

# New Media Group Holdings Limited

(Incorporated in Hong Kong with limited liability)  
(Stock code: 708)

# 08/09 2nd Interim Report





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# Financial Highlights

FOR THE TWELVE MONTHS PERIOD ENDED 31ST MARCH

	<b>2009</b> <b>(unaudited)</b> <b>HK\$'000</b>	2008 <b>(audited)</b> <b>HK\$'000</b>
Turnover		
Circulation income	<b>133,110</b>	140,108
Advertising income	<b>314,203</b>	308,468
Provision of magazine content	<b>4,134</b>	3,797
	<b>451,447</b>	452,373
Gross profit	<b>152,725</b>	148,674
Less:		
Share option costs	<b>2,079</b>	485
Impairment loss of intangible assets	<b>3,491</b>	–
Profit for the period attributable to the equity holders of the company	<b>30,892</b>	31,174
Earnings per share – Basic	<b>HK cents 5.15</b>	HK cents 6.63

# 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 distinguished and well-established status in their respective markets, possessing 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 enhancing its leadership and position in the local publishing market.

Since the second half of 2008, the Group, foreseeing the downturn of the global economy, had implemented measures to ease the negative impacts through streamlining strategies. The Group will continue to streamline its resources such as combining forces of different operational units to provide the best of services to meet clients’ needs. In view of the uncertain economic conditions ahead, the Group, while staying focused and maintaining its leadership, will also seed the future cautiously in land of new opportunities, enabling itself to strive, grow stronger and sturdier in the open fields.

## Financial Review

The Group was able to maintain a leading position in the sales-driven magazine sector and deliver a promising profit for the 12 months ended 31st March, 2009 (the “Period”). During the Period, the Group achieved a turnover of HK\$451.5 million, compared to HK\$452.4 million last year. Gross profit improved by 2.7% to HK\$152.7 million (2008: HK\$148.7 million). Profit for the Period, after impairment loss of some intangible assets of HK\$3.5 million (2008: Nil) amounted to HK\$30.9 million (2008: HK\$31.2 million).

The Group’s main sources of revenue are from advertising sales and circulation. The Group reported a stable advertising revenue of HK\$314.2 million, slightly increased from HK\$308.5 million in the previous year. Income from circulation of magazines as well as pocket books reached HK\$133.1 million (2008: HK\$140.1 million).



# Management Discussion and Analysis (Continued)

## Review of Operations

### **Oriental Sunday**

As one of the leading titles among local weeklies, *Oriental Sunday* covers a wide range of topics, from the latest entertainment news and celebrity gossips to fashion and lifestyle, as well as shopping, dining and health tips. With its rich and diversified editorial content, the magazine has secured a loyal readership base and a strong advertising network over the years.

Although the overall consumer industry had been affected significantly by the global financial crisis and the second half year of the Period had been a tough period for the publication market, the magazine was able to retain its strong position among entertainment magazines. *Oriental Sunday* became the best-selling entertainment magazine in Hong Kong with the highest circulation of its kind in the second half year of 2008. According to The Hong Kong Audit Bureau of Circulations Limited, between the period 1st July and 31st December, 2008, the average net circulation per issue of *Oriental Sunday* was 174,187. Meanwhile, *Oriental Sunday*'s average readership had increased to 426,278 per issue in 2008 Q1-Q4 from 403,613 in 2007 Q1-Q4 (Synovate's Media Atlas report). The high circulation and readership of the magazine proved its popularity among readers and advertisers, thus boosting the advertising, circulation as well as content provision revenue of the Group.

### **Weekend Weekly**

*Weekend Weekly* maintained a steady readership in 2008 Q1-Q4, with an average readership of 247,373 per issue, according to Synovate's Media Atlas report. Riding on its well-established branding in the market, *Weekend Weekly* continues to serve quality readers as an indispensable travel and dining guide on print, while expanding its services rapidly to the online and mobile platforms to capture sales and marketing opportunities.

Targeting young active internet users who are attracted to social networking communities and multi-functional interactive sites, *Weekend Weekly*'s website had undergone significant restructuring and upgrading to provide tailor-made features to cater specifically to the unique lifestyle of the new generation in Hong Kong. These include trendy Web 2.0 elements, blogging, mapping, as well as information and photo-sharing features that leverage on the magazine's expertise in the travel and dining areas.

