

New Media Group Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock code:708)

10/11 Interim Report



Venturing into the multi-media era



新傳媒集團

新Monday

Fashion & Beauty

經濟一週

nmgOnline



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

10/11
Interim Report



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Financial Highlights (Unaudited)

	Six months ended 31st December,	
	2010 HK\$'000	2009 HK\$'000
Turnover		
Circulation income	61,576	63,351
Advertising income	185,467	159,475
Provision of magazine content	1,644	1,783
Online income	2,018	–
	250,705	224,609
Gross profit	98,840	86,003
Profit for the period attributable to the owners of the company	32,030	27,228
Earnings per share – Basic and diluted	HK cents 4.89	HK cents 4.54



Management Discussion and Analysis

OVERVIEW

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

During the six months ended 31st December, 2010 (the “Period”) in review, the Group recorded satisfactory performance. Taking advantage of the gradual recovery of the economy over the past months, the Group was able to further enhance its core business in publication while proactively exploring opportunities for development and expansion in other areas. With the backup and support of its well-established magazine brands and its strong advertising client networks, the Group has progressively integrated its traditional media business with the online and digital world, and has already evolved into a cross-network and multi-media business platform.

With the successful launch of the Group’s new online business subsequent to the Period (in January 2011), and its newly developed vertical websites, the Group is confident that it can continue to provide its advertising clients with more diverse options across the print and non-print media, bringing more exciting and uniquely targeted platforms to the new generation of readers and users of the digital world.

During the Period, the Group has entered into an agreement for the acquisition of a property at a consideration of HK\$255,000,000 as self-use office premises. The property is a 10-storey industrial building located at Kwun Tong Inland Lot No. 646, No. 82 Hung To Road, Kowloon, Hong Kong. In light of the expanding business scope of the Group and the increasing capacity of the Group’s operation, this acquisition will provide the Group with a larger premises to cope with the Group’s future development and reduce the operational burden in the long-run. The transaction is financed by internal resources and bank borrowings, and the entire sale and purchase transaction is expected to be completed in the second quarter of 2011.

Management Discussion and Analysis

(Continued)

FINANCIAL REVIEW

The Group maintained its position as one of the most influential industry players in the sales-driven magazine sector. The total turnover and profit for the Period attributable to the owners of the Company amounted to HK\$250.7 million and HK\$32.0 million respectively.

Benefiting from the strong economy in Hong Kong in 2010, the total turnover recorded an increase of 12.0% (2009: HK\$224.6 million). Gross profit and profit for the Period attributable to the owners of the Company recorded a decent growth of 15.0% and 18.0% respectively. Basic earnings per share were HK\$4.89 cents.

Due to the rapid pick up in consumer market, the Group has recorded HK\$185.5 million (2009:HK\$159.5 million) of advertising income. During the Period, print media market had faced a slight fall in total circulation which led to the Group's fall in circulation income to HK\$61.6 million (2009: HK\$63.4 million).

REVIEW OF OPERATIONS

Oriental Sunday

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

Its strong branding and popularity among local female readers continue to make it one of the most favoured publications for retail clients and advertisers who look for the highest targeted reach and most cost-effective publicity for their products.



Management Discussion and Analysis

(Continued)

Apart from the main book which covers entertainment news and celebrity gossips, as well as the regular beauty and fashion supplement “MORE”, the magazine also allocates resources to produce special complimentary booklets to suit market needs. During the Period, an exquisitely designed and finely printed fashion booklet specially produced and published to cover the Paris and Milan Fashion Weeks was especially met with high praise and positive feedback, both from readers and clients from the retail sectors. The forum and bloggers’ pages on the website also continued to play an important role as an interactive channel for the magazine’s loyal followers.

Weekend Weekly

Weekend Weekly has secured a strong community of followers who are fun-loving travellers and quality lifestyle seekers. Over the years, the magazine’s well established and distinctly positioned profile makes it a perfect communication channel for retailers to appeal to their target consumers who are most ready to spend and be entertained.

