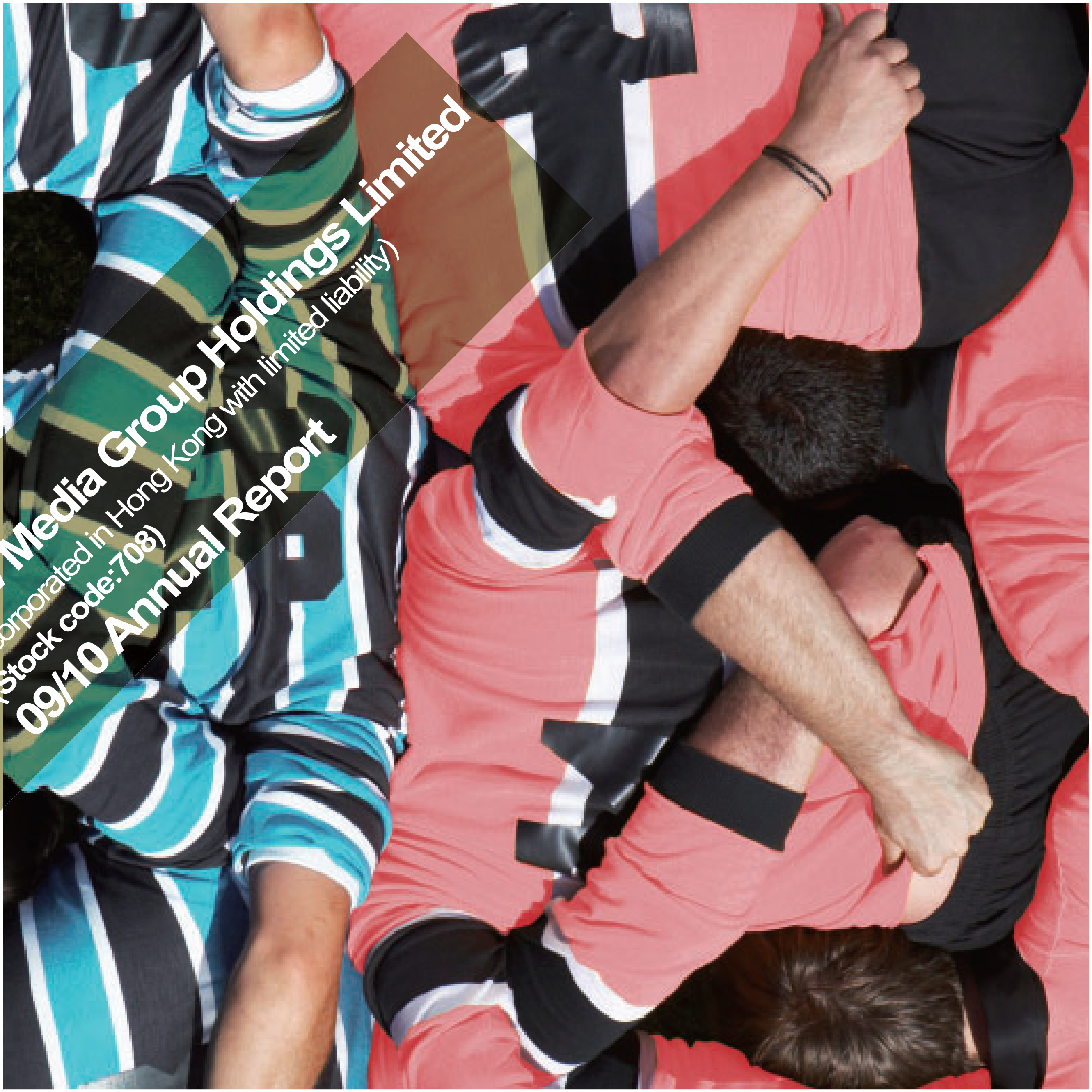

New Media Group Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock code:708)

09/10 Annual Report

One Team, One Spirit,
Same Dream, Same Mission

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

New Media Group Holdings Limited
09/10 Annual Report

Contents

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Corporate Information and Key Dates

Directors
Percy Hughes, Shirley *(Chief Executive Officer)*
Lee Che Keung, Danny
Wong Chi Fai
Fan Man Seung, Vanessa
Hui Wai Man, Shirley*
Tse Hin Lin, Arnold*
Kwan Shin Luen, Susanna*
* *Independent Non-executive Directors*

Company Secretary
Liu Chui Ying

Audit Committee
Hui Wai Man, Shirley *(Chairperson)*
Tse Hin Lin, Arnold
Kwan Shin Luen, Susanna

Remuneration Committee
Wong Chi Fai *(Chairman)*
Tse Hin Lin, Arnold
Kwan Shin Luen, Susanna

Auditor
Deloitte Touche Tohmatsu

Registered office, headquarters and principal place of business
10th Floor, Johnson Building
No.14-16 Lee Chung Street, Chai Wan
Hong Kong

Share Registrar
Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong

Principal Banker
The Hongkong and Shanghai Banking
Corporation Limited

Website
http://www.nmg.com.hk

Stock Code
708

Key Dates
Annual Results Announcement – 28th September, 2010
Closure of Register of Members – 17th November, 2010
to 18th November, 2010 (both days inclusive)
Record Date for the Final Dividend
– 16th November, 2010
Annual General Meeting – 18th November, 2010
Payment of Final Dividend
– 17th December, 2010

Corporate Information and Key Dates

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Management Discussion and Analysis

	Year ended 30th June, 2010 HK$'000 (12 months)	Period ended 30th June, 2009 HK$'000 (15 months)	Period ended 30th June, 2009 HK$'000 (Annualized 12 months)
Turnover			
Circulation income	**123,688**	163,387	130,710
Advertising income	**310,313**	384,319	307,455
Provision of magazine content	**3,761**	5,806	4,645
	437,762	553,512	442,810
Gross profit	**167,186**	192,219	153,775
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	**45,605**	38,762	31,010
Earnings per share – Basic and diluted	**HK cents 7.60**	HK cents 6.46	HK cents 5.17

New Media Group Holdings Limited
09/10 Annual Report

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.

Overview

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 HK7.6 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.

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.

Review of Operations

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

新假期周刊

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.

Review of Operations

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 & Beauty 流行新姿

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.

Review of Operations

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
經濟一週

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.

青蘋 經要文化

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.

Corporate Social Responsibilities

During the financial year, the Group has granted more than 90 free full-page advertising placements in the Group's five magazines to charitable, non-profit-making organizations to fulfill its corporate social responsibility as a publisher. These include the Hong Kong Agency for Volunteer Service, Senior Citizen Home Safety Association, Project ORBIS, Fu Hong Society, Hong Kong Society for the Blind, WWF, as well as the Christina Noble Children's Foundation etc.

The Group also participated in charity events such as a bowling competition organized by Metro Finance and a "HKUYA'S Love Family Day" charity campaign organized by the Hong Kong United Youth Association, which treated underprivileged children to a free one-day "edutainment" tour at the Ocean Park. For the sake of showing support to needy students and low income families, the Group also participated in the scholarship scheme of The Hong Kong Polytechnic University, and donated some computers to the Shatin Hospitals Chaplaincy Ministry Company Limited.

Special reports and write-ups on the St. James' Settlement have also been provided by the editorial team to help promote the organisation's works and efforts. A blood collection session held at the Group's office was organized again with the Hong Kong Red Cross for the second consecutive year, providing its staff with the chance to donate blood and to show their support for the community. To express the continuous support and concern for the environment, the Group also participated in the "Earth Hour" lights off global climate campaign organized by the WWF again this year.

The Group also formed a team to join a charity walk event organised by Emperor Group to benefit the Society for the Promotion of Hospice Care. A few staff also participated in a volunteer tour to Wuhan, Hubei, led by Emperor Group, which aimed to show concern to the solitary elderly in the region. Volunteers including Emperor Entertainment Group artistes, Michelle and Kathy, visited "Hubei Hong Kong Emperor Elderly Care Centre", a hospice care centre for solitary elderly funded by Emperor Foundation, and two other elderly homes in Wuhan. The volunteers carried out some simple restoration works, organized parties and handed out gifts like overcoats, wheelchairs and crutches. The Group's staff also gave great support to the Group's fund raising campaign for Haiti earthquake relief in January 2010.

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.

Biographies of Directors and Senior Executives

Executive Directors

Percy Hughes, Shirley, aged 47, is an Executive Director and the Chief Executive Officer of the Group. She is responsible for the Group's strategic development and overseeing the operations. She has over 28 years' experience in the media and publishing business. Ms. Shirley Hughes joined the Group in November 2002. Prior to joining the Group, Ms. Shirley Hughes had worked for Hong Kong Commercial Broadcasting Company Limited as freelance program presenter and subsequently as program presenter and producer during the period from 1989 to 1994. Afterwards, she was employed as channel manager of Entertainment Channel and then as controller for program development and production under Hong Kong Cable Television Limited during the period from 1994 to 2002.

