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

Incorporated in Hong Kong with limited liability
(Stock code: 708.HK, 910708.TW)

Annual Report 2012/2013

A building of faith
A tower of strength

新傳媒
New Media Group

東方新地
oriental sunday

weekend weekly
新假期周刊

TOTAL SOLUTION MEDIA PLATFORM
N+M
New Monday

Fashion & Beauty 流行新姿

ECONOMIC DIGEST
經濟一週

NMG
digital online

Contents

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

Tse Hin Lin, Arnold *(Chairman)*
Wong Chi Fai
Hui Wai Man, Shirley

Nomination Committee

Kwan Shin Luen, Susanna *(Chairperson)*
Fan Man Seung, Vanessa
Hui Wai Man, Shirley

Corporate Governance Committee

Fan Man Seung, Vanessa *(Chairperson)*
Tse Hin Lin, Arnold
Kwan Shin Luen, Susanna
A representative from company secretarial function
A representative from finance and accounts function

Auditor

Deloitte Touche Tohmatsu

Investor Relations Contact

Luk Man Ching, Anna

Email: ir708@emperorgroup.com

Website

http://www.nmg.com.hk

Stock Code

Hong Kong Stock Exchange: 708

Taiwan Stock Exchange: 910708

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited

Registered office, headquarters and principal place of business

9th Floor, New Media Tower
No. 82 Hung To Road, Kwun Tong
Kowloon, Hong Kong

Share Registrar

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

Key Dates

Annual Results Announcement	24 September 2013
Book Close Dates	
– For AGM	15 November 2013
– For Final Dividend	5 to 6 December 2013
Record Dates	
– For AGM	15 November 2013
– For Final Dividend	6 December 2013
Annual General Meeting	18 November 2013
Payment of Final Dividend	17 December 2013 (HK0.4 cent per share)

Management Discussion and Analysis

Financial Highlights

	2013	2012
	HK$'000	*HK$'000*
Turnover		
Advertising income	**390,587**	382,944
Circulation income	**89,648**	108,457
Digital business income	**12,816**	11,748
Provision of magazine content	**2,146**	1,691
	495,197	504,840
Gross profit	**162,063**	163,674
Profit for the year attributable to the owners of the Company	**22,275**	29,654
Earnings per share – Basic and diluted	**HK2.58 cents**	HK3.46 cents

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 mainly owns and publishes five weekly magazines, namely *Oriental Sunday (東方新地)*, *Weekend Weekly (新假期)*, *NM+ New Monday (NM+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. Apart from magazine publishing, the Group also engages in digital business and currently runs several thematic websites, including "iMore.hk", "GOtrip.hk", "BeeWeb.hk", "Meetu.hk" and "iTrial.hk".

During the year ended 30 June 2013 (the "Year"), the global environment was still unstable, while locally, Hong Kong experienced a mild economic slowdown and the market competition was intensified as a result of China's tightened policies and the cooling off of the local property market, as well as the deceleration in retail sales growth.

The publishing industry was also undergoing vast and rapid changes as digital and social media platforms continued to surge in full speed. More and more publishers and marketers recognise the ever-growing need to grasp new and effective means to communicate with their customers. As one of the forerunners, the Group has already redefined its structures and operating systems to fit into this new digital and multimedia scene, having rejuvenated into a new business model that facilitates innovation and creative product spin-offs that leverage existing brands' positioning and contents.

The Group is thankful that its well experienced and dedicated working team is mindful of new opportunities and is always more than willing to learn new skill sets to continuously and aggressively deliver hip and trendy products to meet users' changing lifestyle habits. With the combined forces of the full team of staff, the Group has already won awards and recognitions for earlier efforts to develop innovative products in the new field. The Group is gaining a steady footing on new grounds and is confident that it will continue to roll out new products and seize opportunities to expand its platforms for business growth.

Financial Review

During the Year, the Group's total revenue was HK$495.2 million (2012: HK$504.8 million). Despite the ever changing and extremely challenging business environment, the Group strengthened management efforts on exploring extensive innovating marketing platforms to meet the needs of advertisers, hence achieving a slight growth of 2.0% in advertising revenue to HK$390.6 million (2012: HK$382.9 million), accounting for 78.9% (2012: 75.9%) of the Group's total revenue. The Group reported a gross profit of HK$162.1 million (2012: HK$163.7 million). Continued development and adaptations in various digital services has led to a 9.1% growth in digital related business to HK$12.8 million (2012: HK$11.7 million). Profit for the Year attributable to the owners of the Company decreased to HK$22.3 million (2012: HK$29.7 million). The decrease was primarily attributable to (i) an increase in administrative expenses due to the increased depreciation expense after the relocation to its new office premises and (ii) an uprise of staff costs. Basic earnings per share was HK2.58 cents (2012: HK3.46 cents). The board of directors (the "Board" or the "Directors") of the Company proposed a final dividend of HK0.4 cent (2012: HK0.4 cent) per share. Together with the interim dividend of HK0.35 cent per share, the total dividend per share for the Year was HK0.75 cent (2012: HK1.0 cent).

Review of Operations

Despite fierce competition, the Group's well branded flagship magazines continued to enjoy leading positions in their various magazine sectors. According to the Hong Kong Nielsen Media Index Report (January to December 2012), *Economic Digest* and *Weekend Weekly* both topped the ranking list in their own respective magazine categories in terms of average readership per issue, with *Weekend Weekly* being the No. 1 most popular travel and leisure magazine for the 12th consecutive year. *Oriental Sunday* also continued to rank high with an average net circulation of 113,137 per issue from 1 January to 31 December 2012 (according to The Hong Kong Audit Bureau of Circulations Limited).

Being a pioneer in breaking conventional editorial and regional boundaries, the Group has continuously put in resources to leverage social, digital and media platforms to expand its reach. Earlier in 2011, following the successful debut of the first fully interactive and simultaneously uploaded "*NM+* emag" iPad version introduced in Hong Kong, *Economic Digest's* iPad version was also launched in the same year, conveniently packed with interactive features to enable quick data search and updates. The *Economic Digest* app has been well received, gaining satisfactory subscription rates during the Year. It was ranked the top selling finance iPad app locally in the Apple iTunes store for 2 consecutive months from June 1 to July 31 in 2013. The Group has also launched other iPad and Android versions of its magazines, such as for *Fashion & Beauty* and *Oriental Sunday*, to expand their readership base and to maximise their brand exposure beyond the print medium.