To match the tastes and needs of both its fans and clients, the magazine has also recruited a team of tirelessly creative editorial and marketing staff that can always come up with the craziest and most innovative packages to boost sales. These tailor-made win-win packages included interactive events and activities, which ranged from food-tasting gatherings at new diners to online voting games, as well as from digital camera photo-shooting trainings to special cooking courses for delicacies and gourmet food.

Capitalising on its expertise in travel, dining and leisure, the team also continued to produce more user-friendly mobile applications for users on the go, making sure that their followers are always kept in the forefront of the digital world with instant search and updating features.

Management Discussion and Analysis

(Continued)

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.

Stepping up to stay “connected” with its readers who are from the generation of the most frequent users of the internet and social media networks, *New Monday* had undergone a full transformation to focus more mainly on online trends and hit discussion topics among online communities. Teaming up with popular brands, hot fashion items were featured and produced as limited edition on-pack gifts, such as mobile phone cases and trendy tote bags. These had successfully generated talking points and even created buying sprees among trend followers in town.

New Monday’s spin-off titles, “*Honey*” (dedicated to female fashion lovers) and “*BEE*” (for male trend followers) continued to provide constant updates and comprehensive coverage of upbeat styles and latest trends in the fashion world, offering uniquely targeted platforms for advertisers to reach their intended audience in the consumer market. The web-magazine and mobile versions of *BEE* in particular, had attracted very positive response, with impressively high click rates and popularity, and had become an indispensable interactive base for members of the niche market.

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 “OL Brand Award 2010” organised annually by *Fashion and Beauty* celebrated its 5th year during the Period and was again held with great success, receiving overwhelming support and response from its readers and online club members. The star-studded award presentation ceremony was graced by top models and famous celebrities in town, and was also attended by representatives from the best product brands voted. It is a glittering reminder every year that the magazine is a perfect platform that helps bridge the worlds of both product suppliers and end-users together, while generating advertising and publicity values at the same time.



Management Discussion and Analysis

(Continued)

The *Fashion and Beauty* website, on the other hand, continued to appeal to online OL users as an interactive platform where they can discuss and gather the latest news and tips on fashion and beauty products through the website's forum page. Specially designed campaigns to boost traffic and to recruit more club members had been introduced and the numbers had gone up significantly since its launch. Fancy on-pack sampling gift items and branded premiums which included beauty products and accessories were still highly sought after and will continue to be the magazine's special gimmick and selling point.

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.

During the Period, the team had put in more resources to enhance the content and to bring more timely and insightful analysis to its readers. In addition to its regular supplements, the magazine had also launched a "Blue Chips Investment Guide" (大藍籌指南) collection series as a complimentary premium pack. The 45-week booklet series, which includes comprehensive coverage and full analysis of the stocks covered, with detailed background history as well as corporate values and strategies in review, will be most valuable as both an investment reference book and an essential collector's item.

Investment seminars and discussion forums will continue to be organised on a regular basis, both locally in Hong Kong and in Macau. The high participation and attendance rates of both investors and analysts serve as solid proof that the strong branding and professional image of the magazine is still unquestionable.

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 Period, a total of 23 new titles were published and sold in Hong Kong through various retail points.

Management Discussion and Analysis

(Continued)

With the sales of e-books skyrocketing in the book publishing industry, the division had already started publishing its own e-books during the previous financial year in order to keep pace with the rising demand. More titles had since been published in the e-format, and sales for these had been more than satisfactory. Download rates were quite high for some of these titles, which had even made it to the top 10 title list of the iTunes store for the books category.

Online Business

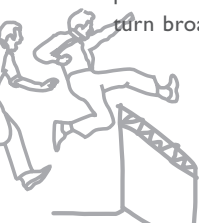
Apart from the official websites run by each magazine, dedicated websites like *Bee*, *WEBZINE*, the online men's fashion magazine, and *Gytam.hk*, the ghost and paranormal site, had already been launched, each with their own exceptionally high traffic and popularity.

Subsequent to the Period, a separate online business was officially launched by the Group in January 2011 to fully explore the potentials and business opportunities in the digital market. Other topical websites had been developed since the launch, which included the dating site *meetu* 友緣人 and the female's trend site *iMore*. A travel site *GOtrip* will also be in place around the second quarter of 2011. These were all partnered with some of the biggest global media operators in the digital world, as well as high profile advertisers. More business alliances are expected to be developed for mutual benefits.

