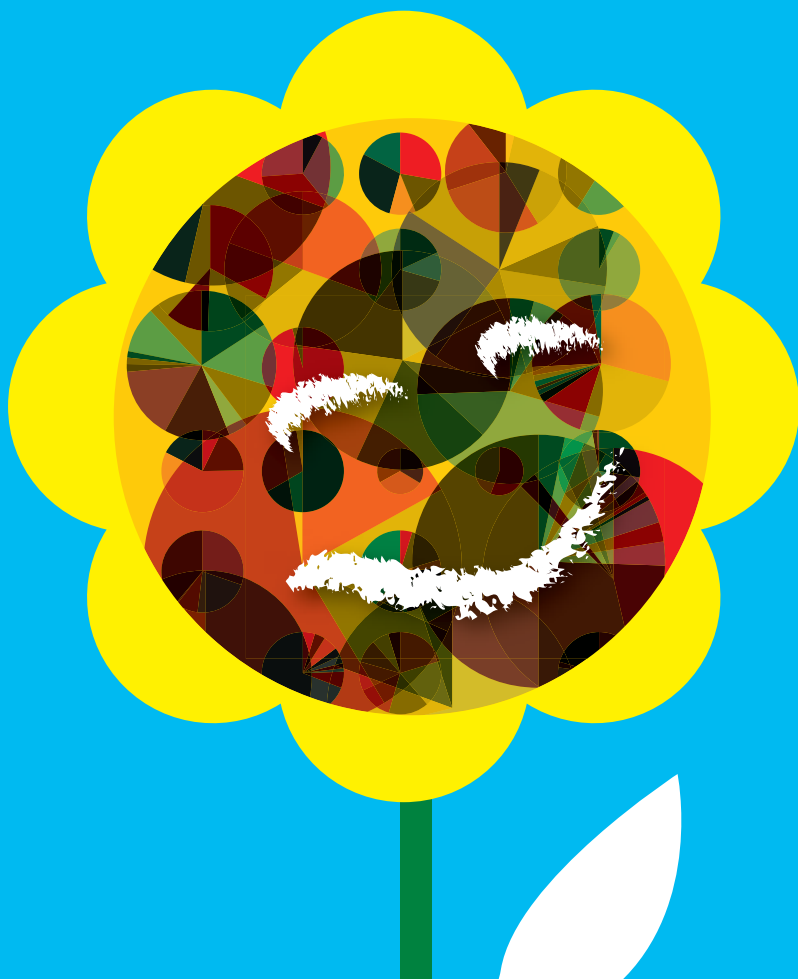


New Media Group Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock code:708)

08/09 Interim Report



Life
is
a
journey
that
we
must
vigorously
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with
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big
smile,

enabling
us
to
deal
with
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opportunities
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Financial Highlights

	Six months ended 30 th September,	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Turnover		
Circulation income	69,865	67,090
Advertising income	170,487	149,735
Provision of magazine content	1,631	2,101
	241,983	218,926
Gross profit	78,831	77,358
Less:		
Share option costs	1,201	–
Impairment loss of intangible assets	2,664	–
Profit for the year attributable to the equity holders of the company	18,903	22,740
Earnings per share – Basic	HK cents 3.15	HK cents 5.05

Management Discussion and Analysis

Overview

New Media Group Holdings Limited (the “Company”) and its subsidiaries (collectively as the “Group”) is one of Hong Kong’s leading magazine groups. It owns and publishes five weekly magazines in Hong Kong, 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 with its own well established status in their respective market, and each having its own distinctive community of loyal readers from various market sectors and age groups.

The Group was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12th February, 2008, marking a milestone for the Group and further enhanced its leadership and position in the local publishing market.

The Group managed to maintain a sound business and financial position, despite the period under review had been competitive. Diversification and streamlining strategies have been put in force since earlier in the period, when the Group’s management foresaw and started to prepare for an unstable business environment in the foreseeable future. These measures were found to be timely and effective, allowing the Group to cautiously manage its resources while sustaining its competitiveness to face the challenges of an increasingly difficult operating environment.