The Group was also a pioneer in providing all-round multimedia total solution services to clients. The comprehensive marketing and promotion packages provide media plans and promotional strategies, and can be tailor-made to suit client needs, making use of any combinations from print to digital and social media platforms, to mobile and tablet apps, as well as video productions and offline marketing campaigns. With its well-developed positioning in trendy sports like cycling, basketball, and running, the *NM+* multimedia platform has proved its strengths and potentials, especially to sports and fashion brands, successfully organising a few sports events and campaigns by lining up strong networks among local universities and sports associations to give high exposure and promotion opportunities for advertisers aiming at young and active sports loving trend followers. The increasingly popular "*NM+* Live" and *Weekend Weekly's* "Jetso" mobile apps also allow daily updates on news and attractive offers, which appeal highly both to advertising clients and consumers on both ends.

Online platforms were also enhanced during the Year. In early 2013, the Group's travel website "GOtrip.hk" teamed up with "Yahoo! Travel", cooperating hand in hand to create better synergy and offering travel lovers a more comprehensive and sophisticated travelling page "Yahoo! Hong Kong Travel with GoTrip", generating promising visits and followings, and at the same time gaining maximum exposure and strengthening its positioning.

Also launched in early 2013, the "iTrial.hk" website, which was an extended spin-off of "iMore.hk" and is dedicated to allowing first hand trial and experience sharing of newly launched cosmetics and beauty products by users and experts, has also received positive feedback. Within a short time just right after its launch, it has recruited a good size of active members from the right target age group and profiles. Well-positioned and strategically set-up, it has developed into a strong and reliable marketing platform for clients to stage their new products, both as a stand-alone website, and as a complementing package to the Group's magazines.

During the Year, the Group's efforts in producing quality content and transforming into a multimedia platform have also been recognised through the granting of awards by various organisations in both local and international competitions. Awards attained during the Year are listed below.

Galaxy Awards 2012

NM+ New Monday "Tissot – Racing Touch Your Life"

– Honors Award in "Emerging Media: e-Magazine" category

Asian Publishing Awards 2012

Fashion & Beauty issue 448: "FW Preview of Japan Fashion Brand – deicy"

– Award of Excellence in "Best Feature on Asian Fashion" category

Mob-Ex Awards 2012

NM+ Live

– Certificate in "Best App/Content by a Media Owner"

NM+ New Monday "Tissot – Racing Touch Your Life"

– Gold Award in "Best Campaign for tablet/other devices" category

Media Convergence Awards 2012

NM+ New Monday

– Silver Award on Overall Excellence
– Gold Award in Weekly Magazine Category
– Gold Award on ICT Innovation and Creativity
– Bronze Award on Site/App Usability
– Bronze Award on Digital Marketing
– Merit Award

Weekend Weekly

– Silver Award in Weekly Magazine Category
– Merit Award

2013 Questar Awards

NM+ New Monday

"Start from Zero" – Silver Award in Street Art Awareness Category
"Kolor-The 8th Album" – Bronze Award in Interview Category
"*NM*+ Charity Basketball Game" – Honors in Sports Related Category

Corporate Social Responsibilities

The Group has always believed in fulfilling its corporate social responsibilities by striving to operate responsibly and making contributions to society through different means. As in the past years, the Group continued to grant more than 100 free full-page advertising placements in the Group's five magazines and banner ads on its online portals during the Year to charitable, non-profit-making organizations. These include the Senior Citizen Home Safety Association, Sowers Action, Heifer International (HK), Society for the Promotion of Hospice Care, Hong Kong Down Syndrome Association, Plan, Hong Kong Blind Union, Hong Kong Society for the Blind, and Agency for Volunteer Service etc.

Individual magazines also contributed through various charity campaigns. *Economic Digest*, for example, has once again participated in the "YDC" School-Company-Parent programme organised by the Young Entrepreneurs Development Council, and has also acted as media sponsor for Redford Charitable Foundation's "Guinness World Records Charity Challenge" and for the "Love Family Day" hosted by Hong Kong United Youth Association. *Weekend Weekly*, having its own dedicated "Go Green" section every week to raise awareness and concern on environmental issues, has worked closely with environmental organisations to help promote their green campaigns. During the Year, the magazine has acted as media sponsor and partner for various events, such as for WWF's "Walk For Nature" campaign, Green Council's "HK Green Day", the Junior Chamber International Peninsula's "Go Green Chopsticks" campaign, and the "Power Smart 2013" campaign organised by Friends of the Earth (HK). As part of a promotion campaign, the Group's website "meetu.hk" also managed to raise funds for Make-A-Wish Foundation through a facebook campaign called "Make A Loving Wish – meetu 友緣人".

The Group has always encouraged its staff to take part in community works and has strived to create opportunities where possible. To allow for convenience, a blood drive day for the Red Cross was held at the Group's office for the fifth consecutive year. And to help promote energy saving in the community and at the same time raising awareness among its staff, the Group has participated in the "WWF Earth Hour" campaign again, an annual commitment by the Group to show its continued support since 2009. The Group's staff was also encouraged to join other volunteers of the Emperor Foundation, such as visiting elderly homes and taking part in charity races etc.

Outlook

The market trend is clearly steering towards the digital and multimedia world where much is needed to be learned and experimented. Continuous growth and long term dedication are even more crucial than before. With strong faith in our team of professional and creative workforce, and with the backup of a restructured business model designed to facilitate strategic development and exploration of new products, the Group is confident that it can continue to initiate new business opportunities to generate continuous revenue streams and stay productive and competitive in the new multimedia age. Existing brands will be enhanced and new elements will be incorporated to bring about new synergies with current and new clients whenever opportunities emerge. It is foreseeable that the market will still be unpredictable, and cautious measures will definitely be taken to ensure that resources are used and controlled intelligently. The new phase of media marketing and content distribution has no boundaries and limits, and the Group believes it has what it takes to press ahead and compete optimistically in this new dynamic context.

Other Analysis

Capital Structure, Liquidity and Financial Resources

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

As at 30 June 2013, the Group had no bank and other borrowing (2012: HK$53.5 million).

As at 30 June 2013, the Group's gearing ratio was nil (2012: 12.3%) (calculated based on the basis of total bank borrowings over shareholders' equity).

The Group had limited exposure to fluctuation in exchange rates.