OUTLOOK

Although the transformation from a purely traditional print media to a comprehensive multi-channel and multi-media platform took time and resources to adjust and build up, the efforts had proved to be well justified. Leveraging on its consolidated strengths in the weeklies market, as well as its well established branding and advertising networks, the Group had ventured into the digital world, tapping into unlimited space and possibilities, and making its presence known in the new media market.

With its newly established multi-media business platform well in place now, the Group strongly believes that it can continue to capture a bigger share in the market, while creating more innovative and challenging crossover ideas to generate revenue. This new positioning will enable it to further strengthen its foundation in the new digital era and turn broaden its scope of business networks.



Management Discussion and Analysis

(Continued)

OTHER ANALYSIS

Capital Structure, Liquidity and Financial Resources

Top-up placing of new shares

On 29th September, 2010, Velba Limited, the controlling shareholder of the Company, through the placing agent agreed to place, 120,000,000 shares of the Company (the "Placing") to independent investor at a price of HK\$0.75 per share, and also agreed to subscribe for 120,000,000 new shares of the Company (the "Top-Up Shares") at the price of HK\$0.75 per share (the "Top-Up Subscription") conditional upon the completion of the Placing. The Top-Up Shares rank pari passu with the existing shares in issue of the Company, when fully paid. The Placing and Top-Up Subscription were completed on 6th October, 2010 and 8th October, 2010 respectively.

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

As at 31st December, 2010, the Group had no bank and other borrowing (30th June, 2010: Nil).

As at 31st December, 2010, the Group's gearing ratio was Nil (30th June, 2010: 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.

Management Discussion and Analysis

(Continued)

Employee and Share Option Scheme

As at 31st December, 2010, the Group has 587 employees (30th June, 2010: 576). Total staff costs (including Directors' remuneration) were approximately HK\$92.3 million (2009: HK\$83.6 million).

To provide incentives or rewards to the staff and the directors of the Company (the "Board" or the "Directors"), the Company adopted a share option scheme on 18th January, 2008. No option was granted by the Company under such share option scheme since its adoption and up to 31st December, 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 31st December, 2010 and accordingly the outstanding share options as at 31st December, 2010 were 7,500,000 share options.

Charge on Assets

None of the Group's assets were pledged as at 30th June, 2010 and 31st December, 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 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 unaudited condensed consolidated statement of financial position is considered necessary.

As at 31st December, 2010, the Company did not have significant contingent liabilities.



Management Discussion and Analysis

(Continued)

Use of IPO proceeds from listing

The net proceeds from the Company's initial public offering amounted to approximately HK\$88.55 million. These net proceeds were partially applied during the period from the listing date up to the date of this announcement and such application is consistent with the proposed usage of the net proceeds set forth in the prospectus of the Company dated 29th January, 2008. The planned usage and actual usage up to 31st January, 2011 are set out as follows:

	Planned Usage Amount <i>HK\$' million</i>	Actual Usage up to 31st January, 2011 <i>HK\$' million</i>
Enhancement and enrichment of the contents of the magazines	37.28	15.14
Promotion and marketing of magazines to readers and advertisers	20.98	18.16
Strengthening the contents of the Group's existing website	8.74	8.74
Upgrading of the Group's existing machineries and equipment thereby improving the efficiency of publication workflow	14.15	14.15
General working capital	7.40	7.40
	<hr/> 88.55	<hr/> 63.59

Interim Dividend

The Board is pleased to declare an interim dividend of HK\$0.013 per share for the financial year ending 30th June, 2011 (2009/2010: HK\$0.012 per share) amounting to HK\$9,360,000 (2009/2010: HK\$7,200,000). The dividend warrants will be despatched on 25th March, 2011 (Friday) to shareholders whose names appear on the register of members of the Company on 16th March, 2011 (Wednesday).