Lee Che Keung, Danny, aged 48, is an Executive Director of the Group. He has over 29 years' experience in the media business and is responsible for overseeing the sales and marketing function of the Group. Mr. Lee joined the Group in June 1999. Prior to joining the Group, Mr. Lee had worked for Eat and Travel Weekly Company Limited and SCMP Haymarket Publishing Limited as sales director respectively during the period from 1998 to 1999. In addition, Mr. Lee was employed by Ming Pao Newspaper Limited as sales director and Express Management Limited as sales controller during the period from 1988 to 1997.

Wong Chi Fai, aged 54, is also the Chairman of the Remuneration Committee of the Company. He is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He is also a director of Emperor International Holdings Limited (stock code: 163) ("EIHL"), Emperor Entertainment Hotel Limited (stock code: 296) ("EEH") and Emperor Watch & Jewellery Limited (stock code: 887) ("EWJ"). EIHL, EEH and EWJ are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He had been appointed as executive director of Dragonlott Entertainment Group Limited (formerly known as Emperor Entertainment Group Limited) (stock code: 8078) ("DEG"), a company listed on the Growth Enterprise Market of the Stock Exchange, and resigned on 22 January 2010. Having over 20 years of finance and management experience, Mr. Wong has diversified experience in different businesses ranging from media and publication to manufacturing, hotel and hospitality, property investment and development, watch and jewellery retailing as well as artiste management and entertainment production. Mr. Wong has been involved in the management of the Group since June 1999.

Fan Man Seung, Vanessa, aged 47, is a lawyer by profession in Hong Kong and a qualified accountant. She also holds a Master's Degree in Business Administration. She is also a director of EIHL, EEH and EWJ. She had been appointed as executive director of DEG and resigned on 28 June 2010. Having over 20 years of corporate management experience, she possesses diversified experience in different businesses including media and publication, property investment and development, hotel and hospitality, financial and securities operations, watch and jewellery retailing as well as artiste management and entertainment production. Ms. Fan has been involved in the management of the Group since June 1999.

Independent Non-executive Directors

Hui Wai Man, Shirley, aged 43, was appointed as Independent Non-executive Director on 16 January 2008. She is the Chairman of the Audit Committee of the Company. Ms. Hui is a practicing accountant in Hong Kong and she has over 20 years of professional experience in public accounting and corporate finance. She is a fellow of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. She is also a non-executive director and chairlady of Eco-Tek Holdings Limited (stock code: 8169), a company listed on the GEM Board of the Stock Exchange, and an independent non-executive director of Goldin Financial Holdings Limited (stock code: 530), a company listed on the Main Board of the Stock Exchange. Ms. Hui had been appointed as independent non-executive director of Freeman Corporation Limited (stock code: 279) and Mascotte Holdings Limited (stock code: 136), both of which are listed on the Main Board of the Stock Exchange, and resigned on 22nd September, 2010 to 14th June, 2010 respectively.

Tse Hin Lin Arnold, aged 57, was appointed as Independent Non-executive Director on 16 January 2008. He is a member of the Audit Committee and Remuneration Committee of the Company. Mr. Tse holds a Bachelor's Degree in Social Science (Statistics and Geography) and also a Law Degree. He had practiced as a barrister in Hong Kong between 1987 and 1988. He was admitted as a solicitor in 1990 and founded his present firm, ATL Law Offices on 1st July, 2008. Mr. Tse practiced commercial and corporate law, including advising on cross-border acquisitions and commercial transactions.

Kwan Shin Luen, Susanna, aged 43, was appointed as Independent Non-executive Director on 16 January 2008. She is a member of the Audit Committee and Remuneration Committee of the Company. Ms. Kwan graduated from the London School of Economics (London) and has a legal practice focusing on corporate/commercial and corporate finance matters in Hong Kong, including mergers & acquisitions, regulatory compliance, public offerings, private placement of securities and open offers, joint ventures and securities related legislation. She specialised as a corporate finance lawyer and has vast experience in handling matters which include venture capital incubation, pre-flotation funding, main board and second board flotation in Hong Kong, debts and equities, plus regulation and compliance in banking and other regulated industries. Previously, Ms. Kwan headed the corporate finance department of a renowned Hong Kong law firm, where she consolidated her network and exposure in cross border corporate finance and funding deals. As a dedicated speaker, Ms. Kwan delivered many seminars for legal practitioners and business contemporaries in the PRC and Hong Kong. She has held and is still holding key in-house senior counsel position(s) within established and renowned conglomerates, which listing statuses straddle Hong Kong, US and PRC and which business scopes include supply chain, waste-to-energy, retail and insurance services. Ms. Kwan is also a consultant to a Hong Kong law firm.

Directors' Report

The directors of the Company (the "Director" or the "Board") present their report and the audited financial statements of the Company for the year ended 30th June, 2010.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 34 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year are set out in the consolidated statement of comprehensive income on page 60 and note 13 to the consolidated financial statements respectively.

An interim dividend of HK1.2 cents per share amounting to HK$7,200,000 was paid to the shareholders during the year. The Directors recommend the payment of a final dividend of HK1.3 cents per share to the shareholders whose names appear on the register of members on 16th November, 2010, amounting to HK$7,800,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 26 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders was HK$69,192,000 (2009: HK$22,097,000) as at 30th June, 2010.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Percy Hughes, Shirley *(Chief Executive Officer)*
Lee Che Keung, Danny
Wong Chi Fai
Fan Man Seung, Vanessa

Independent Non-executive Directors:

Hui Wai Man, Shirley
Tse Hin Lin, Arnold
Kwan Shin Luen, Susanna

Subject to the service agreements hereinafter mentioned, the term of office of each Director, including the Independent Non-executive Directors, is the period up to his/her retirement by rotation in accordance with the Articles of Association of the Company.

In accordance with Article 83(1) of the Company's Articles of Association, Mr. Wong Chi Fai, Mr. Lee Che Keung, Danny and Mr. Kwan Shin Luen, Susanna will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Each of Ms. Percy Hughes, Shirley ("Ms. Shirley Hughes"), Mr. Lee Che Keung, Danny ("Mr. Danny Lee"), Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, entered into a service agreement with the Company for an initial term of three years commencing from 16th January, 2008, and will continue thereafter until terminated by not less than three months' notice in writing served by either party.

Ms. Shirley Hughes also entered into another service agreement with World Sources (HK) Limited ("World Sources (HK)"), an indirect wholly-owned subsidiary of the Company, in relation to her service as the Chief Executive Officer of the Group in connection with the business of the Group, for a term commencing from 1st January, 2008 until terminated by not less than two months' notice served by either party.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS – continued

Mr. Danny Lee also entered into another service agreement with World Sources (HK), in relation to his service as Executive Director – Sales and Marketing of the Group in connection with the business of the Group for a term commencing from 1st January, 2008 until terminated by not less than two months' notice served by either party.

Each of the Independent Non-executive Directors of the Company has entered into a letter of appointment with the Company for a term of three years commencing from 16th January, 2008, with all the terms being renewed automatically for successive term of one year each commencing from the date next after the expiry of the then current term, unless terminated by not less than three months' notice in writing served by either party.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30th June, 2010, 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 Companies of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") of the issued share capital of the Company were as follows:

(a) Long positions in share options of the Company

Name of Director	Capacity	Number of options held	Number of underlying shares
Ms. Shirley Hughes *(note)*	Beneficial owner	5,000,000	5,000,000
Mr. Danny Lee *(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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES – continued

(b) Long positions in shares/underlying shares of associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of ordinary shares/ underlying shares	Approximate percentage holding
Mr. Wong Chi Fai ("Mr. Wong")	Emperor International Holdings Limited ("EIHL") *(note)*	Beneficial owner	15,000,000	0.51%
	Emperor Entertainment Hotel Limited ("EEH") *(note)*	Beneficial owner	5,000,000	0.39%
Ms. Fan Man Seung, Vanessa ("Ms. Fan")	EIHL *(note)*	Beneficial owner	15,000,000	0.51%
	EEH *(note)*	Beneficial owner	5,000,000	0.39%

Note: These are share options granted to the Mr. Wong and Ms. Fan, being the directors of EIHL and EEH, under the respective share option scheme of EIHL and EEH.

Save as disclosed above, as at 30th June, 2010, 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. Particulars of the Scheme are set out in note 27 to the consolidated financial statements.

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.

Particulars of the Pre-IPO Share Option Scheme and details of movements in the number of Pre-IPO share options are set out in note 27 to the consolidated financial statements.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries and fellow subsidiaries a party to any arrangements to enable any Director or chief executive of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporates.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2010, 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 were 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 holding
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 *(note)* ("Ms. Semon Luk")	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 said shares.