Looking ahead, the Group will continue to prudently allocate its resources to brace itself against coarse economic climates while scattering seeds for new opportunities. It is confident that it can smile valiantly in the face of adversity and be well equipped for the upcoming challenges and opportunities.

Financial Review

During the period ended 30th September, 2008, the Group achieved a turnover of HK\$242.0 million, with an overall increase of HK\$23.1 million, representing a year-on-year 10.6% growth (2007: HK\$218.9 million). Gross profit was HK\$78.8 million (2007: \$77.4 million). Profit for the period, after impairment loss of some intangible assets of HK\$2.7 million (2007: Nil) and share option costs of HK\$1.2 million (2007: Nil), amounted to HK\$18.9 million (2007: HK\$22.7 million).

The Group's main sources of revenue are from advertising sales and circulation. The Group's advertising revenue reached HK\$170.5 million, with an increase of 13.9% compared to HK\$149.7 million in the previous year. Income from circulation of magazines as well as pocket books also rose 4.17% from HK\$67.1 million in 2007 to HK\$69.9 million for the period.

Review of Operations

Oriental Sunday

Already well established as one of the leading titles among local weeklies, *Oriental Sunday* covers a wide range of topics, from the latest entertainment and celebrity news to fashion and lifestyle, as well as shopping, dining and health tips.

With its rich and diversified editorial contents, the magazine has secured a loyal readership base as well as a strong advertising network over the years. The magazine had nevertheless continued to strive for greater market penetration so as to expand its reader groups and client base through content enhancement and quality control. *Oriental Sunday* saw a growing popularity amid fierce competition in the entertainment weeklies market sector.

The audit report of The Hong Kong Audit Bureau of Circulations Limited found that *Oriental Sunday* attained a record high of 183,334 average net circulation per issue during the period between 1st January and 30th June, 2008, with an increase of 13.4%, compared to 161,653 during the previous corresponding period.

Weekend Weekly

According to the Synovate's Media Atlas report, *Weekend Weekly* saw its readership rose to 268,536 during the period 2007 Q3 – 2008 Q2, and continued to enjoy its unrivalled status as the pioneer and most highly read travel and dining guide in the market.

During the period, the magazine received honours at The Asia Publishing Awards 2008 (APA) in Singapore, including the "Most Outstanding Project Award" under the "New Business Models" category (for its "Mobile Dining Search Engine" campaign), and the "Excellence Awards" in the "Content Delivery" category (for its "'07 Joint University Backpacker Contender" campaign) and in the "Multi-media Advertising" category (for its "Tourism Australia" campaign). The APA is one of Asia's leading awards programmes that recognises best publishing practices

in the region. The awards applauded the magazine's innovative and trend-setting capabilities. They also rewarded the team's dedication for better editorial and marketing synergies with their clients offering, creative and alternative promotion and business opportunities.

Weekend Weekly also sees its online platform of high potential for business expansion. As an indisputable complement of the printed version, its website has unlimited horizons for exploration. The website had been enhanced and revamped in September 2008 to gear towards the Web 2.0 era, supporting more interactions, social networking and information sharing functionalities. Continuous and prioritised development in this area is among the Group's business targets.

New Monday

New Monday is considered one of the most popular guides in Hong Kong featuring latest news on pop idols, fashion and trends. It targets brand-conscious youths of both genders with high spending power of 15 to 29 in age.

The magazine has attracted its group of loyal fans. It has an average readership of 258,241 during the period 2007 Q3 – 2008 Q2 as disclosed in the Synovate's Media Atlas report, being the highest among its own category of local youth magazines. Teens and youngsters went after the weekly magazine attracted by its photo albums on popular icons, special-collection items such as stickers, idol cards as well as freebies of latest trends. *New Monday* also has a regular trendsetting supplement called "*Honey*" which provides fashion news, health and beauty tips and serves as a shopping guide for the younger generation.

In response to market trends and demands, the magazine had during the period placed enormous efforts in increasing coverage on Taiwanese pop idols in its supplement "*TOP*", and had also collaborated with the artistes to organise a number of gatherings and fan club functions. These had created talking points among teenage readers and hence had boosted their sense of loyalty to the magazine.

