captured a steady advertising income, despite a weakened economy which adversely affected the travel and dining industries around the world. Having anticipated the negative effects, the editorial and sales teams had stepped up their joint efforts to offer new and tailor-made packages to clients to better suit their needs and budgets.

Sharing the same birthday with the Group, *Weekend Weekly* had also entered its 10th year in 2009. The magazine celebrated its anniversary with a series of promotional events which highlighted the magazine's highly creative image and fun-loving culture. These included a cover girl competition and a "Playaholic" marathon contest for a dream job at *Weekend Weekly*. Both events received high participation rates and much public exposure.

Apart from occasionally publishing redeemable travel booklets, city and restaurant guides, the team had also tried its hand at the cooking world by publishing a recipe book for home cooking. Following the huge success of the first cookbook, which had hit the best-seller lists in local bookshops soon after its debut, a second cookbook had also been produced and has again been well received with enthusiasm by fans and followers.

The team had once again received overseas recognition and won several awards at various international competitions.

#### Galaxy Awards

1. Hong Kong Tourism Board - 2009 HK Gourmet Guide Series  
(Bronze - Brochures: Special Purpose)

#### Astrid Awards

1. Hong Kong Tourism Board - 2009 HK Gourmet Guide Series  
Gold Award (Category: Custom Publications - Corporations: Travel/Entertainment)
2. Times Square Food Forum Post  
Bronze Award (Category: Custom Publications - Corporations: Customer Promotion)
3. 10th Anniversary “Playaholic” & “Play-Office” –  
Honors Award (Category: Special Projects: Anniversary/History)

#### 2010 Asian Publishing Awards

1. WW Playaholic - 10th Anniversary Promotion Campaign  
– Winner (Content Delivery category)
2. WW Force - Exclusive Reader Activities  
– Excellence Award (Content Delivery category)
3. Member-Get-Member Summer Campaign  
– Excellence Award (Content Delivery category)

On the digital front, *Weekend Weekly* is getting itself ready for a new version of website which better supports interactive features and online activities. For greater interaction with its readers, a “WW Force” has been created to allow online members to participate in activities which include meeting famous photographers and makeup artistes for special tips, food tasting gatherings and other fun and exciting ventures. Leveraging on its expertise in travel, dining and leisure, the team will also produce more user-friendly mobile applications for users on the go, enhancing brand building and generating greater exposure.

#### **New Monday**

*New Monday* is one of the most popular youth magazines in Hong Kong, targeting youths of both genders aged 15 to 29 who go after hot and trendy lifestyle topics such as entertainment news, online gossips, popular culture, fashion trends, movies, games, latest gadgets and accessories etc.

During the Year, the magazine has repositioned itself to focus more on the latest hot topics and heated discussions from online communities, creating a direct linkage between cyber world and offline readers for boosting circulation and sales. This also further re-enhanced its branding and strengthened its status as a hype magazine for youth groups. The magazine's "Trendy Brand Award" campaign brochure also received an Honors Award at the 2010 Astrid Awards competition.

The *BEE* website targeting young male users had extended the topics to soccer, basketball and online games. Subsequent to such extension of its sensational and entertaining stories in the *New Monday* magazine, another website called "Gytam" (「新Mon怪談」 - <http://gytam.newmonday.com.hk>) was launched in October 2009 for audience who are interested in supernatural topics. A real-time online radio show was also set up to provide an instant and interactive platform for online web and mobile users.

The management will continue to explore and identify new potential market sectors to line up different sales and marketing campaigns, tapping on new opportunities and making sure the magazine is staying ahead in the forefront of all trends and pop culture.

### **Fashion and Beauty**

*Fashion and Beauty* positions distinctively as a practical fashion and beauty guide for style-conscious and trend-loving young female office ladies aged between 20 and 35. The number of *Fashion and Beauty* club members had increased significantly and the magazine's online voting campaigns had recorded impressively high hit rates.