Save as disclosed above, as at 30th June, 2010, 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.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no contract of significance to which the Company, or any of its subsidiaries and fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had the following transactions with connected persons as defined in the Listing Rules:

Name of counterparty	Terms	Amount for the year ended 30th June, 2010 HK$'000
Printing costs paid:		
Hong Kong Daily Offset Printing Company Limited ("HK Daily Offset") *(note 1)*	12th February, 2008 to 30th June, 2010	3,846
Advertising income received:		
EIHL *(note 2)*	12th February, 2008 to 30th June, 2010	45
EEH *(note 3)*	12th February, 2008 to 30th June, 2010	114
Dragonlott Entertainment Group Limited ("DEG") *(note 4)*	12th February, 2008 to 30th June, 2010	13
Gain Wealth Investments Limited ("Gain Wealth") *(note 5)*	12th February, 2008 to 30th June, 2010	564
Emperor Watch & Jewellery (HK) Company Limited *(note 6)*	12th February, 2008 to 30th June, 2010	358
Emperor International Exchange (Hong Kong) Company Limited *(note 7)*	12th February, 2008 to 30th June, 2010	133
		1,227

CONTINUING CONNECTED TRANSACTIONS – continued

Notes:

(1) HK Daily Offset was indirectly wholly-owned by STC International being the trustee of the Trust. The founder of the Trust is Dr. Albert Yeung who is a deemed substantial shareholder of the Company.

(2) EIHL is a listed company as to 70.64% of its shares were held by Charron Holdings Limited ("Charron") as at 30th June, 2010. The entire issued share capital of Charron was indirectly held by STC International being the trustee of the Trust. The founder of the Trust is Dr. Albert Yeung who is a deemed substantial shareholder of the Company.

(3) EEH is a listed company as to 57.5% of its shares were held by Worthly Strong Investment Limited ("Worthly Strong") as at 30th June, 2010. The entire issued share capital of Worthly Strong was indirectly held by STC International being the trustee of the Trust. The founder of the Trust is Dr. Albert Yeung who is a deemed substantial shareholder of the Company.

(4) DEG (formerly known as Emperor Entertainment Group Limited) is a listed company as to more than 30% of its shares were held by Surplus Way Profits Limited ("Surplus Way") up to 27th June, 2010. The entire issued share capital of Surplus Way was indirectly held by STC International being the trustee of the Trust. The founder of the Trust is Dr. Albert Yeung who is a deemed substantial shareholder of the Company.

(5) Gain Wealth was indirectly wholly-owned by STC International being the trustee of the Trust. The founder of the Trust is Dr. Albert Yeung who is a deemed substantial shareholder of the Company.

(6) Emperor Watch & Jewellery (HK) Company Limited was indirectly owned as to 66.85% by the Trust as at 30th June, 2010. The founder of the Trust is Dr. Albert Yeung who is a deemed substantial shareholder of the Company.

(7) Emperor International Exchange (Hong Kong) Company Limited was indirectly wholly-owned by a discretionary trust set up by Mr. Yeung Lik Shing, Michael, a brother of Dr. Albert Yeung who is a deemed substantial shareholder of the Company.

The engagement of using of the printing services under the printing master purchase agreements dated 28th January, 2008 and 31st March, 2010 for a term from 12th February, 2008 to 31st March, 2010 and from 1st April, 2010 to 30th June, 2010 respectively are in the normal ordinary course of business of the Group. The printing charges is to be determined from time to time by the Group and HK Daily Offset after arm's length negotiation with reference to the market price and on such items that are no less favorable than those charged by other independent third parties engaging similar printing services.

CONTINUING CONNECTED TRANSACTIONS – continued

The engagements of sale of advertising space of the magazines published by the Group under the advertising master purchase agreements dated 28th January, 2008 and 31st March, 2010 for a term from 12th February, 2008 to 31st March, 2010 and from 1st April, 2010 to 30th June, 2010 respectively are in the normal ordinary course of business of the Group. The advertising charges by the Group is to be determined from time to time by the parties after arm's length negotiation with reference to the market prices and on such terms that are no more favorable than those charged to other independent third parties engaging similar advertising services.

The above continuing connected transactions are exempt from independent shareholders approval requirements under the Listing Rules and the Company has been granted a waiver by the Stock Exchange on 21st January, 2008 from strict compliance with the announcement requirements under the Listing Rules.

The Directors of the Company considered that (1) the printing services mentioned above would enhance the efficiency of the daily operation of the Group; (2) the magazines published by the Group are ones among the leading magazines in Hong Kong and that the advertising income was in the ordinary course of business of the Group.

The Directors of the Company engaged the auditor of the Company to perform certain agreed upon procedures in respect of continuing connected transactions of the Group. The procedures were performed solely to assist the directors of the Company to evaluate in accordance with Rule 14A.38 of the Listing Rules, whether the continuing connected transactions entered into by the Group for the year:

(a) have received the approval of the Board of Directors of the Company;

(b) have been entered into in accordance with the terms of the relevant agreement governing such transactions;

(c) have not exceeded the relevant cap amount for the year ended 30th June, 2010 as set out in the Company's announcement dated 5th June, 2009; and

(d) have been entered into in accordance with the pricing policies of the Company with reference to similar transactions with independent third parties.

CONTINUING CONNECTED TRANSACTIONS – continued

The Independent Non-executive Directors have reviewed the continuing connected transactions and the report of the auditor and have confirmed that the transactions have been entered into by the Company in the ordinary course of its business, on normal commercial terms, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above, no contracts of significance to which the Company, or any of its holding companies, fellow subsidiaries and subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the five largest customers of the Group accounted for approximately 49.1% of the turnover of the Group. The largest customer of the Group, being the distributor of the magazines published by the Group, accounted for approximately 25.8% of the Group's turnover.

The five largest suppliers contributed to approximately 53.0% of the direct operating costs of the Group during the year. The largest supplier of the Group, being the printer of the magazines published by the Group, accounted for approximately 41.3% of the Group's total direct operating costs. Hong Kong Daily Offset, a company being controlled by the deemed substantial shareholder of the Company, is the fifth largest supplier of the Group, accounted for 1.4% of the Group's total direct operating costs.

Save as disclosed above, none of the Directors of the Company, their associates or any shareholders which, to the knowledge of the Directors of the Company, owns more than 5% of the Company's issued share capital, has a beneficial interest in the share capital of any of the above major customers and suppliers of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of the independence pursuant to Rule 3.13 of the Listing Rules on the Stock Exchange. The Company considers all of the Independent Non-executive Directors are independent.

COMPETING INTERESTS

The spouse of Ms. Percy Hughes, Shirley, an Executive Director and the Chief Executive Officer of the Group, is a director and controlling shareholder of Hugo Joy Limited ("Hugo Joy") which trades as "Cool Factory" in Hong Kong and is principally engaged in public relationship and event marketing, models and talents bookings and casting. The business of Hugo Joy may constitute competition with the business of the Group.

Save as disclosed above, the Directors believe that none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which causes or may cause significant competition with the business of the Group.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float under the Listing Rules from the date of listing to 30th June, 2010.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of the business of the Group were entered or subsisted during the year.

EMOLUMENT POLICY

The emolument policy of the Group to reward its employees and Directors is based on their performance, qualifications, competence displayed, market comparables and the performance of the Group. Remuneration packages and bonus typically comprises salary, housing allowances, contribution to pension schemes and bonus relating to the profit of the Group. Upon and after the listing of the Company's shares, the remuneration package has been extended to include share options granted or to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme adopted by the Company on 18th January, 2008, details of the scheme are set out in note 27 to the financial statements.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Percy Hughes, Shirley
Chief Executive Officer

Hong Kong
28th September, 2010

Corporate Governance Report

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited in February, 2008. The Company has adopted various policies for the purpose to ensure compliance with all provisions of the Code on Corporate Governance Practice (the "Code") under Appendix 14 of the Listing Rules.

THE BOARD

Board composition

The Board is committed to maintaining corporate governance and effective accountability mechanisms in every aspect of its business. Conducting business in a socially responsible and honest manner serves both the Group's and its shareholders' long-term interests.

As at 30th June, 2010, the Board comprised seven Directors (four Executive Directors of which one is the Chief Executive Officer and three Independent Non-executive Directors) who possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The Independent Non-executive Directors will also share their valuable impartial view on matters to be discussed on the Board meetings. The biographies of the Directors are set out on pages 30 and 31 of this report under the "Biographies of Directors and Senior Executives" section.

An induction of their duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group has been provided to all Directors shortly after their acceptance of appointments as Directors of the Company.

Management functions

Currently, the Board has appointed Ms. Percy Hughes, Shirley as the Chief Executive Officer of the Company, who is responsible for the Group's strategic development and overseeing operations, while Ms. Fan Man Seung, Vanessa assumes the corporate responsibilities that are typically taken up by a company's chairman, including but not limited to setting overall business strategy and direction and managing the board of Director of a company. Ms. Fan would also assume the responsibilities imposed on a company's chairman by the Code of the Listing Rules.

The experienced management team implements the decisions from the Board, manages the businesses of the Group within the delegated power and authority given by the Board and proposes management and investment proposals for the Board to approve. The team assumes full accountability to the Board for the operations of the Group.

Securities transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on no less terms than the required standard of dealings set out in Appendix 10 of the Listing Rules prior to the listing of its shares on the Stock Exchange. Having made specific enquiry to all Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings and the code of conduct throughout the year ended 30th June, 2010.