Employee and Share Option Scheme

As at 30 June 2013, the Group has 709 employees (2012: 683). Total staff costs (including remuneration of the directors of the Company) were approximately HK$209.9 million (2012: HK$197.3 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 the director of the Company ("Directors"), the Company adopted a share option scheme on 18 January 2008. No option was granted by the Company under such share option scheme since its adoption and up to 30 June 2013.

On 18 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 then sole shareholder on 18 January 2008. During the Year, such share options lapsed on 13 February 2013 upon the expiry of the exercisable period. No share options were exercised since 18 January 2008.

Charge on Assets

As at 30 June 2013, the Group's land and building with carrying value of approximately HK$258.4 million (2012: HK$265.8 million) were pledged as security for banking facilities.

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. In the opinion of the Directors, 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

Biographies of Directors and Senior Executives

Executive Director

Percy Hughes, Shirley, aged 50, is an Executive Director and the Chief Executive Officer of the Company. She is also a director of certain subsidiaries of the Company. She is responsible for the Group's strategic development and overseeing the operations. She has over 30 years' experience in the media and publishing business. Ms. Shirley Hughes joined the Group in November 2002. Prior to that, she 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 51, is an Executive Director of the Company. He is also a director of certain subsidiaries of the Company. He has over 30 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 that, he 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 57, is an Executive Director of the Company and a director of certain subsidiaries of the Company. Mr. Wong has been involved in the management of the Group since June 1999. He is also a member of the Remuneration Committee of the Company. Mr. Wong is a Certified Public Accountant 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 three listed companies in Hong Kong, namely Emperor International Holdings Limited ("Emperor International") (Stock Code: 163), Emperor Entertainment Hotel Limited ("Emperor E Hotel") (Stock Code: 296) and Emperor Watch & Jewellery Limited ("Emperor W&J") (Stock Code: 887), all being associated companies of the Company. Having over 20 years of finance and management experience, Mr. Wong has diversified experience in different businesses ranging from media and publication to manufacturing, property investment and development, hotel and hospitality, watch and jewellery retailing as well as artiste management and entertainment production.

Fan Man Seung, Vanessa, aged 50, is an Executive Director of the Company and a director of certain subsidiaries of the Company. Ms. Fan has been involved in the management of the Group since June 1999. She is also the Chairperson of the Corporate Governance Committee and a member of the Nomination Committee of the Company. Ms. Fan is a lawyer by profession in Hong Kong and a qualified accountant. She also holds a Master's Degree in Business Administration. Ms. Fan is also a director of three listed companies in Hong Kong, namely Emperor International, Emperor E Hotel and Emperor W&J, all being associated companies of the Company. Having over 24 years of corporate management experience, she possesses diversified experience in different businesses ranging from 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.

Independent Non-executive Director

Hui Wai Man, Shirley, aged 46, was appointed as Independent Non-executive Director on 16 January 2008. She is the Chairperson of the Audit Committee as well as a member of the Remuneration Committee and the Nomination Committee of the Company. Ms. Hui is a practicing accountant in Hong Kong and is currently a director of a CPA firm and a securities firm as well as the company secretary of three listed companies. She has over 23 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 of Hong Kong Limited (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.

Tse Hin Lin, Arnold, aged 60, was appointed as Independent Non-executive Director on 16 January 2008. He is the Chairman of the Remuneration Committee as well as a member of the Audit Committee and the Corporate Governance 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 1 July 2008. Mr. Tse practiced commercial and corporate law, including advising on cross-border acquisitions and commercial transactions.

Kwan Shin Luen, Susanna, aged 46, was appointed as Independent Non-executive Director on 16 January 2008. She is the Chairperson of the Nomination Committee as well as a member of the Audit Committee and Corporate Governance 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 practises and specialises 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, financial 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 as well as insurance and financial services.

Directors' Report

Directors' Report

The Directors present their report and the audited consolidated financial statements of the Group for the Year.

Principal Activities

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 32 to the consolidated 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 profit or loss and other comprehensive income on page 56 and note 12 to the consolidated financial statements respectively.

An interim dividend of HK0.35 cent per share amounting to HK$3,024,000 was paid to the shareholders of the Company (the "Shareholders") during the Year.

The Directors recommend the payment of a final dividend of HK0.4 cent per share (2012: HK0.4 cent) for the Year amounting to HK$3,456,000 (2012: HK$3,456,000) to those Shareholders whose names appear on the register of members of the Company on 6 December 2013 (Friday) subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on 18 November 2013 (Monday) ("AGM").

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 14 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the Year are set out in note 25 to the consolidated financial statements.

Reserves

Details of movements in the reserves of the Group during the Year are set out on page 60.

Distributable Reserves of the Company

The Company's reserves available for distribution to Shareholders was HK$34,846,000 (2012: HK$39,168,000) as at 30 June 2013.

Directors

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

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

Subject to the service agreements/letters of appointment 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, Ms. Fan Man Seung, Vanessa, Mr. Tse Hin Lin, Arnold and Ms. Kwan Shin Luen, Susanna will retire by rotation at the AGM. Ms. Fan Man Seung, Vanessa and Ms. Kwan Shin Luen, Susanna, being eligible, offer themselves for re-election while Mr. Tse Hin Lin, Arnold, being eligible but does not offer himself for re-election thereat.

Directors' Report

Directors' Service Contracts

No Director proposed for re-election at the AGM has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation (other than statutory compensation).

Each of the Directors has entered into a service agreement/letter of appointment with the Company for a term of three years commencing from 16 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.

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

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

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

As at 30 June 2013, the interests and short positions of the Directors and chief executives of the Company 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") of The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions in share options of associated corporations

Name of Directors	Name of associated corporation	Capacity	Number of underlying shares held	Approximate percentage holding
Mr. Wong Chi Fai	Emperor International	Beneficial owner	10,769,475	0.29%
	Emperor E Hotel	Beneficial owner	5,000,000	0.39%
Ms. Fan Man Seung, Vanessa	Emperor International	Beneficial owner	10,769,475	0.29%
	Emperor E Hotel	Beneficial owner	5,000,000	0.39%

Note: These were share options granted to the Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa being the directors of Emperor International and Emperor E Hotel, under the respective share option schemes of Emperor International and Emperor E Hotel.

Save as disclosed above, as at 30 June 2013, none of the Directors nor chief executives of the Company 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).

Directors' Report

Share Options

(a) Share Option Scheme

The Company has adopted a share option scheme (the "Share Option Scheme") on 18 January 2008. Particulars of the Scheme are set out in note 26 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 18 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 26 to the consolidated financial statements.