The *Fashion and Beauty* website, launched earlier in the year, was expanded to offer even more online activities on its beauty blogs and forums in order to strengthen its branding as a tailor-made OL online social network to attract more female users. Famous fashion, styling, make-up and astrology experts were invited to start their own blogs and users are encouraged to submit postings. On a more personal level, the website also provides special columns and discussion platforms for topics that cater to the needs of spiritual wellness. These include self-help articles, personality tests and analysis, articles on therapeutic treatments and stress disorders, etc.

The magazine is also popular among OL readers who particularly fancy the on-pack sampling gift items and branded premiums which included beauty products, mirror, cosmetic bag, and other accessories.

### **Economic Digest**

*Economic Digest* is a professional and authoritative finance and investment guide with a long-standing history in the market since 1981. Targeting affluent, young and well-educated investors and entrepreneurs in town, the magazine provides up-to-date market outlooks, tips and analysis from prominent investment and finance experts.

Following the launch of its electronic marketing campaign, the magazine has commenced a weekly eNewsletter service 《經濟一週》 每週財經快遞 which allows subscribers to get updated investment tips every Monday after the opening of the stock market.

In addition to organising seminars and discussion forums on a regular basis, the magazine's marketing team also involved in a campaign with one of the largest global banking corporations in Hong Kong for supporting small businesses and enterprises in the local market. The events had enhanced the magazine's image and its relationship with the finance sector. Meanwhile, the team hopes to bring its strong presence across the border. It has been working with some business organisations in the Mainland in preparing marketing campaigns and events.

### **Books Publishing**

The Group publishes books on hot topics based on market demands, such as travel and dining guide series, market analysis and investment guides, comics, reference and self-help books. During the Year, a total of 34 new titles were published and sold in Hong Kong through various retail points.

Although the unstable economy has inevitably affected the travel industry, the travel guides published by the division were in high market demand and remained one of the all-time favourites. Following the sales of the latest series of travel guides, the accumulative circulation had reached 200,000 by the end of 2009.

The division had also tried to diversify its business and explore new opportunities to boost revenue. Riding on the overwhelming popularity of the trendy merchandises sold at the Hong Kong Book Fair, the team again worked with celebrity and trend icons to design special crossover products, such as a postcard series that carry inspirational messages, to expand its customer base. A new creatively packaged travel guide series -“Travel Pilot”, co-produced with famous icon designers, were also launched and received very positive responses especially among young female readers. And following the success of its first electronic travel book published in Hong Kong – “Bangkok Dining Bible”, the division had since published more titles in the e-book format to keep pace with market trends and demands.

### **Outlook**

Although the consumer market has been recovering gradually but slowly during the Year, the overall economy is still expected to be unstable. The publishing industry has also been evolving rapidly and all aspects of the business are changing and need to adjust. It will undoubtedly transform into an even more diversified and multi-channelled platform in the coming year.



The Group will continue to consolidate its strengths and presence in the weeklies market, while deploying its resources tactfully to create more synergies between the world of traditional publication and the new age of online and social media. An independent Online team has already been set up and started operating during the Year. Opportunities for more crossovers between the offline and online worlds will be explored and put into the best and most creative uses. Although the Group is still a beginner in the new game at the present stage, it is more than ready to move beyond conventions to create greater dynamics with the new delivery methods in the world of online, mobile and other electronic media to reach more audience and make greater impacts.

## **OTHER ANALYSIS**

### **Capital Structure, Liquidity and Financial Resources**

There is no change in the capital structure of the Company for the Year.

The Group financed its operations by shareholders' equity and cash generated from operations.

As at 30th June, 2010, the Group had no bank and other borrowing (2009: Nil).

As at 30th June, 2010, the Group's gearing ratio was Nil (2009: Nil) (calculated based on the basis of total bank and other borrowings over total assets).

The Group had limited exposure to fluctuation in exchange rates.

### **Employee and Share Option Scheme**

As at 30th June, 2010, the Group has 576 employees (2009: 565). Total staff costs (including Directors' remuneration) were approximately HK\$169.0 million (2009: HK\$199.4 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contributions to retirement benefit scheme, medical insurance and other fringe benefit.