Independent Non-executive Directors

The Independent Non-executive Directors are appointed for a term of three years, with all the terms being renewed automatically for successive terms of one year commencing from the date next after the expiry of the then current terms, unless terminated by not less than three months' notice in writing served by either party. Pursuant to the Articles of Association of the Company, every Director shall be subject to retirement by rotation at least once every three years in order to comply with the requirement of the Code.

The Company has received a confirmation of independence from each of the Independent Non-executive Directors. The Board considers each of them to be independent by reference to the factors stated in the Listing Rules. The Independent Non-executive Directors have been expressly identified as such in all corporate communications of the Company that disclose the names of Directors.

Board Meetings

The Board held four full board meetings during the year with the attendance of each Director as follows:

Name of Committee members	Meetings attended/ No. of meeting held	Attendance rate
Executive Directors		
Percy Hughes, Shirley *(Chief Executive Officer)*	4/4	100%
Lee Che Keung, Danny	4/4	100%
Wong Chi Fai	4/4	100%
Fan Man Seung, Vanessa	3/4	75%
Independent Non-executive Directors		
Hui Wai Man, Shirley	4/4	100%
Tse Hin Lin, Arnold	4/4	100%
Kwan Shin Luen, Susanna	4/4	100%

Board meeting notice was sent to the Directors at least 14 days prior to each regular meeting. The Directors have access to the advice and services of the Company Secretary and key officers of the Company Secretarial team for ensuring that the Board procedures and all applicable rules and regulations are followed. Draft and final versions of the minutes of Board meetings and Board committee meetings, drafted in sufficient details by the secretary of the meetings, were circulated to the Directors for their comment and record respectively. Originals of such minutes, being kept by the Company Secretary, are open for inspection at any reasonable time on reasonable notice by any Directors. There is a procedure agreed by the Board to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the Director will abstain from voting on the relevant Board resolution in which he/she or any of his/her associates have material interest and that he/she shall not be counted in the quorum present at the Board meeting.

Delegation by the Board

To assist the Board in execution of its duties and facilitate effective management, certain functions of the Board have been delegated by the Board to the Audit Committee and Remuneration Committee. The Board set up both of the Audit Committee and Remuneration Committee on 16th January, 2008. The members of the Committees consist mainly of Independent Non-executive Directors. Clear written terms of reference are given to these two Committees and details of these two Committees are set out in the paragraphs "Audit Committee" and "Remuneration Committee" below. The Company has not established any nomination committee.

1. *Audit Committee*

The Audit Committee comprises three Independent Non-executive Directors, namely Ms. Hui Wai Man, Shirley (Chairperson of the Committee), Mr. Tse Hin Lin, Arnold and Ms. Kwan Shin Luen, Susanna. The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditor, to approve the remuneration and terms of engagement of external auditor, review financial information and oversight of the financial reporting system and internal control procedures. The terms of reference of the Audit Committee which were re-adopted on 27th May, 2009 are available in the Company's website: www.nmg.com.hk.

The Audit Committee held four meetings during the year with the attendance of each member as follows:

Name of Committee members	Meetings attended/ No. of meeting held	Attendance rate
Hui Wai Man, Shirley	4/4	100%
Tse Hin Lin, Arnold	4/4	100%
Kwan Shin Luen, Susanna	4/4	100%

A summary of the work performed by the Audit Committee during the year is set out below:

i. Approved the audit plan for the 15-month ended 30th June, 2009, reviewed the external auditor's independence and approved the engagement of external auditor

ii. Reviewed with the management and finance-in-charge the effectiveness of the internal control system of the Group;

iii. Met with the external auditor and reviewed their work and findings relating to the annual audit for the 15-month ended 30th June, 2009 and the effectiveness of audit process;

iv. Reviewed with the management/finance-in-charge and/or the external auditor the accounting principles and practices adopted by the Group, the accuracy and fairness of the financial statements for the 15-month ended 30th June, 2009 as well as the interim financial statements;

v. Annual review of the non-exempt continuing connected transactions of the Group for the 15-month ended 30th June, 2009;

vi. Recommended the Board on the re-appointment of external auditor; and

vii. Approved the audit plan for the year, reviewed the external auditor's independence and approved the engagement of external auditor.

2. *Remuneration Committee*

The Remuneration Committee comprises an Executive Director, Mr. Wong Chi Fai (Chairman of the Committee), and two Independent Non-executive Directors, namely Mr. Tse Hin Lin, Arnold and Ms. Kwan Shin Luen, Susanna. The primary duties of the Remuneration Committee include making recommendation to the Board on the Company's policy and structure for the remuneration of Directors and senior management and determining the specific remuneration package for all Executive Directors. Details of the remuneration of each of the Directors for the year are set out in note 12 to the financial statements. The terms of reference of the Remuneration Committee which were adopted on 16th January, 2008 are available in the Company's website: www.nmg.com.hk.

The Remuneration Committee held one meeting during the year with the attendance of each member as follows:

Name of Committee members	Meetings attended/ No. of meeting held	Attendance rate
Wong Chi Wai	1/1	100%
Tse Hin Lin, Arnold	1/1	100%
Kwan Shin Luen, Susanna	1/1	100%

The work performed by the Remuneration Committee during the year was mainly the review on the remuneration level/ package of non-executive Directors and the making of recommendation to the Board on the remuneration of the non-executive Directors.

The Company has adopted a written remuneration policy recommended by the Remuneration Committee to ensure that there is a clear link to business strategy and a close alignment with shareholders' interest and current best practice, and aims to ensure that the Directors are rewarded fairly for their respective individual contributions to the Group's performance.

No individual should determine his or her own remuneration. The Independent Non-executive Directors are paid fees in line with market practice. The emoluments of the Executive Directors are decided by the Remuneration Committee having regard to the Company's operating results, individual performance and comparable market statistics. Remuneration package includes basic salaries, Director's fee, ad hoc rewards, performance related incentive payment, share-based payments and other benefits. Particulars of the share option scheme of the Company and number of share options granted to the Directors are set out in note 27 to the consolidated financial statements.

Accountability and Audit

The Directors acknowledge that it is their responsibility to prepare the accounts of the Group and other financial disclosures required under the Listing Rules and the management will provide information and explanation to the Board to enable it to make an informed assessment of the financial and other Board decisions.

Internal Control

The internal control system has been designed to safeguard the assets of the Company, maintaining proper accounting records, execution with appropriate authority and compliance of the relevant laws and regulations.

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. They have carried out an annual review of the implemented system and procedures, including areas covered financial, operational and legal compliance controls and risk management functions. The internal control system is implemented to minimize the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board is responsible for the system of internal control and reviewing its effectiveness. For the period under review, the Board considered that the Company's internal control system is adequate and effective and the Company has complied with the code provisions on internal control of the code.

Communication with Shareholders

The Company communicates with the shareholders mainly in the following ways: (i) the holding of annual general meetings which provide an opportunity for the shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and press releases of the Company providing updated information of the Group; and (iii) the availability of latest information of the Group in our website.

There is regular dialogue with institutional shareholders and general presentations are made when financial results are announced. Shareholders and investors are welcome to visit the Company's website and raise enquires through our Investor Relations Department whose contact details are available on the website.

The Chairperson of the annual general meeting and Chairperson/Chairman/members of the Audit Committee and Remuneration Committee were available at the annual general meeting held on 18th November, 2009 to answer questions from the shareholders.

The forthcoming annual general meeting of the Company will be held on 18th November, 2010 which will be conducted by way of poll.

Auditor's Independence and Remuneration

The Audit Committee is mandated to monitor the independence of the external auditor to ensure true objectivity in the financial statement. Members of the Committee are of the view that the Company's auditor, Messrs. Deloitte Touche Tohmatsu is independent and recommended to the Board to re-appoint it as the Company's external auditor at the forthcoming annual general meeting.

During the year, the remuneration paid/payable to the Company's auditor, Messrs. Deloitte Touche Tohmatsu, is set out as follows:

Service rendered	Fees paid/payable HK$'000
Audit services	1,504

Financial Statements

Deloitte.
德勤

To the Members of New Media Group Holdings Limited
新傳媒集團控股有限公司
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of New Media Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 60 to 109, which comprise the consolidated and the Company statement of financial position as at 30th June, 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30th June, 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28th September, 2010

	NOTES	1.7.2009 to 30.6.2010 HK$'000	1.4.2008 to 30.6.2009 HK$'000
Turnover	9	**437,762**	553,512
Direct operating costs		**(270,576)**	(361,293)
Gross profit		**167,186**	192,219
Other income		**2,389**	2,479
Selling and distribution costs		**(66,031)**	(86,044)
Administrative expenses		**(47,471)**	(55,280)
Impairment loss on intangible assets	16	**–**	(3,490)
Impairment loss on available-for-sale investment	17	**–**	(1,500)
Profit before taxation		**56,073**	48,384
Taxation charge	10	**(10,468)**	(9,622)
Profit and total comprehensive income for the year/period	11	**45,605**	38,762
Earnings per share	14		
– Basic and diluted (HK cents)		**7.60**	6.46