Fashion and Beauty

Fashion and Beauty has a distinctive positioning as a fashion and beauty guide for style-conscious and trend-loving young female readers. The magazine targets office ladies aged between 20 and 35 with a passion for quality life. Its readership

was steady and strong with readership of 107,727 (2007: 99,653) during the period, according to Synovate's Media Atlas report.

During the period under review, the magazine continued to team up with cosmetics and fashion brands on a win-win platform offering information on the latest and most up-to-date fashion products and trends. It has served as a practical guide on functional fashion and beauty tips for office ladies readers. Free product samples and trendy give-away items that come with the magazine are also well received among readers.

Economic Digest

Economic Digest is a professional and authoritative finance and investment guide, providing the most current market information and analysis to affluent and young well-educated investors and entrepreneurs. During the period under review, the magazine celebrated its 27th anniversary and reinstated its long-standing industry status with a revamped layout and a rejuvenated design.

Despite intensive competition, the magazine was highly sought after by loyal readers for the most up-to-date market outlook and tips from prominent investment professionals and finance experts. According to the Synovate's Media Atlas report (2007 Q3 – 2008 Q2), *Economic Digest* recorded an increment of 48.4% in its readership from 122,326 to 181,481 as compared with the previous corresponding period.

Books Publishing

The Group's publishing section aims at maximising the usage of its valuable and popular contents with minimal resources. The Group publishes books on specific topics or titles basing on market demands. During the period under review, a total of 24 new titles were published and sold in Hong Kong through various retail points. A handful of the new titles were specially published in time for the Hong Kong Book Fair and were met with great success, including a Taiwanese idol book called *台星私訪 TOP Bible* which was co-produced with *New Monday*, as well as a non-profit making charitable work called *天使在人間*, co-produced with Emperor Foundation, with young local idols sharing how they overcame difficult times so as to encourage and inspire young people when facing hardships.

Other Development

Since May 2008, the Group has acquired full control of its website operations, with the intention to further diversify and explore business opportunities through its online platform. With effective cost management in practice, the Group had reallocated its resources to set up a core team of online experts in Guangzhou as a supporting base. The team is currently in full gear reviewing and revamping the existing website of individual magazine and preparing for future expansions.

To boost its market presence as well as business diversification, the Group has put efforts into exploring potential growth, bringing synergies to its products and collaboration with different business partners. During the period under review, the Group has partnered with a technology solutions provider and a leading mobile operator and jointly launched in Hong Kong a highly publicised cross-media campaign called “Doodmeco” in September 2008. The campaign introduced an interactive barcode platform that allows readers of the Group’s two magazines, *Weekend Weekly* and *New Monday*, to use their handsets to get enhanced audio and visual content through their mobile network. The campaign is positively received and it embraces much breakthrough and development potentials. The Group is willing to invest resources in bringing innovation and creativity to its readers and advertisers to improve its competitiveness.

Outlook

The Group is fully aware of the increasingly challenging operating environment and overall market. Backed by its well-experienced management and young energetic team members, the Group remains confident of maintaining its competitive edges and healthy financial conditions, with defined measures in tackling market competition and cost controls, while strengthening its leadership and positioning.

Other Analysis

Capital Structure, Liquidity and Financial Resources

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

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

As at 30th September, 2008, the Group had no bank and other borrowings (2007: Nil).

As at 30th September, 2008, the Group's gearing ratio was Nil (2007: 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 September, 2008, the Group had 554 employees (2007: 491). Total staff costs (including remuneration of the directors (the "Directors") of the Company) were approximately HK\$77.2 million (2007: HK\$71.3 million).

To provide incentives or rewards to the staff and the 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 September, 2008.

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 option was exercised since 18th January, 2008 and up to 30th September, 2008 and accordingly the outstanding share options as at 30th September, 2008 were 7,500,000 share options.

Charge on Assets

None of the Group's assets were pledged as at 30th September, 2007 and 30th September, 2008.

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 period. In the opinion of the Directors of the Company, resolution of such litigations 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 balance sheet is considered necessary.