The magazine also continued to explore and develop new business opportunities in the world of mobile applications, working closely with the technical support teams and responded quickly to market needs. During the Period, *Weekend Weekly* launched a data searching application for iPhone users to access to its 16,000 dining database on their mobile phones, locate the restaurants with GPS function and instantly upload their photos and comments onto the website.

# Management Discussion and Analysis (Continued)

## Review of Operations (Continued)

### Weekend Weekly (Continued)

*Weekend Weekly* jointly launched with *New Monday* a highly publicised cross-media campaign “*Doodmeco*” in September 2008. The service allowed readers to use their handsets to interact with the barcodes printed in the magazines to get enhanced audio and visual content through the mobile network.

“*Doodmeco*” had won a Bronze Award in the prestigious “Hong Kong ICT Award 2008” (香港資訊及通訊科技獎) under the “Best Ubiquitous Networking (Mobile Infotainment Application) Award” (最佳無間斷網絡(流動資訊娛樂)獎) category. Its PSP Travel Robot series was also rewarded a “Certificate of Special Mention” (特別嘉許證書) under the “Best Digital Entertainment Award” (最佳數碼娛樂獎) category in the competition, as a tribute to the magazine’s efforts to make the best use of the latest technologies to bring to its readers an innovative, useful and enjoyable experience with trendy devices and gadgets.

### New Monday

*New Monday* is among the most popular youth magazines in Hong Kong, with an average readership of 255,581 per issue during the period between 2008 Q1-Q4 as disclosed in the Synovate’s Media Atlas report.

The magazine targets the brand-conscious youths of both genders aged 15 to 29 with high spending power. To best fit their rapid-changing lifestyle and tastes, the magazine had successfully blended into their channels of communication and provide them with infotainment updates on popular culture. Serving as a trendsetter for the readers, *New Monday* has fine-tuned its positioning from heavily-focused on pop idols and fashion to tipping balance more in favour of youth entertainment news and trends. Since March 2009, the magazine has focused more on hot entertainment and trendy lifestyle topics such as entertainment news and gossips, popular culture, fashion, movies, games, as well as the latest gadgets and accessories.

During the past six months, the magazine has also put great efforts in further enhancing its presence and brand-name in the online community. The *New Monday* website, which has been revamped to 2.0 version, contains daily updated news on entertainment stars, voting corners and discussion groups. A new website called “*BEE*” was launched in late November 2008, dedicated to young male users with trendy fashion news and discussion of the talking points in town. Backed by effective marketing and networking activities, the popularity of “*BEE*” has been climbing with an accumulative page view of over 500,000 per month.



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# Management Discussion and Analysis (Continued)

## Review of Operations (Continued)

### Fashion and Beauty

*Fashion and Beauty* has a distinctive positioning as a fashion and beauty guide, serving the market of style-conscious and trend-loving young female readers, especially office ladies aged between 20 and 35 with a passion for quality life. Its readership has continued to be steady and strong, with an average of 105,071 per issue during 2008 Q1-Q4, according to Synovate's Media Atlas report.

The magazine launched its website in January 2009. It features blogs and forums by beauty experts, fashion designers as well as hair and make-up artists, creating an interactive OL community for sharing tips on fashion style and makeup trends.

### Economic Digest

*Economic Digest* is a professional and authoritative finance and investment guide with over 20 years in Hong Kong, and is highly sought after by loyal readers looking for the most up-to-date market outlooks and tips from prominent investment and finance experts. According to the Synovate's Media Atlas report for the period between 2008 Q1-Q4, *Economic Digest* recorded an average readership of 147,714 per issue. It is focused and detailed in providing the most current market information and analysis to affluent, young well-educated investors and entrepreneurs.

The magazine has recently launched an electronic direct marketing campaign as part of the Group's business diversification strategy to provide up-to-date financial data and summary analysis in the format of online mailing. It aims at broadening the magazine's readership base and creating additional value for its content.

### Books Publishing

The Group publishes books on hot topics and titles based on market demands, such as travel and dining guide series and self-help books. During the Period, a total of 48 new titles were published and sold in Hong Kong through various retail points.