	NOTES	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	15	**12,646**	14,606
Intangible assets	16	**–**	–
Available-for-sale investment	17	**–**	–
Goodwill	18	**695**	695
		13,341	15,301
Current assets			
Inventories	20	**5,239**	1,634
Trade and other receivables	21	**98,661**	78,146
Bank balances and cash	23	**179,509**	155,297
		283,409	235,077
Current liabilities			
Trade and other payables	24	**74,220**	65,253
Dividend payable	13	**–**	7,200
Taxation payable		**15,808**	4,761
		90,028	77,214
Net current assets		**193,381**	157,863
Total assets less current liabilities		**206,722**	173,164
Non-current liability			
Deferred taxation liabilities	25	**258**	305
		206,464	172,859

	NOTES	2010 HK$'000	2009 HK$'000
Capital and reserves			
Share capital	26	**6,000**	6,000
Reserves	28	**200,464**	166,859
		206,464	172,859

The consolidated financial statements on pages 60 to 109 were approved and authorised for issue by the Board of Directors on 28th September, 2010 and are signed on its behalf by:

Percy Hughes, Shirley
DIRECTOR

Lee Che Keung, Danny
DIRECTOR

	NOTES	2010 HK$'000	2009 HK$'000
Non-current asset			
Investments in subsidiaries	19	**72,220**	72,220
Current assets			
Amounts due from subsidiaries	22	**173,096**	126,726
Bank balances	23	**70**	7,270
		173,166	133,996
Current liabilities			
Accrued charges		**533**	815
Amount due to a subsidiary	22	**4,557**	5,000
Dividend payable	13	**–**	7,200
		5,090	13,015
Net current assets		**168,076**	120,981
		240,296	193,201
Capital and reserves			
Share capital	26	**6,000**	6,000
Reserves	28	**234,296**	187,201
		240,296	193,201

Percy Hughes, Shirley	**Lee Che Keung, Danny**
DIRECTOR	DIRECTOR

	Share capital HK$'000	Share premium HK$'000 (Note 28(a))	Special reserve HK$'000 (Note 28(b))	Capital contribution reserve HK$'000 (Note 28(c))	Share options reserve HK$'000	Accumulated (losses) profits HK$'000	Total HK$'000
At 1st April, 2008	6,000	90,419	90,700	796	485	(39,583)	148,817
Profit and total comprehensive income for the period	–	–	–	–	–	38,762	38,762
Recognition of equity-settled share-based payments	–	–	–	–	2,080	–	2,080
Final dividend paid for 2008	–	–	–	–	–	(9,600)	(9,600)
Interim dividend declared for 2009	–	–	–	–	–	(7,200)	(7,200)
At 30th June, 2009	6,000	90,419	90,700	796	2,565	(17,621)	172,859
Profit and total comprehensive income for the year	–	–	–	–	–	45,605	45,605
Final dividend paid for 2009	–	–	–	–	–	(4,800)	(4,800)
Interim dividend paid for 2010	–	–	–	–	–	(7,200)	(7,200)
At 30th June, 2010	6,000	90,419	90,700	796	2,565	15,984	206,464

	1.7.2009 to 30.6.2010 HK$'000	1.4.2008 to 30.6.2009 HK$'000
Cash flows from operating activities		
Profit before taxation	**56,073**	48,384
Adjustments for:		
Interest income	**(458)**	(1,598)
Depreciation of property, plant and equipment	**7,195**	9,430
Amortisation of intangible assets	**–**	612
Impairment loss recognised on intangible assets	**–**	3,490
Impairment loss recognised on available-for-sale investment	**–**	1,500
Share-based payments expense	**–**	2,080
(Gain) loss on disposal of property, plant and equipment	**(20)**	2
Allowance for bad and doubtful debts	**381**	2,014
Operating cash flows before movements in working capital	**63,171**	65,914
(Increase) decrease in inventories	**(3,605)**	4,909
Increase in trade and other receivables	**(20,896)**	(1,052)
Increase (decrease) in trade and other payables	**8,967**	(6,237)
Net cash generated from operations	**47,637**	63,534
Hong Kong Profits Tax refunded (paid)	**532**	(6,300)
Net cash from operating activities	**48,169**	57,234
Cash flows from investing activities		
Interest received	**458**	1,598
Proceeds on disposal of property, plant and equipment	**36**	27
Purchase of available-for-sale investment	**–**	(1,500)
Purchase of property, plant and equipment	**(5,251)**	(9,484)
Net cash used in investing activities	**(4,757)**	(9,359)
Net cash used in financing activity		
Dividends paid	**(19,200)**	(9,600)
Net increase in cash and cash equivalents	**24,212**	38,275
Cash and cash equivalents at beginning of the year/period	**155,297**	117,022
Cash and cash equivalents at end of the year/period, representing bank balances and cash	**179,509**	155,297

1. GENERAL

The Company is incorporated in Hong Kong as a limited liability company under the Hong Kong Companies Ordinance (Cap.32) and its shares are listed on The Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The immediate and ultimate holding company of the Company are Velba Limited ("Velba") and Million Way Holdings Limited ("Million Way") respectively, both companies are limited liability companies incorporated in British Virgin Islands (the "BVI"). The entire issued share capital of Velba was held by Million Way which in turn is wholly-owned by STC International, being the trustee of The Albert Yeung Discretionary Trust (the "Trust"), a discretionary trust set up by Dr. Albert Yeung. The address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The financial statements are presented in Hong Kong dollars which is the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 34.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The corresponding comparative amounts shown for the consolidated statement of comprehensive income, consolidated statement of changes in equity 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.

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 standards, amendments and interpretations ("New and Revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("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.

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

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 8 for details).

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

New and revised HKFRSs affecting presentation and disclosure only – continued

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

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

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

New and revised HKFRSs affecting presentation and disclosure only – continued

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 or will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Goodwill

Goodwill arising on acquisition of additional interest of a subsidiary is presented separately in the consolidated statement of financial position.

For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGU"s), or groups of CGUs, that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant CGU, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at deemed cost less any identified impairment loss. The deemed cost represent the carrying amounts of consolidated net assets of the subsidiaries at the date on which they were transferred to the Company at the time of the Group Reorganisation (note 28(a)).

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business and net of discounts and sales related taxes.

Revenue from circulation represents sales of magazines and books, which is recognised when the publication are delivered and title has passed.

Advertising income is recognised upon the publication of the edition in which the advertisement is placed.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition – continued

Revenue from the provision of magazine content is recognised on a straight line basis over the relevant contract period.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and any identified impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

Intangible assets

Intangible assets are initially measured at cost. Intangible assets with finite useful lives are carried at cost less subsequent accumulated amortisation and any identified impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment (other than goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are mainly classified into one of the two categories, including available-for-sale financial assets and loans and receivables. The accounting policies adopted in respect of available-for-sale financial assets and loans and receivables are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

***Financial assets** – continued*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash for the Group and amount due from subsidiaries and bank balances for the Company) are carried at amortised cost using the effective interest method, less any identified impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through the profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Impairment of financial assets *– continued*

For financial assets measured at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market value of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount is reduced by the impairment loss directly with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in reserve.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

***Financial liabilities and equity** – continued*

Financial liabilities

Financial liabilities, including trade and other payables and dividend payable for the Group and amount due to a subsidiary and dividend payable for the Company, are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded on the proceeds received, net of direct issued costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire, or the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received or receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current taxation is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation – continued

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred taxation liabilities are generally recognised for all taxable temporary differences. Deferred taxation assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Retirement benefit costs

Payments to the Group's Mandatory Provident Fund Scheme which is a defined contribution retirement benefit plan are charged as an expense when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated (losses) profits.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Allowance for trade receivables

Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30th June, 2010, the carrying amount of trade receivable is HK$83,528,000 (2009: HK$71,573,000) (net of allowance for doubtful debts of HK$502,000 (2009: HK$447,000)) (note 21).

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table sets out in the financial instruments as at the end of the reporting period:

	THE GROUP		THE COMPANY	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**272,173**	230,275	**173,166**	133,996
Financial liabilities				
Amortised cost	**39,471**	46,928	**4,557**	12,200

(b) Financial risk management objectives and policies

THE GROUP AND THE COMPANY

The Group's major financial instruments include trade and other receivables, bank balances and cash and trade and other payables. The Company's major financial instruments are bank balances and amounts due from (to) subsidiaries. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(c) Foreign currency risk

Foreign currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cashflows. The management considers the Group is not exposed to significant foreign currency risk as majority of its operations and transactions are in Hong Kong and denominated in Hong Kong dollars.

6. FINANCIAL INSTRUMENTS – continued

(d) Credit risk

The Group's and the Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position at the end of the reporting period.

THE GROUP

In order to minimise the credit risk, the management of the Group monitors the level of exposure to ensure that follow-up actions are taken to recover overdue debts. In addition, the management of the Group reviews the recoverability of each trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as the Group's trade receivables as at 30th June, 2010 of approximately HK$48,990,000 (2009: HK$38,018,000) were derived from a few advertising agencies and a sole distributor of the Group, representing the top 5 customers of the Group. They are assessed by the management as high credit rating customers. In order to minimise the credit risk, the directors of the Company continuously monitor the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower exposure or even to recover the overdue debts. The Group has no significant concentration of credit risk for the remaining trade receivables, with exposure spread over a number of counterparties and customers.