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 report, 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	Planned Amount HK\$' million	Up to 30 th September, 2008 HK\$' million	Up to 30 th November, 2008 HK\$' million
Enhancement and enrichment of the contents of the magazines	37.28	4.60	5.50
Promotion and marketing of magazines to readers and advertisers	20.98	4.10	4.80
Strengthening the contents of the Group's existing websites	8.74	1.50	1.80
Upgrading of the Group's existing machineries and equipment thereby improving the efficiency of publication flow	14.15	6.00	7.50
General working capital	7.40	4.22	4.22
	88.55	20.42	23.82

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the financial year ending 31st March, 2009 (Interim dividend for the year ended 31st March, 2008: Nil).

The Directors of the Company announces the unaudited condensed consolidated results of the Group for the six months ended 30th September, 2008 together with comparative figures for the corresponding period in 2007 as set out below:

Condensed Consolidated Income Statement

		Six months ended 30 th September,	
	<i>Notes</i>	2008 (unaudited) <i>HK\$'000</i>	2007 (unaudited) <i>HK\$'000</i>
Turnover	4	241,983	218,926
Direct operating costs		(163,152)	(141,568)
<hr/>			
Gross profit		78,831	77,358
Other income		1,633	587
Selling and distribution costs		(36,079)	(30,491)
Administrative expenses		(20,180)	(17,707)
<hr/>			
Profit before taxation	5	24,205	29,747
Taxation	6	(5,302)	(7,007)
<hr/>			
Profit for the period		18,903	22,740
<hr/>			
Earnings per share – Basic	7	HK cents 3.15	HK cents 5.05
<hr/>			
Earnings per share – Diluted	7	N/A	N/A
<hr/>			

Condensed Consolidated Balance Sheet

	Notes	As at	
		30 th September, 2008 (unaudited) HK\$'000	31 st March, 2008 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	8	17,024	14,581
Intangible assets	9	954	4,102
Goodwill		695	695
		18,673	19,378
Current assets			
Inventories		8,826	6,543
Trade and other receivables	10	92,956	79,108
Bank balances and cash		118,555	117,022
		220,337	202,673
Current liabilities			
Trade and other payables	11	72,643	71,490
Taxation payable		5,953	934
		78,596	72,424
Net current assets		141,741	130,249
Total assets less current liabilities		160,414	149,627
Non-current liabilities			
Deferred taxation liabilities		1,093	810
Net assets		159,321	148,817
Capital and reserves			
Share capital	12	6,000	6,000
Reserves		153,321	142,817
Total equity		159,321	148,817

Condensed Consolidated Statement of Changes in Equity

	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Special reserve <i>HKS'000</i>	Capital contribution reserve <i>HKS'000</i>	Share options reserve <i>HKS'000</i>	Accumulated losses <i>HKS'000</i>	Total <i>HKS'000</i>
At 1 st April, 2007	800	90,000	–	695	–	(65,757)	25,738
Profit for the period and total recognised income for the period	–	–	–	–	–	22,740	22,740
Deemed capital contribution from former immediate holding company	–	–	–	101	–	–	101
<hr/>							
At 30 th September, 2007	800	90,000	–	796	–	(43,017)	48,579
<hr/>							
At 1 st April, 2008	6,000	90,419	90,700	796	485	(39,583)	148,817
Dividend recognised as distribution	–	–	–	–	–	(9,600)	(9,600)
Profit for the period and total recognised income for the period	–	–	–	–	–	18,903	18,903
Recognition of equity-settled share-based payments	–	–	–	–	1,201	–	1,201
<hr/>							
At 30 th September, 2008	6,000	90,419	90,700	796	1,686	(30,280)	159,321

Condensed Consolidated Cash Flow Statement

Six months ended
30th September,

	2008 (unaudited) <i>HK\$'000</i>	2007 (unaudited) <i>HK\$'000</i>
Net cash from operating activities	16,418	19,031
Net cash used in investing activities	(5,285)	(1,347)
Net cash used in financing activities	(9,600)	(13,009)
<hr/>		
Net increase in cash and cash equivalents	1,533	4,675
Cash and cash equivalents at beginning of the period	117,022	12,091
<hr/>		
Cash and cash equivalents at end of the period	118,555	16,766
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Analysis of balances of cash and cash equivalents		
Bank balance and cash	118,555	16,766
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Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The Company was incorporated in Hong Kong as a limited liability company on 8th October, 2007 under the Hong Kong Companies Ordinance (Cap. 32) and its shares were listed on the Main Board of the Stock Exchange with effect from 12th February, 2008.