# Management Discussion and Analysis (Continued)

## Outlook

While the Group's magazines are all growing healthily and sturdily in the weeklies market, the Group has cautiously and continuously studied diversification opportunities to enable the highest possible leverage on its business. With the existing manpower, the Group has formed a core multimedia development team dedicated to exploring new ideas and developments in the online and mobile environments.

Facing a weakened consumer market with an unpredictable global economy, the Group is well-prepared and confident to maintain its operation efficiencies and to sustain its healthy financial conditions and market presence and enhance its returns for shareholders.

## 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 31st March, 2009, the Group had no bank and other borrowing (2008: Nil).

As at 31st March, 2009, the Group's gearing ratio was Nil (2008: 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 31st March, 2009, the Group has 564 employees (2008: 499). Total staff costs (including remuneration of the directors (the "Directors") of the Company) were approximately HK\$153 million (2008: HK\$143 million).

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 31st March, 2009.



# Management Discussion and Analysis (Continued)

## Other Analysis (Continued)

### Employee and Share Option Scheme (Continued)

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 31st March, 2009 and accordingly the outstanding share options as at 31st March, 2009 were 7,500,000 share options.

### Charge on Assets

None of the Group's assets were pledged as at 31st March, 2008 and 31st March, 2009.

### 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 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 balance sheet is considered necessary.

## Interim Dividend

The board of directors (the "Board") of the Company is pleased to declare an interim dividend of HK\$0.012 per share (2008: HK\$0.016 per share as final dividend) for the period ended 31st March, 2009, amounting to HK\$7,200,000 (2008: HK\$9,600,000).

## Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 24th June, 2009 to Friday, 26th June, 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim 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, Wanchai, Hong Kong before 4:30 p.m. of Tuesday, 23rd June, 2009. Dividend warrants will be despatched on 2nd July, 2009.

The Board announces the unaudited condensed consolidated second interim results of the Group for the twelve months ended 31st March, 2009 together with comparative figures for the corresponding period in 2008. This second interim report is prepared due to the change of financial year end date from 31st March to 30th June, details of which were set out in the announcement of the Company dated 23rd February, 2009.

## Condensed Consolidated Income Statement

	Notes	Twelve months period ended 31st March,	
		2009 (unaudited) HK\$'000	2008 (audited) HK\$'000
Turnover	4	451,447	452,373
Direct operating costs		(298,722)	(303,699)
Gross profit		152,725	148,674
Other income		2,862	1,529
Selling and distribution costs		(68,985)	(62,893)
Administrative expenses		(47,651)	(47,677)
Profit before taxation	5	38,951	39,633
Taxation	6	(8,059)	(8,459)
Profit for the Period		30,892	31,174
Earnings per share – Basic	7	HK cents 5.15	HK cents 6.63
Earnings per share – Diluted	7	N/A	N/A



# Condensed Consolidated Balance Sheet

		As at	
	Notes	31st March, 2009 (unaudited) HK\$'000	31st March, 2008 (audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	16,010	14,581
Intangible assets	9	–	4,102
Goodwill		695	695
Available-for-sale investment – unlisted		1,500	–
		<b>18,205</b>	<b>19,378</b>
<b>Current assets</b>			
Inventories		5,374	6,543
Trade and other receivables	10	68,015	79,108
Bank balances and cash		140,935	117,022
		<b>214,324</b>	<b>202,673</b>
<b>Current liabilities</b>			
Trade and other payables	11	56,908	71,490
Taxation payable		2,730	934
		<b>59,638</b>	<b>72,424</b>
<b>Net current assets</b>		<b>154,686</b>	<b>130,249</b>
<b>Total assets less current liabilities</b>		<b>172,891</b>	<b>149,627</b>
<b>Non-current liabilities</b>			
Deferred taxation liabilities		703	810
<b>Net assets</b>		<b>172,188</b>	<b>148,817</b>
<b>Capital and reserves</b>			
Share capital	12	6,000	6,000
Reserves		166,188	142,817
<b>Total equity</b>		<b>172,188</b>	<b>148,817</b>

# Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium	Special reserve	Capital contribution reserve	Share options reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2007	800	90,000	-	695	-	(65,757)	25,738
Profit for the period and total recognised income for the period	-	-	-	-	-	31,174	31,174
Deemed capital contribution from former immediate holding company	-	-	-	101	-	-	101
Dividends paid by subsidiaries to their then shareholders prior to the Group Reorganisation	-	-	-	-	-	(5,000)	(5,000)
Issued of shares by the Company at nil-paid and credited as fully paid on the Group Reorganisation	100	-	-	-	-	-	100
Elimination on the Group Reorganisation	(800)	(90,000)	90,700	-	-	-	(100)
Issue of shares by way of placing an public Offer	1,500	100,500	-	-	-	-	102,000
Expenses incurred in connection with the issue of new shares of the Company	-	(5,681)	-	-	-	-	(5,681)
Capitalisation issue	4,400	(4,400)	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	485	-	485
<b>At 31st March, 2008 and 1st April, 2008</b>	<b>6,000</b>	<b>90,419</b>	<b>90,700</b>	<b>796</b>	<b>485</b>	<b>(39,583)</b>	<b>148,817</b>
Dividend recognised as distribution	-	-	-	-	-	(9,600)	(9,600)
Profit for the period and total recognised income for the period	-	-	-	-	-	30,892	30,892
Recognition of equity-settled share-based payments	-	-	-	-	2,079	-	2,079
<b>At 31st March, 2009</b>	<b>6,000</b>	<b>90,419</b>	<b>90,700</b>	<b>796</b>	<b>2,564</b>	<b>(18,291)</b>	<b>172,188</b>



# Condensed Consolidated Cash Flow Statements

	Twelve months period ended 31st March,	
	2009 (unaudited) HK\$'000	2008 (audited) HK\$'000
Net cash from operating activities	42,223	33,286
Net cash used in investing activities	(8,710)	(3,251)
Net cash used in financing activities	(9,600)	74,896
Net increase in cash and cash equivalents	23,913	104,931
Cash and cash equivalents at beginning of the Period	117,022	12,091
Cash and cash equivalents at end of the Period	140,935	117,022
Analysis of balances of cash and cash equivalents		
Bank balance and cash	140,935	117,022

# Notes to the Condensed Consolidated Financial Statements

## I. 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 have been 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 twelve months period ended 31st March, 2008 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 31st March, 2008.

The unaudited condensed consolidated second 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.



# Notes to the Condensed Consolidated Financial Statements (Continued)

## 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 period 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 <sup>1</sup>
HKAS 23 (Revised)	Borrowing costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and separate financial statements <sup>2</sup>
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation <sup>1</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>2</sup>
HKFRSs Amendments	Improvements to HKFRS <sup>1</sup>
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a Subsidiary, Jointly Controlled Entity of associates <sup>1</sup>
HKFRS 2 (Amendment)	Vesting conditions and cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business combinations <sup>2</sup>
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments <sup>1</sup>
HKFRS 8	Operating segments <sup>1</sup>
HK(IFRIC) – INT 13	Customer loyalty programmes <sup>3</sup>
HK(IFRIC)-Int 9 & HKAS 39 (Amendment)	Embedded Derivatives <sup>4</sup>
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate <sup>1</sup>
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners <sup>2</sup>
HK(IFRIC)-Int 18	Transfer of Assets from Customers <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1st July, 2009.

<sup>3</sup> Effective for annual periods beginning on or after 1st July, 2008.

<sup>4</sup> Effective for annual periods beginning on or after 1st June, 2009.

<sup>5</sup> Effective for transfer on or after 1st July, 2009.

\* IFRIC represents the International Financial Reporting Interpretations Committee.