The Group has concentration of credit risk on liquid funds which are deposited with several banks. However, the credit risk on liquid funds is limited because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies and with good reputation.

THE COMPANY

The Company has concentration of credit risk on amounts due from subsidiaries. However, the Company's credit risk is limited because the counterparties are subsidiaries with positive operating cash flow position.

The Company has concentration of credit risk on liquid funds which are deposited with several banks. However, the credit risk on liquid funds is limited because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies with good reputation.

6. FINANCIAL INSTRUMENTS – continued

(e) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to a fixed-rate bank deposit of approximately HK$152,939,000 (2009: HK$136,626,000). The Group does not have policy on fair value hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

(f) Liquidity risk management

The board of directors of the Group has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining sufficient bank balances and by continuously monitoring forecast and actual cash flows, and the maturity profiles of financial liabilities.

At the end of the reporting period, all the Group's and the Company's non-derivative financial liabilities are interest-free. The remaining contractual maturities of the Group's non-derivative financial liabilities are repayable within 90 days (2009: repayable within 90 days). The remaining contractual maturities of the Company's non-derivative financial liabilities are on demand (2009: HK$ 5,000,000 – repayable on demand and HK$ 7,200,000 – repayable within 90 days).

(g) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

7. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior period.

The capital structure of the Group consists of equity attributable to owner of the Company, comprising issued share capital and reserves as disclosed in the financial statements. At 30th June, 2010, no external debts are raised by the Group.

The directors of the Company reviews the capital structure on an on-going basis. As a part of this review, the directors consider the cost of capital and the risks associated with each class of capital, payment of dividends, new share issues as well as the raise of new debts.

8. 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.

8. SEGMENT INFORMATION – continued

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 9 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)	
	1.7.2009 to 30.6.2010 HK$'000	1.4.2008 to 30.6.2009 HK$'000	**At 30.6.2010 HK$'000**	At 30.6.2009 HK$'000
Hong Kong	**436,663**	553,512	**12,614**	14,606
PRC	**1,099**	–	**32**	–
	437,762	553,512	**12,646**	14,606

Note: Non-current assets excluded goodwill.

8. SEGMENT INFORMATION – continued

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:

	1.7.2009 to 30.6.2010 HK$'000	1.4.2008 to 30.6.2009 HK$'000
Customer A	**112,741**	149,342
Customer B	**46,717**	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.

9. 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:

	1.7.2009 to 30.6.2010 HK$'000	1.4.2008 to 30.6.2009 HK$'000
Circulation income	**123,688**	163,387
Advertising income	**310,313**	384,319
Provision of magazine content	**3,761**	5,806
	437,762	553,512

10. TAXATION CHARGE

	1.7.2009 to 30.6.2010 HK$'000	1.4.2008 to 30.6.2009 HK$'000
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	**10,519**	10,196
Overprovision in prior period/year	**(4)**	(69)
	10,515	10,127
Deferred taxation credit *(note 25)*		
Current year/period	**(47)**	(460)
Change in tax rate	**–**	(45)
	(47)	(505)
	10,468	9,622

10. TAXATION CHARGE – continued

The taxation charge for the year/period can be reconciled to the profit for the year/period per the consolidated statement of comprehensive income as follows:

	1.7.2009 to 30.6.2010 HK$'000	1.4.2008 to 30.6.2009 HK$'000
Profit before tax for the year/period	**56,073**	48,384
Tax at Hong Kong Profits Tax rate of 16.5% (2009: 16.5%)	**9,252**	7,983
Tax effect of expenses not deductible for tax purpose	**110**	1,112
Tax effect of income not assessable for tax purpose	**(79)**	(259)
Tax effect of tax losses not recognised	**1,249**	830
Effect of different tax rates of subsidiaries operating in PRC	**(130)**	–
Overprovision in prior period/year	**(4)**	(69)
Change in tax rate	**–**	(45)
Others	**70**	70
Taxation charge for the year/period	**10,468**	9,622

11. PROFIT FOR THE YEAR/PERIOD

	1.7.2009 to 30.6.2010 HK$'000	1.4.2008 to 30.6.2009 HK$'000
Profit for the year/period has been arrived at after charging:		
Directors' emoluments *(note 12)*		
– fees	**850**	1,061
– retirement benefits scheme contributions	**24**	30
– share-based payments	**–**	2,080
– other emoluments	**8,103**	6,374
	8,977	9,545
Other staff's retirement benefits scheme contributions	**4,938**	6,077
Other staff costs	**155,092**	183,821
	169,007	199,443
Allowance for bad and doubtful debts	**381**	2,014
Amortisation of intangible assets (included in cost of sales)	**–**	612
Auditor's remuneration	**1,504**	1,841
Depreciation of property, plant and equipment	**7,195**	9,430
Loss on disposal of property, plant and equipment	**–**	2
Operating lease rentals for rented premises	**4,312**	4,748
and after crediting:		
Interest income	**458**	1,598
Gain on disposal of property, plant and equipment	**20**	–

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

Details of the emoluments paid or payable to the directors of the Company are as follows:

	Year ended 30th June, 2010							
	Percy Hughes, Shirley HK$'000	Lee Che Keung, Danny HK$'000	Wong Chi Fai HK$'000	Fan Man Seung, Vanessa HK$'000	Hui Wai Man, Shirley HK$'000	Tse Hin Lin, Arnold HK$'000	Kwan Shin Luen, Susanna HK$'000	Total HK$'000
Fees	**100**	**100**	**100**	**100**	**150**	**150**	**150**	**850**
Other emoluments								
– salaries and other allowances	**2,479**	**2,124**	**–**	**–**	**–**	**–**	**–**	**4,603**
– bonus *(Note)*	**2,000**	**1,500**	**–**	**–**	**–**	**–**	**–**	**3,500**
– retirement benefits scheme contributions	**12**	**12**	**–**	**–**	**–**	**–**	**–**	**24**
Total emoluments	**4,591**	**3,736**	**100**	**100**	**150**	**150**	**150**	**8,977**

	Period ended from 1st April 2008 to 30th June, 2009							
	Percy Hughes, Shirley HK$'000	Lee Che Keung, Danny HK$'000	Wong Chi Fai HK$'000	Fan Man Seung, Vanessa HK$'000	Hui Wai Man, Shirley HK$'000	Tse Hin Lin, Arnold HK$'000	Kwan Shin Luen, Susanna HK$'000	Total HK$'000
Fees	125	125	125	125	187	187	187	1,061
Other emoluments								
– salaries and other allowances	3,066	2,628	–	–	–	–	–	5,694
– bonus *(Note)*	480	200	–	–	–	–	–	680
– retirement benefits scheme contributions	15	15	–	–	–	–	–	30
– share-based payments	1,387	693	–	–	–	–	–	2,080
Total emoluments	5,073	3,661	125	125	187	187	187	9,545

Note: The bonus payment is determined with reference to the individual performance in both year/period.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – continued

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2009: two) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining three (2009: three) individuals were as follows:

	1.7.2009 to 30.6.2010 HK$'000	1.4.2008 to 30.6.2009 HK$'000
Salaries and allowances	**7,114**	8,595
Contributions to retirement benefits scheme	**36**	45
	7,150	8,640

Their emoluments were within the following bands:

	1.7.2009 to 30.6.2010 HK$'000	1.4.2008 to 30.6.2009 HK$'000
HK$2,000,001 to HK$2,500,000	**2**	1
HK$2,500,001 to HK$3,000,000	**1**	1
HK$3,000,001 to HK$3,500,000	**–**	1

No emoluments have been paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during both year/period.

13. DIVIDENDS

	1.7.2009 to 30.6.2010 HK$'000	1.4.2008 to 30.6.2009 HK$'000
Recognised as distribution:		
Interim dividend for 2010 of HK1.2 cents (2009: Interim dividend for 2009 of HK1.2 cents) per share	**7,200**	7,200
Final dividend paid for 2009 of HK0.8 cents (2009: Final dividend paid for 2008 of HK1.6 cents) per share	**4,800**	9,600
	12,000	16,800
Proposed:		
Final dividend proposed for 2010 of HK1.3 cents (2009: Final dividend proposed for 2009 of HK0.8 cents) per share	**7,800**	4,800

A final dividend for the year ended 30th June, 2010 of HK1.3 cents per share has been proposed by the directors and is subject to approval by the shareholders in forthcoming annual general meeting.