The Board of the Company announces the unaudited condensed consolidated results of the Group for the Period together with comparative figures for the corresponding period in 2009 as set out below:

Condensed Consolidated Statement of Comprehensive Income

For the six months period ended 31st December, 2010

	Notes	Six months ended 31st December,	
		2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Turnover	4	250,705	224,609
Direct operating costs		(151,865)	(138,606)
Gross profit		98,840	86,003
Other income		1,328	971
Selling and distribution costs		(37,039)	(31,775)
Administrative expenses		(24,901)	(22,236)
Profit before taxation	5	38,228	32,963
Taxation	6	(6,198)	(5,735)
Profit and total comprehensive income for the Period attributable to owners of the Company		32,030	27,228
Earnings per share – Basic and diluted	7	HK cents 4.89	HK cents 4.54



Condensed Consolidated Statement of Financial Position

		As at	
	Notes	31st December, 2010 (unaudited) HK\$'000	30th June, 2010 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	8	15,368	12,646
Deposit paid for acquisition of property, plant and equipment		51,000	–
Goodwill		695	695
		67,063	13,341
Current assets			
Inventories		4,218	5,239
Trade and other receivables	9	109,572	98,661
Bank balances and cash		220,088	179,509
		333,878	283,409
Current liabilities			
Trade and other payables	10	75,053	74,220
Taxation payable		8,105	15,808
		83,158	90,028
Net current assets		250,720	193,381
Total assets less current liabilities		317,783	206,722
Non-current liabilities			
Deferred taxation liabilities		575	258
Net assets		317,208	206,464
Capital and reserves			
Share capital	11	7,200	6,000
Reserves		310,008	200,464
Total equity		317,208	206,464

Condensed Consolidated Statement of Changes in Equity (Unaudited)

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Capital contribution reserve HK\$'000	Share options reserve HK\$'000	Accumulated (losses)/ profits HK\$'000	Total HK\$'000
At 1st July, 2009	6,000	90,419	90,700	796	2,565	(17,620)	172,860
Dividend recognized as distribution	-	-	-	-	-	(4,800)	(4,800)
Profit and total comprehensive income for the period	-	-	-	-	-	27,228	27,228
At 31st December, 2009	6,000	90,419	90,700	796	2,565	4,808	195,288
At 1st July, 2010	6,000	90,419	90,700	796	2,565	15,984	206,464
Top-Up Subscription	1,200	86,874	-	-	-	-	88,074
Dividend recognized as distribution	-	-	-	-	-	(9,360)	(9,360)
Profit and total comprehensive income for the Period	-	-	-	-	-	32,030	32,030
At 31st December, 2010	7,200	177,293	90,700	796	2,565	38,654	317,208



Condensed Consolidated Cash Flow Statement

	Six months ended 31st December	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Net cash (used in) from operating activities	(31,606)	17,753
Net cash used in investing activities	(6,525)	(1,410)
Net cash from (used in) financing activities	78,710	(12,000)
Net increase in cash and cash equivalents	40,579	4,343
Cash and cash equivalents at beginning of the Period	179,509	155,297
Cash and cash equivalents at end of the Period	220,088	159,640
Analysis of balances of cash and cash equivalents		
Bank balance and cash	220,088	159,640

Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 30th June, 2010.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the group’s annual financial statements for the year ended 30th June, 2010, except as described below.

In the Period, the Group has applied for the first time, certain new and revised Hong Kong Financial Reporting Standards, amendments and interpretations (collectively the “New and Revised HKFRSs”) issued by HKICPA that are effective for the accounting periods beginning on or after 1st July, 2010.

The Group applies HKAS 32 (Amendment) “Classification of right issue” and HK (IFRIC) – Int 19 “Extinguishing financial liabilities with equity instruments”. As there was no transaction during the Period in which HKAS 32 (Amendment), HK (IFRIC) – Int 19 are applicable, the application of HKAS32 (Amendment), HK(IFRIC)-Int19 and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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

* IFRIC represents the International Financial Reporting Interpretations Committee



Notes to the Condensed Consolidated Financial Statements (Continued)

3. SEGMENT INFORMATION

Segment revenue and results

The chief operating decision maker (the "CODM") regularly review and operating results derived from sales of magazines and books, services on publication of advertisements, provision of magazine content and online sales 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, income from provision of magazine content and online income. Details are disclosed in note 4 to the unaudited condensed consolidated financial statements.