Save as disclosed above, at no time during the Year was the Company, its holding company or any of its subsidiaries and fellow subsidiaries a party to any arrangements to enable any Directors or chief executive of the Company or nominees to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporates.

Other Persons' Interests and Short Positions

As at 30 June 2013, 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, or were deemed or taken to have an interest 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 ("Shares")

Name of shareholders	Capacity/ Nature of interests	Number of issued ordinary shares interested in or deemed to be interested	Approximate percentage holding
New Media Group Investment Limited ("New Media Investment")	Beneficial owner	584,255,000	67.62%
Albert Yeung Holdings Limited ("AY Holdings")	Interest in a controlled corporation	584,255,000	67.62%
STC International Limited ("STC International")	Trustee	584,255,000	67.62%
Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung")	Founder of a discretionary trust	584,255,000	67.62%
Ms. Luk Siu Man, Semon ("Ms. Semon Luk")	Interests spouse	584,255,000	67.62%

Note: The Shares were held by New Media Investment which is wholly-owned by AY Holdings. AY Holdings is held by STC International, the trustee of The Albert Yeung Discretionary Trust ("AY Trust"). Dr. Albert Yeung, as founder of the AY Trust, was deemed to have interest in the above Shares. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same Shares.

Directors' Report

Other Persons' Interests and Short Positions – continued

Long positions in ordinary shares of HK$0.01 each of the Company ("the Shares") – continued

All interests stated above represent long positions. As at 30 June 2013, no short positions were recorded in the SFO register of the Company.

Save as disclosed above, as at 30 June 2013, 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, or were deemed or taken to have, any interests or short positions in any Shares or underlying Shares 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 Competing Business

The spouse of Ms. Percy Hughes, Shirley, an Executive Director and the Chief Executive Officer of the Company, 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.

Directors' Interests in Contracts of Significance

There was no contract of significance in relation to the Company's business to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director 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 30 June 2013 HK$'000
Printing costs paid:		
Hong Kong Daily Offset Printing Company Limited ("HK Daily Offset") (note 1)	1 July 2010 to 30 June 2013	1,587
Advertising income received:		
Emperor International and its subsidiaries (note 2)	1 July 2010 to 30 June 2013	187
Emperor E Hotel and its subsidiaries (note 3)	1 July 2010 to 30 June 2013	297
Emperor Capital Group Limited ("Emperor Capital Group") and its subsidiaries (note 4)	1 July 2010 to 30 June 2013	45
Emperor W&J and its subsidiaries (note 5)	1 July 2010 to 30 June 2013	312
Emperor Assets Holdings Limited ("Emperor Assets Holdings") and its subsidiaries (note 6)	1 July 2010 to 30 June 2013	615
Emperor International Exchange (Hong Kong) Company Limited ("Emperor International Exchange") (note 7)	1 July 2010 to 30 June 2013	308
		1,764

Directors' Report

Continuing Connected Transactions – continued

Notes:

(1) HK Daily Offset was indirectly wholly-owned by the AY Trust as at 30 June 2013, the founder of which is Dr. Albert Yeung who is a deemed substantial shareholder of the Company.

(2) Emperor International is a listed company which was controlled by Emperor International Group Holdings Limited ("Emperor International Group Holdings") as at 30 June 2013. The entire issued share capital of Emperor International Group Holdings was indirectly owned by the AY Trust.

(3) Emperor E Hotel is a listed company which was controlled by Emperor Entertainment Hotel Holdings Limited ("Emperor E Hotel Holdings") as at 30 June 2013. The entire issued share capital of Emperor E Hotel Holdings was indirectly owned by the AY Trust.

(4) Emperor Capital Group is a listed company which was controlled by Emperor Capital Group Holdings Limited ("Emperor Capital Holdings") as at 30 June 2013. The entire issued share capital of Emperor Capital Holdings was indirectly owned by the AY Trust.

(5) Emperor W&J is a listed company which was controlled by Emperor Watch & Jewellery Group Holdings Limited ("Emperor W&J Holdings") as at 30 June 2013. The entire issued share capital of Emperor W&J Holdings was owned by the AY Trust.

(6) Emperor Assets Holdings was indirectly wholly-owned by the AY Trust as at 30 June 2013.

(7) Emperor International Exchange was indirectly wholly-owned by AY Trust as at 30 June 2013. It was transferred from a discretionary trust set up by an associate of Dr. Albert Yeung during the Year.

The engagement of using of the printing services under the printing master purchase agreement dated 30 June 2010 for a term from 1 July 2010 to 30 June 2013 is in the ordinary and usual course of business of the Group. The printing charges are to be determined from time to time by the Group and HK Daily Offset after arm's length negotiation with reference to the market prices and on such terms that are no less favorable than those charged by other independent third parties engaging similar printing services.

The engagements of sale of advertising space of the magazines and books published by the Group under the advertising master purchase agreements dated 30 June 2010 for a term from 1 July 2010 to 30 June 2013 are in the ordinary and usual course of business of the Group. The advertising charges by the Group are to be determined from time to time by the Group and 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.

Continuing Connected Transactions – continued

The Directors 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 above continuing connected transactions are exempt from independent shareholders' approval requirements under the Listing Rules and the Company has published the announcement on 2 July 2010 for such transactions.

Compliance with Disclosure Requirements

Save as "Advertising income received" and "Printing costs paid" as shown in note 31(a) to the consolidated financial statements, all other transactions as shown in such note are connected transactions exempted from announcement, reporting, annual review and independent shareholders' approval requirements under Rule 14A.31/14A.33 of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above connected transactions.

Auditor's Letter on Disclosed Continuing Connected Transactions

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group ("Disclosed CCTs") on page 31 of this annual report in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Confirmation of Independent Non-executive Directors

Pursuant to Rule 14A.37 of the Listing Rules, the Independent Non-executive Directors of the Company have reviewed the Disclosed CCTs and aforesaid auditor's letter and have confirmed that the transactions have been entered into by the Group in the ordinary and usual course of its business, on normal commercial terms, and in accordance with the terms of the respective agreements governing such transactions that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Directors' Report

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. The Company considers all of the Independent Non-executive Directors are independent.

Emolument Policy

The emoluments of the Executive Directors are decided by the Board as recommended by the Remuneration Committee having regard to a written remuneration policy (which ensures a clear link to business strategy and a close alignment with Shareholders' interest and current best practice), operating results, individual performance and comparable market statistics. The Independent Non-executive Directors are paid fees in line with market practice. No individual should determine his or her own remuneration.