Under a group reorganisation scheme (the “Group Reorganisation”) to rationalise the structure of the Group in preparation for the public listing of the Company’s shares on the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 18th January, 2008.

Details of the Group Reorganisation are set out in the paragraph headed “Statutory and General Information – Corporate Reorganisation” in Appendix V to the prospectus dated 29th January, 2008 issued by the Company.

Accordingly, the combined financial statements of the Group for the six months ended 30th September, 2007 have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” as if the group structure under the Group Reorganisation had been in existence throughout such period ended 30th September, 2007.

The unaudited condensed consolidated interim financial statements are prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities (“Listing Rules”) on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2008 apart from the adoption of certain new Hong Kong Financial Reporting Standards, amendments and interpretations (collectively the "New HKFRSs"), issued by the HKICPA that are effective for accounting periods beginning on or after 1st April, 2008.

The adoption of the New HKFRSs had no material effect on how the results for the current or prior periods have been prepared and presented.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 27 (Revised)	Consolidated and separate financial statements ²
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ¹
HKFRS 2 (Amendment)	Vesting conditions and cancellations ¹
HKFRS 3 (Revised)	Business combinations ²
HKFRS 8	Operating segments ¹
HK(IFRIC) – INT 13	Customer loyalty programmes ³

¹ Effective for annual periods beginning on or after 1st January, 2009.

² Effective for annual periods beginning on or after 1st July, 2009.

³ Effective for annual periods beginning on or after 1st July, 2008.

* IFRIC represents the International Financial Reporting Interpretations Committee.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control which will be accounted for as equity transactions.

The Directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group and the Company.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segment

The Group's operation is regarded as a single segment, being engaged in the magazine publishing business.

Geographical segment

All of the Group's assets and liabilities are substantially located in Hong Kong and all of the activities of the Group and geographical market for both periods are substantially based in Hong Kong. Accordingly, no geographical segment information is presented.

4. TURNOVER

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

	Six months ended 30 th September,	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Circulation income	69,865	67,090
Advertising income	170,487	149,735
Provision of magazine content	1,631	2,101
	<hr/>	<hr/>
	241,983	218,926

5. PROFIT BEFORE TAXATION

	Six months ended 30 th September,	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets*	484	484
Impairment loss of intangible assets*	2,664	–
Depreciation	3,565	3,595
Loss on disposal of property, plant and equipment	3	–
and after crediting:		
Gain on disposal of property, plant and equipment	–	46
Interest income	726	118

* Included in direct operating costs

6. TAXATION

	Six months ended 30 th September,	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax	5,019	977
Deferred taxation charge	283	6,030
	5,302	7,007

Hong Kong Profits Tax is calculated at 16.5% (2007:17.5%) of the estimated assessable profit for the period.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period of HK\$18,903,000 (2007: HK\$22,740,000) and the weighted average of 600,000,000 shares (2007: 450,000,000 shares) that would have been in issue throughout the period.

The 450,000,000 shares that were issued prior to the listing of the Company's shares on the Stock Exchange on 12th February, 2008 and pursuant to the Group Reorganisation are treated as if they had been in issue on 1st April, 2007.

No diluted earnings per share has been presented in respect of 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 the period ended 30th September, 2008.

There were no potential dilutive ordinary shares outstanding during the period ended 30th September, 2007.

8. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment during the period are summarised as follows:

	Property, Plant and equipment <i>HK\$ '000</i>
Net book value as at 1 st April, 2008	14,581
Additions	6,036
Disposals	(28)
Depreciation	(3,565)
<hr/>	
Net book value as at 30 th September, 2008	17,024

9. INTANGIBLE ASSETS

The movements of intangible assets during the period are summarised as follows:

	Publishing library, Copyrights in Photographs and articles
	<i>HK\$'000</i>
Net book value as at 1 st April, 2008	4,102
Amortisation for the period	(484)
Impairment loss	(2,664)
<hr/>	
Net book value as at 30 th September, 2008	954

The Group performed impairment review for intangible assets by comparing the difference between the carrying amount and the present value of the estimated future discounted cash flows. An impairment loss of HK\$2,664,000 had been determined and recognised in the consolidated income statement accordingly.

10. TRADE AND OTHER RECEIVABLES

	As at 30th September, 2008 (unaudited) <i>HK\$'000</i>	As at 31st March, 2008 (audited) <i>HK\$'000</i>
Trade receivables from		
– third parties	88,123	72,942
– related companies	211	697
<hr/>		
	88,334	73,639
Prepayment and deposits	4,622	5,469
<hr/>		
	92,956	79,108

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

10. TRADE AND OTHER RECEIVABLES (Continued)

The Group normally grants credit terms of 30 days to 120 days to its customers with reference to the 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 September, 2008 (unaudited) HK\$'000	As at 31st March, 2008 (audited) HK\$'000
Age		
0 – 30 days	73,281	65,320
31 – 90 days	11,937	7,060
91 – 180 days	2,507	1,196
Over 180 days	609	63
	88,334	73,639

11. TRADE AND OTHER PAYABLES

	As at 30th September, 2008 (unaudited) HK\$'000	As at 31st March, 2008 (audited) HK\$'000
Trade payables to		
– third parties	47,549	44,942
– related companies	1,246	1,887
	48,795	46,829
Accrued charges	23,848	24,661
	72,643	71,490

The related companies are companies owned by the Trust, a controlling shareholder of the Company.

11. TRADE AND OTHER PAYABLES (Continued)

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:

	As at 30 th September, 2008 (unaudited) HK\$'000	As at 31 st March, 2008 (audited) HK\$'000
Age		
0 – 90 days	48,417	45,661
91 – 180 days	284	1,002
Over 180 days	94	166
	48,795	46,829

12. SHARE CAPITAL

	Notes	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
Upon incorporation on 8 th October, 2007	(a)	1,000,000	10
Increase in authorised share capital	(b)	9,999,000,000	99,990
At 31 st March, 2008 and 30 th September, 2008		10,000,000,000	100,000
Issued and fully paid:			
Issue of shares at nil-paid on 10 th October, 2007 and credited as fully paid in accordance with the Group Reorganisation	(a) & (c)	1	–
Issue of shares to the sole shareholder in accordance with the Group Reorganisation	(c)	9,999,999	100
Issue of shares by way of capitalisation of share premium account	(d)	440,000,000	4,400
Issue of shares by way of placing and public offer	(e)	150,000,000	1,500
At 31 st March, 2008 and 30 th September, 2008		600,000,000	6,000

12. SHARE CAPITAL (Continued)

The movements in the Company's authorised and issued share capital during the period from 8th October, 2007 (date of incorporation) to 30th September, 2008 are as follows:

- (a) Upon incorporation, the authorised share capital of the Company was HK\$10,000 divided into 1,000,000 ordinary shares of HK\$0.01 each. One share of HK\$0.01 was allotted and issued at nil-paid on 10th October, 2007.
- (b) On 18th January, 2008, the authorised share capital of the Company was increased from HK\$10,000 to HK\$100,000,000 by the creation of an additional 9,999,000,000 ordinary shares of HK\$0.01 each.
- (c) On 18th January, 2008, as part of the Group Reorganisation, the Company (i) issued to Velba Limited ("Velba") an aggregate of 9,999,999 new ordinary shares of HK\$0.01 each credited as fully paid at par, and (ii) credited as fully paid at par for the then existing one share issued at nil-paid on 10th October, 2007 held by Velba as set out in (a) above, in consideration of and in exchange for the acquisition of the entire issued share capital of Merslake Limited held by Top Queen Investments Limited.
- (d) On 11th February, 2008, 440,000,000 new ordinary shares of HK\$0.01 each were allotted and issued as fully paid at par to the sole shareholder of the Company on the register of members of the Company at the close of business on 18th January, 2008, by way of capitalisation of the sum of HK\$4,400,000 standing to the credit of the share premium account of the Company, conditional on the share premium account being credited as a result of the placing and public offer of shares as set out in (e) below. For the purpose of preparing the financial statements, these shares were deemed to have been in issue throughout the year ended 31st March, 2008.
- (e) On 11th February, 2008, 150,000,000 new ordinary shares of HK\$0.01 each were issued by way of placing to professional, institutional and private investors and public offer to the public at a price of HK\$0.68 per share. On 12th February, 2008, the Company's shares were listed on The Main Board of the Stock Exchange.