Geographical information

For each of the Period ended 31st December, 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)	
	Six months ended 31st December,		As at 31st December,	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	As at 30th June, 2010 HK\$'000 (audited)
Hong Kong	249,852	224,115	66,323	12,614
PRC	853	494	45	32
	250,705	224,609	66,368	12,646

Note: Non-current assets excluded goodwill.

Notes to the Condensed Consolidated Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

Information about major customers

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

	Six months ended 31st December,	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Customer A	58,900	56,740
Customer B	24,239	24,024

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.

4. TURNOVER

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

	Six months ended 31st December,	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Circulation income	61,576	63,351
Advertising income	185,467	159,475
Provision of magazine content	1,644	1,783
Online income	2,018	–
	250,705	224,609



Notes to the Condensed Consolidated Financial Statements (Continued)

5. PROFIT BEFORE TAXATION

	Six months ended 31st December,	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Depreciation	4,254	3,553
Gain on disposal of property, plant and equipment	(29)	(3)
Interest income	(421)	(221)

6. TAXATION

	Six months ended 31st December,	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax	5,927	6,005
Deferred tax	271	(270)
	6,198	5,735

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the Period.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company for the Period of HK\$32,030,000 (2009: HK\$27,228,000) and the weighted average of 655,434,783 shares (2009: 600,000,000 shares) for the 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 periods ended 31st December, 2009 and 31st December, 2010.

Notes to the Condensed Consolidated Financial Statements (Continued)

8. PROPERTY, PLANT AND EQUIPMENT

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

	Property, Plant and equipment <i>HK\$'000</i>
Net book value as at 1st July, 2010	12,646
Additions	7,036
Disposals	(60)
Depreciation	(4,254)
<hr/>	
Net book value as at 31st December, 2010	15,368

9. TRADE AND OTHER RECEIVABLES

	As at	
	31st December, 2010 (unaudited) HK\$'000	30th June, 2010 (audited) HK\$'000
Trade receivables from		
– third parties	101,431	83,459
– related companies	206	69
<hr/>		
	101,637	83,528
Prepayment and deposits	7,935	15,133
<hr/>		
	109,572	98,661

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



Notes to the Condensed Consolidated Financial Statements (Continued)

9. 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 Group 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:

Age	As at	
	31st December, 2010 (unaudited) HK\$'000	30th June, 2010 (audited) HK\$'000
0 – 30 days	81,838	75,163
31 – 90 days	16,616	7,737
91 – 180 days	2,754	628
Over 180 days	429	–
	101,637	83,528

Notes to the Condensed Consolidated Financial Statements (Continued)

10. TRADE AND OTHER PAYABLES

	As at	
	31st December, 2010 (unaudited) HK\$'000	30th June, 2010 (audited) HK\$'000
Trade payables to		
– third parties	39,184	35,083
– related companies	463	426
	39,647	35,509
Accrued charges	35,406	38,711
	75,053	74,220

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

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

	As at	
	31st December, 2010 (unaudited) HK\$'000	30th June, 2010 (audited) HK\$'000
Age		
0 – 90 days	39,118	35,370
91 – 180 days	502	119
Over 180 days	27	20
	39,647	35,509



Notes to the Condensed Consolidated Financial Statements (Continued)

11. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1st July, 2010 and 31st December, 2010	10,000,000,000	100,000
Issued and fully paid:		
At 1st July, 2010	600,000,000	6,000
Top-Up Subscription	120,000,000	1,200
At 31st December, 2010	720,000,000	7,200

12. CAPITAL COMMITMENT

During the Period, the Group has entered into an agreement for the acquisition of a property at a consideration of HK\$255,000,000 as self-use office premises. Balance of contract amount of HK\$204,000,000 is expected to be completed in the second quarter of 2011.

13. CONTINGENT LIABILITIES

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

As at 31st December, 2010, the Company did not have significant contingent liabilities.

Notes to the Condensed Consolidated Financial Statements (Continued)

14. RELATED PARTY TRANSACTIONS

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

	Six months ended 31st December,	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Advertising income received	628	668
Photo and shooting income received	50	123
Sundry income	1	–
Advertising expenses paid	7	7
Entertainment expenses paid	7	32
Overseas travelling expenses paid	126	106
Printing costs paid	995	2,634
Rental charges paid	97	95
Consultancy fee paid	255	125
Management fee paid	796	370
Sundry expenses	15	20

The related companies are companies ultimately owned by the Trust.