The emoluments of the employees of the Group are based on their performance, qualifications, competence displayed, market comparables and the performance of the Group.

Remuneration package includes basic salary, Director's fee, 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 under the Pre-IPO Share Option Scheme and to be granted under the Share Option Scheme adopted by the Company on 18 January 2008, details of the schemes are set out in note 26 to the consolidated financial statements. Details of the emoluments of the Directors and the five highest paid individuals in the Group are set out in note 11 to the consolidated financial statements.

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.

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.

Major Customers and Suppliers

During the Year, sales to the five largest customers of the Group accounted for approximately 43.1% 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 17.6% of the Group's turnover.

The five largest suppliers contributed to approximately 47.1% 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 36.1% of the Group's total direct operating costs.

None of the Directors, their associates or any Shareholders which, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital, had a beneficial interest in the share capital of any of the above major customers and suppliers of the Group.

Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 37 to 51.

Sufficiency of Public Float

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained a sufficient public float under the Listing Rules.

Auditor

A resolution will be submitted to the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Percy Hughes, Shirley
Executive Director & Chief Executive Officer

Hong Kong
24 September 2013

Corporate Governance Report

Corporate Governance Report

The Board is committed to maintaining a high standard of corporate governance for the Company within a sensible framework. The Company has fully complied with all code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules throughout the Year.

The Board

Board Composition

As at 30 June 2013, 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 biographies of the Directors are set out on pages from 20 to 21 of this annual report under the "Biographies of Directors and Senior Executives" section.

Chairperson and Chief Executive Officer

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, managing the board of director of a company and with the support of the Company Secretary, ensuring that all Board members work effectively and discharge their responsibilities by providing timely, reliable and sufficient information on issues to be discussed at each Board meeting. All Board members are properly briefed on the issues to be discussed and the meeting materials are dispatched to the Directors before the meetings. She holds meetings with INEDs at least once a year.

Independent Non-executive Directors

The Independent Non-executive Directors are all professionals with valuable experience and expertise in legal, corporate finance and accounting in business areas who would contribute impartial view and make independent judgment on issues to be discussed at Board Meetings. Each of them 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 Board – continued

Independent Non-executive Directors – continued

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 as set out in Rule 3.13 of 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.

Roles and Responsibilities of the Board and Management

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.

Delegation to the Management

The management team of the Company (the "Management") is led by the Executive Directors of the Board and has delegated powers and authorities to carry out the day-to-day management and operation of the Group; formulate business policies and make decision on key business issues; and exercise power and authority delegated by the Board from time to time. The team assumes full accountability to the Board for the operations of the Group.

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board had given clear directions to the Management that certain matters (including the following) must be reserved to the Board:

- Publication of final and interim results of the Company;
- Dividend distribution or other distributions
- Major issues of treasury policy, accounting policy and remuneration policy
- Changes to major group structure or Board composition requiring notification by announcement
- Publication of the announcement for notifiable transaction and non-exempted connected transaction/continuing connected transaction
- Proposed transaction requiring Shareholders' approval
- Capital restructuring of the Company
- Financial assistance to Directors

Corporate Governance Report

The Board – continued

Training, Support and Professional Development of Directors

All Directors have been given relevant guideline materials regarding the 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 and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the Code on Directors' training. During the Year, each Director has participated in continuous professional development by attending seminars/in-house briefing or reading materials on the following areas to develop and refresh their knowledge and skills and provided a record of training to the Company.

Name of Directors	**Areas on training covered** (Notes)
Ms. Percy Hughes, Shirley	(a), (b) & (d)
Mr. Lee Che Keung, Danny	(a), (b) & (d)
Mr. Wong Chi Fai	(a), (b), (c) & (d)
Ms. Fan Man Seung, Vanessa	(a), (b) & (c)
Ms. Hui Wai Man, Shirley	(a) & (b)
Mr. Tse Hin Lin, Arnold	(a) & (b)
Ms. Kwan Shin Luen, Susanna	(a) & (b)

Notes:
(a) corporate governance
(b) regulatory
(c) finance
(d) industry-specific

The Board – continued

Relationship between the Board Members

None of the members of the Board has any relationship (including financial, business, family or other material/relevant relations) between each other.

Directors' Insurance

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors.

Directors' Attendance and Time Commitment

The attendance of Directors at the meetings during the Year is set out below:

	Meetings attended/held					
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Corporate Governance Committee**	**Annual General Meeting**
Executive Directors						
Ms. Percy Hughes, Shirley Note 1	5/5	3/3	–	–	–	1/1
Mr. Lee Che Keung, Danny	5/5	–	–	–	–	1/1
Mr. Wong Chi Fai	5/5	–	1/1	–	–	1/1
Ms. Fan Man Seung, Vanessa Note 2	5/5	–	–	2/2	1/1	1/1
Independent Non-executive Directors						
Ms. Hui Wai Man, Shirley Note 3	5/5	3/3	1/1	2/2	–	1/1
Mr. Tse Hin Lin, Arnold Note 4	5/5	3/3	1/1	–	1/1	1/1
Ms. Kwan Shin Luen, Susanna Note 5	5/5	3/3	–	2/2	1/1	1/1
Total number of meetings held	5	3	1	2	1	1

Corporate Governance Report

The Board – continued

Directors' Attendance and Time Commitment – continued

Notes:

1. Ms. Percy Hughes, Shirley was invited to sit-in the Audit Committee meetings as non-member.
2. Chairperson of Corporate Governance Committee
3. Chairperson of Audit Committee
4. Chairman of Remuneration Committee
5. Chairperson of Nomination Committee

Upon reviewing (i) the annual confirmation of the time commitment given by each Director; (ii) the directorships and major commitments of each Director; and (iii) the attendance rate of each Director on full Board and the respective Board committee meetings, the Board is satisfied that all Directors have spent sufficient time performing their responsibilities during the Year.

Board Meetings and Proceedings

Regular Board meetings were held at approximately quarterly interval. 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 laws, rules and regulations, are followed.

With the assistance of Company Secretary, the meeting agenda is set by the Chairperson in consultation with other Board members. Board meeting notice was sent to the Directors at least 14 days prior to each regular meeting. Board papers together with all appropriate, complete and reliable information are generally sent to all Directors at least 3 days before each Board meeting and Board Committee meeting to enable the Directors to make informed decisions.

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.

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.

The Board – continued

Board Committees

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, Remuneration Committee, Nomination Committee and Corporate Governance Committee.