14. 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.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Machinery and equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Total HK$'000
THE GROUP				
COST				
At 1st April, 2008	7,976	10,890	26,997	45,863
Additions	1,675	1,188	6,621	9,484
Disposals	–	(183)	(4)	(187)
At 30th June, 2009	9,651	11,895	33,614	55,160
Additions	472	1,069	3,710	5,251
Disposals	–	(432)	(292)	(724)
At 30th June, 2010	10,123	12,532	37,032	59,687
DEPRECIATION				
At 1st April, 2008	3,430	8,042	19,810	31,282
Provided for the period	1,703	1,520	6,207	9,430
Eliminated on disposal	–	(154)	(4)	(158)
At 30th June, 2009	5,133	9,408	26,013	40,554
Provided for the year	1,528	1,170	4,497	7,195
Eliminated on disposal	–	(421)	(287)	(708)
At 30th June, 2010	6,661	10,157	30,223	47,041
CARRYING VALUES				
At 30th June, 2010	3,462	2,375	6,809	12,646
At 30th June, 2009	4,518	2,487	7,601	14,606

The above items of property, plant and equipment are depreciated on a straight line basis over the following periods:

Leasehold improvements	Shorter of 2 years and unexpired terms of the relevant lease
Machinery and equipment	5 years
Furniture, fixtures and office equipment	3 to 5 years

16. INTANGIBLE ASSETS

	Publishing library HK$'000	Copyrights in photographs and articles HK$'000	Total HK$'000
THE GROUP			
COST			
At 1st April, 2008 and 30th June, 2009 and 30th June, 2010	34,690	6,620	41,310
AMORTISATION AND IMPAIRMENT			
At 1st April, 2008	31,998	5,210	37,208
Charge for the period	362	250	612
Impairment loss recognised for the period	2,330	1,160	3,490
At 30th June, 2009 and 30th June, 2010	34,690	6,620	41,310
CARRYING VALUES			
At 30th June, 2009 and 30 June, 2010	–	–	–

The above intangible assets were amortised on a straight line basis over the estimated useful lives of 10 years.

The Group would publish booklets occasionally using the contents in the publishing library, the photographs and the articles. At 30th June, 2009, the management conducted a review of the Group's intangible assets in light of the current market condition for the decreasing in sale of booklets by comparing the carrying amount and the recoverable amount of intangible assets. The intangible assets were impaired based on the estimated recoverable amounts with reference to their values in use. An impairment loss of approximately HK$3,490,000 had been determined and recognised in the consolidated statement of comprehensive income.

17. AVAILABLE-FOR-SALE INVESTMENT

For the period ended 30th June, 2009, the Group invested HK$1,500,000 in unlisted equity shares issued by a private company incorporated in Hong Kong. It is measured at cost less impairment losses at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably. The directors identified and recognised an impairment loss of HK$1,500,000 in prior period which was estimated based on expected cash flows projections.

18. GOODWILL

	THE GROUP HK$'000
At 1st April, 2008, 30th June, 2009 and 30th June, 2010	695

The goodwill is allocated to the CGU of the magazine operated by Smart Ideal Limited ("Smart Ideal").

The Group performed impairment review for goodwill based on cash flow forecasts derived from the most recent financial budgets for the next 2 years approved by management using the discount rate of 10% (2009: 10%) which reflects current market assessments of the time value of money and the risks specific to the CGU. For the purpose of impairment testing, the cash flows beyond the 2-year-period are extrapolated for 3 years using a constant growth rate of 1.5% (2009: 1.5%) per annum. The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates and the growth rates based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. No impairment of goodwill is considered necessary.

Management of the Group determines that there was no impairment of CGU containing goodwill at the end of the reporting period.

19. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2010 HK$'000	2009 HK$'000
Unlisted investments	**72,220**	72,220

Particulars of the subsidiaries of the Company as at the end of the reporting period are set out in note 34.

20. INVENTORIES

	THE GROUP	
	2010	2009
	HK$'000	HK$'000
Printing papers	**5,229**	1,014
Books	**10**	620
	5,239	1,634

21. TRADE AND OTHER RECEIVABLES

	THE GROUP	
	2010	2009
	HK$'000	HK$'000
Trade receivables from		
– third parties	**83,459**	71,218
– related companies	**69**	355
	83,528	71,573
Prepayment and deposits	**15,133**	6,573
	98,661	78,146

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

21. TRADE AND OTHER RECEIVABLES – continued

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:

	THE GROUP	
	2010	2009
	HK$'000	HK$'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
	83,528	71,573

Included in the Group's trade receivable balance are debtors with a carrying amount of approximately HK$24,309,000 (2009: HK$21,687,000), which are past due at the end of the reporting period for which the Group has not provided allowance as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable. For the remaining trade receivables that are neither past due nor impaired, the Group believes that the amounts are considered recoverable with reference to their historical payment records and business relationship. The Group does not hold any collateral over these balances.

Ageing of trade receivables based on payment due date which are past due but not impaired

	THE GROUP	
	2010	2009
	HK$'000	HK$'000
61 to 90 days	**23,577**	21,687
91 to 180 days	**732**	–
	24,309	21,687

21. TRADE AND OTHER RECEIVABLES – continued

Movement in the allowance for bad and doubtful debts

	THE GROUP	
	2010	2009
	HK$'000	HK$'000
Balance at beginning of the year/period	**447**	584
Trade receivables written off	**(326)**	(2,151)
Increase in allowance charged to profit or loss	**381**	2,014
Balance at end of the year/period	**502**	447

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$502,000 (2009: HK$447,000) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The directors believe that there is no further allowance required in excess of the current amount of allowance for doubtful debts.

22. AMOUNTS DUE FROM (TO) SUBSIDIARIES

THE COMPANY

The amounts are unsecured, interest-free and repayable on demand. In the opinion of the directors, repayment of amounts due from (to) subsidiaries will be demanded in the next twelve months after the end of the reporting period, as a result, the amounts are classified as current assets (liabilities).

23. BANK BALANCES AND CASH

THE GROUP

The bank balances and cash comprises cash on hand and short term bank deposits with original maturity of three months or less carry interest at market rates ranging from 0.01% to 0.49% (2009: 0.01% to 4.79%) per annum.

THE COMPANY

The bank balances carry interest at market rate of 0.01% (2009: 0.01%) per annum.

24. TRADE AND OTHER PAYABLES

	THE GROUP 2010 HK$'000	THE GROUP 2009 HK$'000
Trade payables to		
– third parties	**35,083**	33,812
– related companies	**426**	2,259
	35,509	36,071
Accrued charges	**38,711**	29,182
	74,220	65,253

The related companies are companies 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:

	THE GROUP 2010 HK$'000	THE GROUP 2009 HK$'000
Age		
0 – 90 days	**35,370**	35,431
91 – 180 days	**119**	558
Over 180 days	**20**	82
	35,509	36,071

25. DEFERRED TAXATION

The following are the major deferred taxation liabilities and (assets) recognised and movements thereon during the year/period:

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
THE GROUP			
At 1st April, 2008	1,136	(326)	810
Credit to profit or loss for the period	(300)	(160)	(460)
Effect of change in tax rate	(64)	19	(45)
At 30th June, 2009	772	(467)	305
Credit to profit or loss for the year	(208)	161	(47)
At 30th June, 2010	564	(306)	258

For the purpose of statement of financial position presentation, deferred taxation assets and liabilities have been offset.

At 30th June, 2010, the Group has unused tax losses of approximately HK$42,198,000 (2009: HK$35,601,000) available for offset against future profits. At 30th June, 2010, a deferred taxation asset had been recognised in respect of approximately HK$1,852,000 (2009: HK$2,830,000) of such losses. No deferred taxation asset has been recognised in respect of the remaining HK$40,346,000 (2009: HK$32,771,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses at 30th June, 2010 are losses of approximately HK$2,627,000 (2009: nil) that will expire in 2015. Other tax losses may be carried forward indefinitely. There were no other significant temporary differences arising during the year or at the end of the reporting period.

26. SHARE CAPITAL

	2010 & 2009	
	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised	10,000,000,000	100,000
Issued and fully paid	600,000,000	6,000

There were no changes in the Company's authorised, issued and fully paid share capital during the year/period.

27. SHARE OPTION SCHEMES

(a) Share Option Scheme

Pursuant to the written resolutions passed by the sole shareholder of the Company on 18th January, 2008, the Company adopted a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Share Option Scheme, the directors of the Company may, at their absolute discretion, invite any employee (whether full-time or part time, including any executive director but excluding any non-executive director), any non-executive director (including independent non-executive directors), any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder, any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or its investee companies to take up options to subscribe for shares in the Company representing up to a maximum 10% of the shares in issue as at the date of commencement of listing of shares of the Company on the Stock Exchange and subject to renewal with shareholders' approval. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the Company issued share capital, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in any one year exceeding the higher of 0.1% of the Company's shares in issue and with a value in excess of HK$5,000,000 must be approved by the Company's shareholders.

27. SHARE OPTION SCHEMES – continued

(a) Share Option Scheme – continued

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 per each grant of options. Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the board of directors but in any event not exceeding 10 years. The exercise price is determined by the directors of the Company and will be not less than the highest of the closing price of the Company's shares on the date of grant, the average closing prices of the Company's shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

No option was granted by the Company under the Share Option Scheme since its adoption and up to 30th June, 2010.