All the shares which were issued by the Company during the period rank pari passu with each other in all respects.

13. OPERATING LEASE COMMITMENT

The Group as lessee

At the balance sheet date, the Group was committed to make the following future minimum lease payments in respect of related premises under non-cancellable operating leases which fall due as follows:

	As at 30 th September, 2008 (unaudited) HK\$'000	As at 31 st March, 2008 (audited) HK\$'000
Within one year	2,833	2,833
In the second to fifth year inclusive	1,492	2,889
	4,325	5,722

The leases are from two to four years. All leases are on a fixed payment basis.

14. CAPITAL COMMITMENT

	As at 30 th September, 2008 (unaudited) HK\$'000	As at 31 st March, 2008 (audited) HK\$'000
Capital contribution of a wholly-owned PRC subsidiary (Note a)	5,618	–
Share subscription (Note b)	1,500	–
	7,118	–

Notes:

- (a) On 10th September, 2008, a wholly owned subsidiary was incorporated in the People's Republic of China with registered capital of approximately HK\$5,618,000. Pursuant to the articles of the subsidiary, approximately HK\$1,200,000 representing 21% of the registered capital was paid on 24th October, 2008. The remaining approximately HK\$4,418,000 representing 79% of registered capital will be paid on or before 9th September, 2009.
- (b) On 16th September, 2008, the Group entered into a share subscription agreement. Pursuant to the share subscription agreement, the Group agreed to subscribe 20% of the entire enlarged issued and fully paid share capital of a Hong Kong company with a consideration of HK\$1,500,000. The said company was principally engaged in provision of service of the end-to-end 2D barcode solution technology. The share subscription agreement was completed on 10th October, 2008.

15. 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 period. In the opinion of the Directors of the Company, resolution of such litigations and claims will not have a material adverse effect on the Group's financial position and accordingly no provision for any potential liability in the consolidated balance sheet is considered necessary.

At 30th September, 2008, the Company did not have significant contingent liabilities.

16. RELATED PARTY TRANSACTIONS

(a) During the period, the Group had the following transactions with related companies:

	Six months ended 30 th September,	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Advertising income received	705	818
Advertising expenses paid	33	26
Entertainment expenses paid	18	53
Model fee and make up expenses paid	181	–
Overseas travelling expenses paid	99	37
Photos and shooting income received	–	5
Printing costs paid	2,160	2,467
Rental charges paid	187	–

The related companies are companies owned by the Trust, a controlling shareholder of the Company.

16. RELATED PARTY TRANSACTIONS (Continued)

(b) The key management personnel includes solely the Directors of the Company and the salaries and compensation paid to them are disclosed as follows:

	Six months ended 30th September,	
	2008	2007
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Fees	425	–
Other emoluments		
Salaries and allowance	2,340	1,593
Bonus	576	2,271
Retirement benefits scheme contributions	12	12
Share-based payments	1,201	–
<hr/>		
Total	4,554	3,876

Directors' and Chief Executives' Interests and Short Positions in Securities

As at 30th September, 2008, the interests and short positions of the Directors and chief executives and their associates in the shares, underlying shares and debentures of the Company or its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") of the Listing Rules are as follows:

Long positions in share options of the Company

Name of Director	Capacity	Number of options held	Number of underlying shares
Percy Hughes, Shirley (note)	Beneficial owner	5,000,000	5,000,000
Lee Che Keung, Danny (note)	Beneficial owner	2,500,000	2,500,000

Note: The share options were granted under the Pre-IPO share option scheme of the Company.