The majority of the members of the Audit Committee, Remuneration Committee and Nomination Committee are Independent Non-executive Directors. Clear written terms of reference of all the Board Committees are given to the respective members of these Committees. Details of the Board Committees are set out below:

1. **Audit Committee** (set up on 16 January 2008)

   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 specific written terms of reference of the Audit Committee is available in the Company's website. The Audit Committee is primarily responsible for (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor; (b) approving the remuneration and terms of engagement of external auditor; and (c) reviewing financial information and overseeing the financial reporting system and internal control procedures. The Audit Committee held three meetings during the Year.

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

   i. Reviewed with the management/finance-in-charge and/or the external auditor the effectiveness of audit process and the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual financial statements for the financial year ended 30 June 2012 as well as the interim financial statements for the period ended 31 December 2012;

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

Corporate Governance Report

The Board – continued

Board Committees – continued

1. **Audit Committee** (set up on 16 January 2008) – continued

iii. Annual review of the non-exempt continuing connected transactions of the Group for the year ended 30 June 2012;

iv. met with external auditor and reviewed their work and findings relating to the audit for the year ended 30 June 2012;

v. Approved the audit plan for the Year, reviewed the external auditor's independence and approved the engagement of external auditor; and

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

2. **Remuneration Committee** (set up on 16 January 2008)

The Remuneration Committee consists of three members, namely Mr. Tse Hin Lin, Arnold (Chairman of the Committee) and Ms. Kwan Shin Luen, Susanna, both being Independent Non-executive Directors, and Mr. Wong Chi Fai, an Executive Director.

The specific written terms of reference of the Remuneration Committee is available on the Company's website. Pursuant to the revised terms of reference, the primary duties of the Remuneration Committee are making recommendation to the Board on (a) the Company's policy and structure for the remuneration of Directors and senior management; (b) the remuneration of non-executive directors; and (c) the specific remuneration packages of individual Executive Directors and senior management. Details of the remuneration of each of the Directors for the Year are set out in note 11 to the consolidated financial statements. The Remuneration Committee held one meeting during the Year.

A summary of the work performed by the Remuneration Committee during the Year is set out as follows:

i. reviewed and recommended the Board to approve the Directors' fee; and

ii. reviewed the current level and remuneration structure/package of the Executive Directors and senior management and recommended the Board to approve their specific packages.

The Board – continued

Board Committees – continued

3. **Nomination Committee** (set up on 23 February 2012)

   The Nomination Committee consists of three members, namely Ms. Kwan Shin Luen, Susanna (Chairperson of the Committee) and Ms. Hui Wai Man, Shirley, both being Independent Non-executive Directors, and Ms. Fan Man Seung, Vanessa, an Executive Director. The specific written terms of reference of the Nomination Committee is available on the Company's website. The primary duties of the Nomination Committee are (a) reviewing the structure, size and composition of the Board; (b) identifying potential candidates for directorship; (c) assessing the independence of Independent Non-executive Directors; and (d) making recommendations to the Board on any proposed changes to the Board or selection of individual nominated for directorships or on appointment or re-appointment of Directors. The Nomination Committee convened two meetings during the Year.

   A summary of the work performed by the Nomination Committee during the Year is set out as follows:

   i. Reviewed structure, size and composition of the Board;

   ii. Reviewed the independence of the Independent Non-executive Directors;

   iii. Recommended to the Board the nomination of Directors for re-election at the annual general meeting held on 15 November 2012; and

   iv. Recommended to the Board the adoption of the board diversity policy and the revised terms of reference of the Nomination Committee.

Corporate Governance Report

The Board – continued

Board Committees – continued

4. **Corporate Governance Committee** (set up on 23 February 2012)

   The Corporate Governance Committee consists of five members, namely Ms. Fan Man Seung, Vanessa (Chairperson of the Committee), the Executive Director, Mr. Tse Hin Lin, Arnold and Ms. Kwan Shin Luen, Susanna, both being Independent Non-executive Directors, a representative from company secretarial function and a representative from finance and accounts function. The specific written terms of reference of the Corporate Governance Committee is available on the Company's website. The primary duties of the Corporate Governance Committee are (a) reviewing the policies and practices on corporate governance and compliance with legal and regulatory requirements of the Company; (b) reviewing and monitoring the training and continuous professional development of Directors and senior management; (c) reviewing the code of conduct of Directors; and (d) reviewing the Company's compliance with the Code and disclosure in this Report. The Corporate Governance Committee convened one meeting during the Year.

   A summary of the work performed by the Corporate Governance Committee during the Year is set out as follows:

   i. Reviewed the Corporate Governance Policy;

   ii. Reviewed the training and continuous professional development of directors and senior management;

   iii. Reviewed the policies and practices on compliance with legal and regulatory requirements;

   iv. Reviewed the code of conduct applicable to Directors and relevant employees; and

   v. Reviewed the Company's compliance with the Corporate Governance Code and disclosure in Corporate Governance Report.

Securities Transaction of Directors

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

Accountability and Audit

The Directors acknowledged that it is their responsibility to prepare the financial statements of the Group and other financial disclosures required under the Listing Rules and the Management has provided information and explanation to the Board to enable it to make an informed assessment of the financial and other Board decisions. The Directors believed that they have selected suitable accounting policies and applied them consistently, made judgement and estimates that are prudent and reasonable and ensured the consolidated financial statements are prepared on a "going concern" basis. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report.

Management has provided all members of the Board with monthly updates on internal financial statements so as to give the Directors a balanced and understandable assessment of the Company's performance, position and prospects.

Internal Controls

The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the Group's internal control system. 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 Management is primarily responsible for the design, implementation and maintenance of the internal control system to safeguard the Shareholders' investment and assets of the Group.

The Management monitors the business activities closely and reviews monthly financial results of operations against budgets/forecast. Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

Corporate Governance Report

Internal Controls – continued

The internal audit department is assigned with the task to perform regular reviews on selected systems of the Group and will report audit review findings or irregularities, if any, to Management and advise on the implementation of necessary steps of systems to enhance operational or financial controls. The results of the audit reviews and agreed action plans will be reported to the Audit Committee and the Board.