# Notes to the Condensed Consolidated Financial Statements (Continued)

## 2. **PRINCIPAL ACCOUNTING POLICIES** (Continued)

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 follow:

	<b>Twelve months period ended 31st March,</b>	
	<b>2009 (unaudited) HK\$'000</b>	<b>2008 (audited) HK\$'000</b>
Circulation income	133,110	140,108
Advertising income	314,203	308,468
Provision of magazine content	4,134	3,797
	<b>451,447</b>	<b>452,373</b>



# Notes to the Condensed Consolidated Financial Statements (Continued)

## 5. PROFIT BEFORE TAXATION

	Twelve months period ended 31st March,	
	2009 (unaudited) HK\$'000	2008 (audited) HK\$'000
<i>Profit before taxation has been arrived at after charging:</i>		
Amortisation of intangible assets *	611	968
Impairment loss of intangible assets *	3,491	–
Depreciation	7,256	6,638
Loss on disposal of property, plant and equipment	4	629
<i>and after crediting:</i>		
Interest income	1,479	542

\* Included in direct operating costs

## 6. TAXATION

	Twelve months period ended 31st March,	
	2009 (unaudited) HK\$'000	2008 (audited) HK\$'000
<i>The charge comprises:</i>		
Current tax		
Hong Kong Profits Tax	8,166	1,627
Deferred taxation (credit)/charge	(107)	6,832
	<b>8,059</b>	<b>8,459</b>

Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profits for the Period.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the Period of HK\$30,892,000 (2008: HK\$31,174,000) and the weighted average of 600,000,000 shares (2008: 470,491,803 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 both periods ended 31st March, 2008 and 2009.

## 8. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment during the Period were summarised as follows:

	<b>Property, Plant and equipment</b> <i>HK\$'000</i>
Net book value as at 1st April, 2008	14,581
Additions	8,714
Disposals	(29)
Depreciation	(7,256)
<hr/>	
Net book value as at 31st March, 2009	16,010

## 9. INTANGIBLE ASSETS

The movements of intangible assets during the Period were summarised as follows:

	<b>Publishing library, Copyrights in Photographs and articles</b> <i>HK\$'000</i>
Net book value as at 1st April, 2008	4,102
Amortisation for the Period	(611)
Impairment loss	(3,491)
<hr/>	
Net book value as at 31st March, 2009	0

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\$3,491,000 had been determined and recognised in the consolidated income statement accordingly.



# Notes to the Condensed Consolidated Financial Statements (Continued)

## 10. TRADE AND OTHER RECEIVABLES

	As at 31st March, 2009 (unaudited) HK\$'000	As at 31st March, 2008 (audited) HK\$'000
Trade receivables from		
– third parties	62,868	72,942
– related companies	279	697
	<b>63,147</b>	73,639
Prepayment and deposits	4,868	5,469
	<b>68,015</b>	79,108

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

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 limited 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:

Age	As at 31st March, 2009 (unaudited) HK\$'000	As at 31st March, 2008 (audited) HK\$'000
0 – 30 days	55,967	65,320
31 – 90 days	5,146	7,060
91 – 180 days	1,897	1,196
Over 180 days	137	63
	<b>63,147</b>	73,639

# Notes to the Condensed Consolidated Financial Statements (Continued)

## II. TRADE AND OTHER PAYABLES

	<b>As at 31st March, 2009 (unaudited) HK\$'000</b>	As at 31st March, 2008 (audited) HK\$'000
Trade payables to		
– third parties	29,870	44,942
– related companies	1,016	1,887
	<b>30,886</b>	46,829
Accrued charges	26,022	24,661
	<b>56,908</b>	71,490

The related companies are companies ultimately owned by a 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 31st March, 2009 (unaudited) HK\$'000</b>	As at 31st March, 2008 (audited) HK\$'000
Age		
0 – 90 days	30,521	45,661
91 – 180 days	342	1,002
Over 180 days	23	166
	<b>30,886</b>	46,829



# Notes to the Condensed Consolidated Financial Statements (Continued)

## 12. SHARE CAPITAL

	Notes	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
Upon incorporation on 8th October, 2007	(a)	1,000,000	10
Increase in authorised share capital	(b)	9,999,000,000	99,990
At 31st March, 2008 and 31st March, 2009		10,000,000,000	100,000
Issued and fully paid:			
Issue of shares at nil-paid on			
10th 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 31st March, 2008 and 31st March, 2009		600,000,000	6,000

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 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 31st March, 2009 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 ("Merslake") 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 share 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.