Save as disclosed above, as at 30th September, 2008, none of the Directors, chief executives nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations.

Share Options

(a) Share Option Scheme

The Company has adopted a share option scheme (the “Share Option Scheme”) on 18th January, 2008 to provide incentives or rewards to participants including the Directors and eligible employees of the Group.

Under the Scheme, the Directors are authorised, at any time within 10 years after the adoption date, to grant options to any participant to subscribe for shares in the Company at a price not less than the highest of (i) the closing price of the Company’s shares on the date of grant which must be a business day; (ii) the average closing prices of the Company’s shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company’s share. A nominal consideration of HK\$1 is payable on acceptance of the grant of options.

No options were granted by the Company under the Share Option Scheme since its adoption.

(b) Pre-IPO Share Option Scheme

The Company has adopted a Pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) on 18th January, 2008 to recognise and reward the contribution of certain Directors, senior management, employees, consultants and advisers of the Group to the growth and development of the Group and the listing of the shares of the Company on the Stock Exchange.

Interests and Short Positions of Substantial Shareholders

As at 30th September, 2008, so far as is known to any Director or chief executive of the Company, the following persons or corporations (other than a Director or chief executive of the Company) who had interests and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company are as follows:

Long positions in ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity/ Nature of interests	Number of issued ordinary shares interested in or deemed to be interested	Approximate holding
Velba Limited (“Velba”)	Beneficial owner	450,000,000	75%
Top Queen Investments Limited (“Top Queen”) (note)	Interest in a controlled corporation	450,000,000	75%
Profit Noble Holdings Limited (“Profit Noble”) (note)	Interest in a controlled corporation	450,000,000	75%
Gain Wealth Investments Limited (“Gain Wealth”) (note)	Interest in a controlled corporation	450,000,000	75%
Perpetual Wealth Investments (PTC) Limited (formerly Perpetual Wealth Investments Limited) (“Perpetual Wealth”) (note)	Trustee	450,000,000	75%
GZ Trust Corporation (“GZ Trust”) (note)	Trustee	450,000,000	75%
Dr. Yeung Sau Shing, Albert (“Dr. Albert Yeung”) (note)	Founder of the Trust	450,000,000	75%
Ms. Luk Siu Man, Semon (note)	Interest of spouse	450,000,000	75%

Note: The shares were held by Velba. The entire issue share capital of Velba is held by Top Queen. Top Queen is wholly-owned by Profit Noble, which in turn, is wholly-owned by Gain Wealth. By virtue of their corporate interest in Velba, each of Top Queen, Profit Noble and Gain Wealth is deemed to be interested in the shares held by Velba by virtue of the SFO.

The entire issued share capital of Gain Wealth is held by Perpetual Wealth on trust for the A&S Unit Trust. Perpetual Wealth is deemed to be interested in the shares held by Velba by virtue of the SFO.

The A&S Unit Trust is a unit trust under the Trust, GZ Trust is the trustee of the Trust. GZ Trust is deemed to be interested in the shares held by Velba by virtue of the SFO.

Dr. Albert Yeung, founder of the Trust, is deemed to be interested in the shares held by Velba by virtue of the SFO.

Ms. Luk Siu Man, Semon, spouse of Dr. Albert Yeung, is deemed to be interested in the shares held by Velba by virtue of the SFO.

Save as disclosed above, as at 30th September, 2008, the Directors or chief executives of the Company were not aware of any person or corporation (other than the Directors and chief executives of the Company) who had any interests or short positions in shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

During the period, the Group has complied with all provisions of the Code on Corporate Governance Practice under Appendix 14 of the Listing Rules.

Model Code for Securities Transactions

The Company had adopted the Model Code of the Listing Rules. 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 Interim Report

The unaudited interim financial statements as set out in this interim report had not been audited nor reviewed by the Company's auditor, Deloitte Touche Tohmatsu, but the report had been reviewed by the audit committee of the Company which comprises the three Independent Non-executive Directors 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 period.

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

Hong Kong, 11th December, 2008

As at the date of this report, the Board of the Company comprises:

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