During the Year, the Management had analyzed the control environment and risk assessment, identified the various control systems implemented. The approach of the review includes conducting interviews with relevant management and staff members, reviewing relevant documentation of the internal control system and evaluating findings on any deficiencies in the design of the internal controls and developing recommendations for improvement, where appropriate. The scope and findings of the review had been reported to and reviewed by the Audit Committee

The following policies and procedures are also in place to enhance the internal control system:

i. the Systems and Procedures on Disclosure of Inside Information to ensure, with the assistance of an internal work team (if required), that any material information which comes to the knowledge of any one or more officers should be promptly identified, assessed and escalated for the attention of the Board;

ii. the policies and practices on compliance with legal and regulatory requirements which shall be reviewed and monitored regularly by the Corporate Governance Committee;

iii. the establishment of a CCT Compliance Committee to monitor, control and regularly review connected transactions and continuing connected transactions of the Company and ensure proper compliance with all relevant laws and regulations and the Listing Rules; and

iv. a whistle-blowing policy for employees of the Group to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. Such arrangement will be reviewed by the Audit Committee which ensures that proper arrangement is in place for fair and independent investigation of the matters.

The Board and its Audit Committee had conducted a review on the effectiveness of internal control system of the Group (including financial, operational, compliance controls, risk management functions) and the adequacy of resources, qualifications and experience of staff, training programmes and budget of the Company's accounting and financial reporting function. The Board considered that its internal control system is effective and adequate and the Company had complied with the code provisions on internal control of the Code in this respect in general.

Communication with Shareholders

The Company had established a shareholders' communication policy and the Board shall review it on a regular basis to ensure its effectiveness. The Company communicates with the Shareholders mainly in the following ways: (i) the holding of annual general meetings and extraordinary general meetings ("EGM"), if any, which may be convened for specific purposes which provide opportunities for the Shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports, circulars on the websites of the Company, the Stock Exchanges of Hong Kong and Taiwan; (iii) publication of press releases of the Company providing updated information of the Group; (iv) the availability of latest information of the Group in the Company's website; (v) the holding of investor/analyst briefings and media conference from time to time; and (vi) meeting with investors and analysts on a regular basis and participate investor road shows and sector conference.

There is regular dialogue with institutional shareholders and general presentations are usually 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 Company's website and page 5 of this annual report.

Separate resolution is proposed at the general meetings for each substantially separate issue, including the re-election of retiring Directors. The Company's notice to Shareholders for the 2012 annual general meeting was sent to Shareholders at least 20 clear business days before the meeting.

The chairperson of the annual general meeting, chairperson/chairman/members of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee and the external auditors were available at the annual general meeting held on 15 November 2012 to answer questions from the Shareholders. The Chairperson of the meeting had explained the procedures for conducting a poll during the meeting.

The forthcoming annual general meeting of the Company will be held on 18 November 2013 which will be conducted by way of poll.

Corporate Governance Report

Shareholders' Rights

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the Code.

Convening an EGM

Pursuant to Section 113 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), Shareholder(s) holding at the date of the deposit of the requisition not less than one-twentieth (5%) of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the company, can submit a written requisition to convene an EGM.

The written requisition (i) must state the object(s) of the meeting, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists.

Such requisitions will be verified with the Company's share registrar and upon its confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice to all Shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the EGM will not be convened as requested.

If Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene an EGM for a day not more than 28 days after the date on which the notice convening the EGM is given, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, but any EGM so convened shall not be held after the expiration of 3 months from the said date of deposit of the requisition. A meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by directors. Any reasonable expenses incurred by the requisitionists by reason of the failure of the Directors duly to convene a meeting shall be repaid to the requisitionists by the Company.

Moving a resolution at general meetings of the Company

Pursuant to Section 115A of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), Shareholder(s) can submit a written requisition to move a resolution at general meeting if they (i) represent not less than 2.5% of the total voting rights of all Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or (ii) are no less than 50 Shareholders holding the Company's shares on which there has been paid up an average sum, per shareholder, of not less than HK$2,000.

Shareholders' Rights – continued

Moving a resolution at general meetings of the Company – continued

The written requisition must (i) state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at the meeting; (ii) contain the signatures of all the requisitionists (which may be contained in one document or in several documents in like form); (iii) be deposited at the Company's registered office for the attention of the Company Secretary not less than 6 weeks before the meeting in the case of a requisition requiring notice of a resolution and not less than 1 week before the meeting in the case of any other requisition; and (iv) be accompanied by a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement given by the requisitionists to all Shareholders in accordance with the requirements under the applicable laws and rules.

Enquires from Shareholders

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Tricor Secretaries Limited. Other Shareholders' enquiries can be directed to the Investor Relations Department of the Company whose contact details are shown on page 5 of this Annual Report.

Constitutional Documents

There are no significant changes in the Company's constitutional documents during the Year.

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 statements. Members of the Committee are of the view that the Company's auditor, Messrs. Deloitte Touche Tohmatsu is independent and recommended the Board to propose its re-appointment as the Company's external auditor at the AGM. 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	1,803
Non-audit services (Review on interim financial statements)	397

Financial Statements

Independent Auditor's Report

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 56 to 115, which comprise the consolidated and the Company statements of financial position as at 30 June 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of consolidated financial statements that give a true and fair view 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 30 June 2013 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 Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 September 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	NOTES	2013 HK$'000	2012 HK$'000
Turnover	7	**495,197**	504,840
Direct operating costs		**(333,134)**	(341,166)
Gross profit		**162,063**	163,674
Other income		**3,123**	3,972
Selling and distribution costs		**(71,292)**	(70,447)
Administrative expenses		**(65,751)**	(60,537)
Finance costs	8	**(710)**	(857)
Profit before taxation		**27,433**	35,805
Taxation charge	9	**(5,158)**	(6,151)
Profit and total comprehensive income for the year	10	**22,275**	29,654
Earnings per share	13		
– Basic and diluted		**HK2.58 cents**	HK3.46 cents

Consolidated Statement of Financial Position

At 30 June 2013

	NOTES	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	14	**331,406**	343,427
Intangible assets	15	**–**	–
Goodwill	16	**695**	695
		332,101	344,122
Current assets			
Inventories	18	**545**	1,142
Trade and other receivables	19	**114,366**	108,051
Income tax recoverable		**749**	1,078
Bank balances and cash	21	**66,837**	111,421
		182,497	221,692
Current liabilities			
Trade and other payables	22	**59,642**	71,684
Income tax payable		**1,161**	2,944
Secured bank mortgage loan	23	**–**	53,458
		60,803	128,086
Net current assets		**121,694**	93,606
Total assets less current liabilities		**453,795**	437,728