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

	Six months ended 31st December,	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Fees	425	425
Other emoluments		
Salaries and allowance	2,410	2,264
Bonus	1,250	1,750
Retirement benefits scheme contributions	12	12
Total	4,097	4,451



Directors' and Chief Executive's Interests and Short Positions

As at 31st December, 2010, the interests and short positions of the Directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") of the Listing Rules are as follows:

(a) Long positions in share options of the Company

Name of Director	Capacity/ Nature of Interests	Number of options/ underlying shares held	Approximate percentage holding
Percy Hughes, Shirley (note)	Beneficial owner	5,000,000	0.69%
Lee Che Keung, Danny (note)	Beneficial owner	2,500,000	0.35%

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

(b) Long positions in share options in associated corporations

Name of Director	Name of associated corporation	Capacity/ Nature of Interests	Number of options/ underlying shares held	Approximate percentage holding
Wong Chi Fai (note 1)	Emperor International Holdings Limited ("EIH")	Beneficial Owner	15,000,000	0.51%
Fan Man Seung, Vanessa (note 1)	EIHL	Beneficial Owner	15,000,000	0.51%
Wong Chi Fai (note 2)	Emperor Entertainment Hotel Limited ("EEH")	Beneficial Owner	5,000,000	0.39%
Fan Man Seung, Vanessa (note 2)	EEH	Beneficial Owner	5,000,000	0.39%

Note: 1. These were share options granted under the share option scheme of EIHL which is an associated corporation of the Company as defined under the SFO.

2. These were share options granted under the share option scheme of EEH which is an associated corporation of the Company as defined under the SFO.

Save as disclosed above, as at 31st December, 2010, none of the Directors, chief executive nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Share Options

(a) Share Option Scheme

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

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

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

(b) Pre-IPO Share Option Scheme

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

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

A summary of share options granted by the Company pursuant to the Pre-IPO Share Option Scheme and the share options outstanding at 31st December, 2010 are as follows:

Date of grant	Exercisable Period	Exercise price HK\$	As at 31st December, 2010	As at 1st July, 2010
18/01/2008	12/02/2009 – 12/02/2013	0.68	7,500,000	7,500,000



Other Person's Interests and Short Positions

As at 31st December, 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 are as follows:

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

Name of shareholder	Capacity/ Nature of interests	Number of issued ordinary shares interested in or deemed to be interested	Approximate percentage holding
Velba Limited ("Velba")	Beneficial owner	450,000,000	62.50%
Million Way Holdings Limited ("Million Way") (note)	Interest in a controlled corporation	450,000,000	62.50%
STC International Limited ("STC International") (note)	Trustee	450,000,000	62.50%
Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung") (note)	Founder of the Trust	450,000,000	62.50%
Ms. Luk Siu Man, Semon ("Ms. Semon Luk") (note)	Family	450,000,000	62.50%
Crosby Capital Limited	Beneficial owner	66,710,000	9.27%
Shikumen Special Situations Fund	Beneficial owner	66,710,000	9.27%

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 Trust. 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 same shares.

Save as disclosed above, as at 31st December, 2010, the Directors or chief executive of the Company were not aware of any person or corporation (other than the Directors and chief executive of the Company) who had any interests or short positions in shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

Corporate Governance

Code on Corporate Governance Practices

The Company had complied throughout the Period with all the provisions of the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules.

Corporate Governance (Continued)

Model Code for Securities Transactions

The Company had adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding director's securities transaction. Having made specific enquiry to all the Directors of the Company, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Period.

Review of Interim Report

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

Purchase, Sale or Redemption of the Company's Listed Securities

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

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

Hong Kong, 24th February, 2011

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

Executive Directors:

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

Mr. Lee Che Keung, Danny

Mr. Wong Chi Fai

Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors:

Ms. Hui Wai Man, Shirley

Mr. Tse Hin Lin, Arnold

Ms. Kwan Shin Luen, Susanna