To provide incentives or rewards to the staff and Directors, the Company adopted a share option scheme on 18th January, 2008. No option was granted by the Company under such share option scheme since its adoption and up to 30th June, 2010.

On 18th January, 2008, a total of 7,500,000 share options were granted to two executive Directors of the Company at an exercise price of HK\$0.68 per share under the terms of the Pre-IPO Share Option Scheme adopted by a resolution in writing passed by the sole shareholder on 18th January, 2008. No share options were exercised since 18th January, 2008 and up to 30th June, 2010 and accordingly the outstanding share options as at 30th June, 2010 were 7,500,000 share options.

### **Charge on Assets**

None of the Group's assets were pledged as at 30th June, 2009 and 30th June, 2010.

## Contingent Liabilities

Certain subsidiaries of the Group were involved in legal proceedings or claims against them in the ordinary course of their business activities during the Year/Period. In the opinion of the Directors of the Company, resolution of such litigation and claims will not have a material adverse effect on the Group's financial position and no further provision for any potential liability in the consolidated statement of financial position is considered necessary.

At the end of the reporting period, the Company did not have significant contingent liabilities.

## Use of IPO proceeds from listing

The net proceeds from the Company's initial public offering amounted to approximately HK\$88.55 million. These net proceeds were partially applied during the period from the listing date up to the date of this announcement and such application is consistent with the proposed usage of the net proceeds set forth in the prospectus of the Company dated 29th January, 2008 as follows:

### Planned usage

	<b>Planned Amount</b> <i>HK\$'million</i>	<b>Up to 15th September, 2010</b> <i>HK\$'million</i>
Enhancement and enrichment of the contents of the magazines	<b>37.28</b>	13.80
Promotion and marketing of magazines to readers and advertisers	<b>20.98</b>	15.65
Strengthening the contents of the Group's existing website	<b>8.74</b>	8.74
Upgrading of the Group's existing machineries and equipment thereby improving the efficiency of publication workflow	<b>14.15</b>	14.15
General working capital	<b>7.40</b>	7.40
	<b>88.55</b>	59.74

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of HK\$0.013 (2009: HK\$0.008) per share (“Final Dividend”) for the Year, amounting to HK\$7,800,000 (2009: HK\$4,800,000). The Final Dividend, if being approved at the forthcoming annual general meeting of the Company, will be paid on 17th December, 2010 to shareholders whose names appear on the register of members of the Company on 16th November, 2010.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 17th November, 2010 (Wednesday) to 18th November, 2010 (Thursday) during which period no share transfer will be effected. In order to qualify for the proposed Final Dividend, all relevant share certificates and properly completed transfer forms must be lodged with the Company’s Share Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 16th November, 2010 (Tuesday).

## **CORPORATE GOVERNANCE**

### **Code on Corporate Governance Practices**

During the Year, the Group has complied with all provisions of the Code on Corporate Governance Practice under Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

### **Model Code for Securities Transactions**

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry to all the Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code.

## **REVIEW OF FINAL RESULTS**

The Company’s final results for the Year have been reviewed by the Audit Committee of the Company.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Year.

## **PUBLICATION OF THE AUDITED FINAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.nmg.com.hk>). The annual report will be available on both websites and dispatched to the shareholders of the Company in due course.

By order of the Board  
**New Media Group Holdings Limited**  
**Percy Hughes, Shirley**  
*Chief Executive Officer*

Hong Kong, 28th September, 2010

*As at the date of this announcement, the Board comprised:*

*Executive Directors:*

Ms. Percy Hughes, Shirley (*Chief Executive Officer*)

Mr. Lee Che Keung, Danny

Mr. Wong Chi Fai

Ms. Fan Man Seung, Vanessa

*Independent Non-executive Directors:*

Ms. Hui Wai Man, Shirley

Mr. Tse Hin Lin, Arnold

Ms. Kwan Shin Luen, Susanna