# Notes to the Condensed Consolidated Financial Statements (Continued)

## 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 31st March, 2009 (unaudited) HK\$'000	As at 31st March, 2008 (audited) HK\$'000
Within one year	3,458	2,833
In the second to fifth year inclusive	195	2,889
	<b>3,653</b>	<b>5,722</b>

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

## 14. CAPITAL COMMITMENT

	As at 31st March, 2009 (unaudited) HK\$'000	As at 31st March, 2008 (audited) HK\$'000
Capital contribution of a wholly-owned PRC subsidiary (Note a)	4,418	—

Note:

- (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.

## 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 litigation 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 31st March, 2009, the Company did not have significant contingent liabilities.



# Notes to the Condensed Consolidated Financial Statements (Continued)

## 16. RELATED PARTY TRANSACTIONS

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

	Twelve months period ended 31st March,	
	2009 (unaudited) HK\$'000	2008 (audited) HK\$'000
Advertising income received	1,590	2,158
Photos and shooting income received	78	4
Sundry income	43	98
Advertising expenses paid	63	136
Entertainment expenses paid	25	47
Overseas travelling expenses paid	192	125
Printing costs paid	4,357	5,400
Rental charges paid	195	116
Consultancy fee paid	300	–
Management fee paid	1,335	982
Sundry expenses paid	–	37
Underwriting and placing commission paid	–	571

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

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

	Twelve months period ended 31st March,	
	2009 (unaudited) HK\$'000	2008 (audited) HK\$'000
Fees	850	177
Other emoluments		
Salaries and allowance	4,600	3,510
Bonus	680	4,169
Retirement benefits scheme contributions	24	24
Share-based payments	2,079	485
<b>Total</b>	<b>8,233</b>	<b>8,365</b>



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

As at 31st March, 2009, 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 (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the 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:

## (a) Long positions in share options of the Company

Name of Director	Capacity/ Nature of Interests	Number of options/ underlying shares held	Approximate percentage holding
Percy Hughes, Shirley ( <i>note</i> )	Beneficial owner	5,000,000	0.83%
Lee Che Keung, Danny ( <i>note</i> )	Beneficial owner	2,500,000	0.42%

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

## (b) Long positions in share options in associated corporations

Name of Director	Name of associated corporation	Capacity/ Nature of Interests	Number of Options/ underlying shares held	Approximate percentage holding
Wong Chi Fai ( <i>note</i> )	Emperor International Holdings Limited ("EIHL")	Beneficial Owner	15,000,000	0.84%
Fan Man Seung, Vanessa ( <i>note</i> )	EIHL	Beneficial Owner	15,000,000	0.84%

*Note:* These were share options granted to Directors under the share option scheme of EIHL which is an associated corporation of the Company as defined under the SFO.

Save as disclosed above, as at 31st March, 2009, 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 (within the meaning of Part XV of the SFO).

# 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 Share Option 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.

On 18th January, 2008, a total of 7,500,000 Share Options were granted to two Directors of the Company at an exercise price of HK\$0.68 under the terms of the Pre-IPO Share Option Scheme.

A summary of share options granted by the Company pursuant to the Pre-IPO Share Option Scheme and the share options outstanding at 31st March, 2009 are as follows:

Date of grant	Exercisable Period	Exercise price HK\$	As at	As at
			1st April, 2008	31st March, 2009
18/01/2008	12/02/2009 – 12/02/2013	0.68	7,500,000	7,500,000

## Interests and Short Positions of Substantial Shareholders

As at 31st March, 2009, 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	Percentage of issued share capital
Velba Limited ("Velba")	Beneficial owner	450,000,000	75%
Million Way Holdings Limited ("Million Way") (note)	Interest in a controlled corporation	450,000,000	75%
STC International Limited ("STC International") (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 ("Ms. Semon Luk") (note)	Family	450,000,000	75%

Note: The shares were held by Velba. The entire issued share capital of Velba was held by Million Way which was in turn wholly-owned by STC International, being the trustee of The Albert Yeung Discretionary Trust ("Trust"), a discretionary trust set up by Dr. Albert Yeung. Dr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 450,000,000 shares held by Velba. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the above 450,000,000 shares held by Velba.

Save as disclosed above, as at 31st March, 2009, 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 Company 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 as the rules governing dealings by the Directors in the listed securities of the Company. 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 Second Interim Report

The condensed consolidated second interim financial statements of the Group as set out in this second 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, 27th May, 2009



*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