(b) Pre-IPO Share Option Scheme

The purpose of the Pre-IPO share option scheme is 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 Stock Exchange. The principal terms of the Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") adopted by a resolution in writing passed by the sole shareholder on 18th January, 2008 are similar to the terms of the Share Option Scheme except that:

(i) the subscription price is equal to the final offer price per share upon listing of the Company;

(ii) the rules of the Pre-IPO Share Option Scheme were adopted unconditionally by a resolution in writing passed by the sole shareholder on 18th January, 2008, but the exercise of any option granted thereunder is conditional upon the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme shall lapse, upon expiry of the option period (i.e. the period from the exercise of such options commencing on the day falling 1 year from the listing date but shall not exceed 5 years from the listing date);

(iii) no further options shall be granted under the Pre-IPO Share Option Scheme after the listing of the Company.

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.

27. SHARE OPTION SCHEMES – continued

(b) Pre-IPO Share Option Scheme – continued

A summary of the outstanding share options, which have been granted to the directors of the Company under the Pre-IPO Share Option Scheme, is as follows:

Date of grant	Exercisable period	Exercise price HK$	Outstanding at 30.6.2009 and 30.6.2010
18.1.2008	12.2.2009 – 12.2.2013	0.68	7,500,000

The estimated fair value of the share options granted on those dates were HK$0.3421. Details of the fair value of the share options determined at the date of grant on 18th January, 2008 using the Binomial option pricing model with the inputs are as follows:

Share price at date of grant	HK$0.680
Exercise price	HK$0.680
Expected volatility	73.0%
Expected life of options	5 years
Risk-free rate	2.16 %
Expected dividend yield	Nil

The expected volatility was determined with reference to the historical volatility of the price of listed companies with similar business to the Group. The expected life used in the model based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

During the period ended 30th June, 2009, the Group recognised an expense of HK$2,080,000 (2010: nil) in relation to share options granted by the Company.

28. RESERVES

THE GROUP

Details of changes in reserves of the Group are set out in the consolidated statement of changes in equity.

(a) Share premium

At 1st April, 2007, the amount represented difference between the nominal value of share capital and amount due to Top Queen Investments Limited ("Top Queen") capitalised for issue of 1 share of US$1 each in Exactly Aim Limited ("Exactly Aim") during the year ended 31st March, 2007. The amount was eliminated at the time of the implementation of a group reorganisation scheme (the "Group Reorganisation"), which was to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the Stock Exchange.

(b) Special reserve

The special reserve of the Group represented the differences between the aggregate amount of share capital and share premium of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the Group Reorganisation.

(c) Capital contribution reserve

The amount of HK$695,000 was arising from the acquisition of additional 15% equity interest in Smart Ideal by Top Queen from a non-controlling shareholder in 2006 and deemed as capital contribution to the Group.

The amount of HK$101,000 represented the current accounts waived by Top Queen during the year ended 31st March, 2008 as a result of deregistration of eWeekend Limited and Forever Grace Limited prior to the Group Reorganisation.

28. RESERVES – continued

THE COMPANY

	Share premium HK$'000	Merger reserve HK$'000	Share options reserve HK$'000	Accumulated profit HK$'000	Total HK$'000
At 1st April, 2008	90,419	72,120	485	11,675	174,699
Profit and total comprehensive income for the period	–	–	–	27,222	27,222
Recognition of equity-settled share-based payments	–	–	2,080	–	2,080
Final dividend paid for 2008	–	–	–	(9,600)	(9,600)
Interim dividend declared for 2009	–	–	–	(7,200)	(7,200)
At 30th June, 2009	90,419	72,120	2,565	22,097	187,201
Profit and total comprehensive income for the year	–	–	–	59,095	59,095
Final dividend paid for 2009	–	–	–	(4,800)	(4,800)
Interim dividend paid for 2010	–	–	–	(7,200)	(7,200)
At 30th June, 2010	**90,419**	**72,120**	**2,565**	**69,192**	**234,296**

The merger reserve of the Company represented the difference between the consolidated net assets of the subsidiaries at the date on which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the Group Reorganisation.

At 30th June, 2010, the Company's reserves available for distribution was HK69,192,000 (2009: HK$22,097,000) as calculated under section 79B of the Hong Kong Companies Ordinance.

29. OPERATING LEASE COMMITMENT

The Group as lessee

At the end of the reporting period, 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:

	THE GROUP	
	2010	2009
	HK$'000	HK$'000
Within one year	**5,331**	2,616
In the second to fifth year inclusive	**3,786**	146
	9,117	2,762

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

At the end of the reporting period, the Company did not have significant operating lease commitments either as lessor.

30. CAPITAL COMMITMENTS

	THE GROUP	
	2010	2009
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**241**	–

31. 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.

32. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% of the relevant payroll costs or HK$1,000 per employee to the scheme, which contribution is matched by employees.

The total cost charged to the consolidated statement of comprehensive income of HK$4,962,000 (2009: HK$6,107,000) represents contributions payable to this scheme by the Group in respect of the current accounting period.

33. RELATED PARTY TRANSACTIONS

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

	1.7.2009 to 30.6.2010 HK$'000	1.4.2008 to 30.6.2009 HK$'000
Advertising income received *(note 1)*	**1,227**	1,996
Advertising expenses paid *(note 2)*	**22**	59
Artists sponsorship fee paid *(note 2)*	**–**	180
Entertainment expenses paid *(note 2)*	**39**	29
Financial services fee paid *(note 2)*	**275**	375
Management fee paid *(note 2)*	**1,531**	1,635
Overseas travelling expenses paid *(note 2)*	**294**	236
Photos and printing services income received *(note 2)*	**–**	83
Printing costs paid *(note 1)*	**3,846**	5,432
Project income received *(note 2)*	**164**	–
Promotion and advertising expenses paid *(note 2)*	**59**	–
Rental charges paid *(note 2)*	**195**	273
Sundry expenses paid *(note 2)*	**20**	10
Sundry income received *(note 2)*	**–**	79

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

Notes:

(1) These transactions are continuing connected transactions as defined under Chapter 14A of the Listing Rules, details of which are set out in the section headed "Continuing Connected Transactions" of the Directors' Report.

(2) These transactions are connected transactions exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 14A.31 of the Listing Rules.

(b) The key management personnel includes solely the directors of the Company and the compensation paid to them is disclosed in note 12.

34. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Attributable equity interest held by the Company 2010	2009	Principal activities
Directly held					
Merslake Limited	BVI	US$11	**100%**	100%	Investment holding
Indirectly held					
Economic Digest Publishing Limited	Hong Kong	HK$2	**100%**	100%	Book publishing agent
Exactly Aim Limited	BVI	US$2	**100%**	100%	Group treasury services
Favour Win Limited	Hong Kong	HK$2	**100%**	100%	Provision of group tenancy agent services
Hong Kong Media Services Company Limited	Hong Kong	HK$2	**100%**	100%	Sales of contents
New Media Group (HK) Limited	Hong Kong	HK$2	**100%**	100%	Magazine and book publishing
Smart Ideal Limited	Hong Kong	HK$100	**100%**	100%	Magazine publishing
Time Year Limited	Hong Kong	HK$2	**100%**	100%	Copyright holding and licensing business

34. PRINCIPAL SUBSIDIARIES – continued

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Attributable equity interest held by the Company 2010	2009	Principal activities
Wide Connection Limited	Hong Kong	HK$2	**100%**	100%	Magazine publishing
World Sources (HK) Limited	Hong Kong	HK$800,000	**100%**	100%	Magazine publishing
廣東薪傳出版技術開發有限公司	PRC	RMB5,000,000	**100%**	100%	Sales of contents

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group.

None of the subsidiaries of the Company had issued any debt securities at the end of the reporting period.

RESULTS

	For the year ended 30th June, 2010 HK$'000	For the period ended from 1st April, 2008 to 30th June, 2009 HK$'000	For the year ended 31st March, 2008 HK$'000	2007 HK$'000	2006 HK$'000
Turnover	**437,762**	553,512	452,373	390,554	362,006
Profit before taxation	**56,073**	48,384	39,633	24,947	24,723
Taxation (charge) credit	**(10,468)**	(9,622)	(8,459)	6,221	(1,398)
Profit and total comprehensive income for the year/period	**45,605**	38,762	31,174	31,168	23,325

ASSETS AND LIABILITIES

	At 30th June, 2010 HK$'000	2009 HK$'000	At 31st March, 2008 HK$'000	2007 HK$'000	2006 HK$'000
Total assets	**296,750**	250,378	222,051	107,387	96,906
Total liabilities	**(90,286)**	(77,519)	(73,234)	(81,649)	(192,336)
Total equity	**206,464**	172,859	148,817	25,738	(95,430)

Notes:

1. The Company was incorporated in Hong Kong on 8th October, 2007 and became the holding company of the Group with effect from 18th January, 2008 upon the completion of the Group Reorganisation as set out in the Company's prospectus dated 29th January, 2008.

2. The results for the two years ended 31st March, 2007 and assets and liabilities of the Group as at 31st March, 2007 and 2006 have been prepared on a combined basis to indicate the results of the Group as if the Group structure, at the time when the Company's shares were listed on the Stock Exchange, had been in existence throughout the years concerned. The figures for the two years ended 31st March, 2007 have been extracted from the Company's prospectus dated 29th January, 2008.