Consolidated Statement of Financial Position

At 30 June 2013

	NOTES	**2013 HK$'000**	2012 HK$'000
Non-current liability			
Deferred taxation	24	**3,138**	2,866
		450,657	434,862
Capital and reserves			
Share capital	25	**8,640**	8,640
Reserves	27	**442,017**	426,222
		450,657	434,862

The consolidated financial statements on pages 56 to 115 were approved and authorised for issue by the Board of Directors on 24 September 2013 and are signed on its behalf by:

Percy Hughes, Shirley
DIRECTOR

Lee Che Keung, Danny
DIRECTOR

Statement of Financial Position

At 30 June 2013

	NOTES	2013 HK$'000	2012 HK$'000
Non-current assets			
Investments in subsidiaries	17	**72,220**	72,220
Amounts due from subsidiaries	20	**186,000**	–
		258,220	72,220
Current assets			
Other receivables and prepayments		**2**	1
Amounts due from subsidiaries	20	**131,091**	324,121
Bank balances	21	**5,360**	5,148
		136,453	329,270
Current liabilities			
Other payables and accrued charges		**436**	366
Amount due to a subsidiary	20	**5,000**	5,000
		5,436	5,366
Net current assets		**131,017**	323,904
		389,237	396,124
Capital and reserves			
Share capital	25	**8,640**	8,640
Reserves	27	**380,597**	387,484
		389,237	396,124

Percy Hughes, Shirley
DIRECTOR

Lee Che Keung, Danny
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Share capital HK$'000	Share premium HK$'000 (note 27(a))	Special reserve HK$'000 (note 27(b))	Capital contribution reserve HK$'000 (note 27(c))	Share options reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 July 2011	7,200	177,290	90,700	796	2,565	39,244	317,795
Profit and total comprehensive income for the year	–	–	–	–	–	29,654	29,654
Final dividend paid for 2011	–	–	–	–	–	(5,184)	(5,184)
Interim dividend paid for 2012	–	–	–	–	–	(5,184)	(5,184)
Issue of shares	1,440	99,418	–	–	–	–	100,858
Share issue expenses	–	(3,077)	–	–	–	–	(3,077)
At 30 June 2012	8,640	273,631	90,700	796	2,565	58,530	434,862
Profit and total comprehensive income for the year	–	–	–	–	–	22,275	22,275
Final dividend paid for 2012	–	–	–	–	–	(3,456)	(3,456)
Interim dividend paid for 2013	–	–	–	–	–	(3,024)	(3,024)
Transfer upon lapse of share options	–	–	–	–	(2,565)	2,565	–
At 30 June 2013	8,640	273,631	90,700	796	–	76,890	450,657

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	2013 HK$'000	2012 HK$'000
Cash flows from operating activities		
Profit before taxation	**27,433**	35,805
Adjustments for:		
Depreciation of property, plant and equipment	**23,802**	12,076
Interest income	**(606)**	(1,398)
Interest expenses	**710**	857
Gain on disposal of property, plant and equipment	**(6)**	(13)
Loss on written off of property, plant and equipment	**–**	2,645
Allowance for doubtful debts	**725**	203
Operating cash flows before movements in working capital	**52,058**	50,175
Decrease in inventories	**597**	6,970
Increase in trade and other receivables	**(7,171)**	(2,744)
Decrease in trade and other payables	**(11,892)**	(1,745)
Net cash generated from operations	**33,592**	52,656
Hong Kong Profits Tax paid	**(6,340)**	(12,487)
Net cash from operating activities	**27,252**	40,169
Cash flows from investing activities		
Purchase of property, plant and equipment	**(11,980)**	(73,742)
Interest received	**737**	1,274
Proceeds from disposal of property, plant and equipment	**55**	86
Net cash used in investing activities	**(11,188)**	(72,382)

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	2013 HK$'000	2012 HK$'000
Cash flows from financing activities		
Repayment of secured bank mortgage loan	**(53,458)**	(5,611)
Dividends paid	**(6,480)**	(10,368)
Interest paid	**(710)**	(857)
Proceeds from issue of shares	**–**	100,858
Share issue expenses paid	**–**	(2,611)
Net cash (used in) from financing activities	**(60,648)**	81,411
Net (decrease) increase in cash and cash equivalents	**(44,584)**	49,198
Cash and cash equivalents at beginning of the year	**111,421**	62,223
Cash and cash equivalents at end of the year, representing bank balances and cash	**66,837**	111,421

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 New Media Group Investment Limited ("New Media Investment") and Albert Yeung Holdings Limited ("AY Holdings") respectively, both companies are limited liability companies incorporated in the British Virgin Islands (the "BVI"). The entire issued share capital of New Media Investment was owned by AY Holdings which in turn is held by STC International Limited ("STC International"), being the trustee of The Albert Yeung Discretionary Trust (the "AY Trust"), a discretionary trust set up by Dr. Yeung Sau Shing, Albert ("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 consolidated 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 32.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following amendments to Hong Kong Accounting Standards ("HKASs") and HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 1	Presentation of items of other comprehensive income
Amendments to HKAS 12	Deferred tax: Recovery of underlying assets
Amendments to HKFRS 7	Financial instruments: disclosures – Transfers of financial assets

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") – continued

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Upon application of the amendments to HKAS 1, the Group's statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the above amendments to HKASs and HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") – continued

The Group has not early applied the following HKASs and HKFRSs, amendments and interpretations ("INTs") (hereinafter collectively referred to as the "new and revised HKFRSs") that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[3]
HKFRS 9	Financial instruments[2]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[3]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[3]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[3]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[1]
HK(IFRIC) – INT 21	Levies[3]

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") – continued

[1] Effective for annual periods beginning on or after 1 January 2013.

[2] Effective for annual periods beginning on or after 1 January 2015.

[3] Effective for annual periods beginning on or after 1 January 2014.

The directors of the Company anticipate that the adoption of the new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. Significant Accounting Policies

The consolidated financial statements have been prepared 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 (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

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.

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.

3. Significant Accounting Policies – continued

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, net of discounts and sales related taxes.

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

Circulation income represents sales of magazines and books, which is recognised when the publication are delivered and title has passed, net of any allowances for returned unsold copies.

Digital business income represents revenue from provision of digital services platform, which is recognised when services are provided.

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 recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income 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.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other 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 tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. Significant Accounting Policies – continued

Taxation – continued

Deferred tax is recognised on temporary 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 tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those 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 tax liabilities are recognised for taxable temporary differences associated with 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 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 tax 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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. Significant Accounting Policies – continued

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).

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 profits.

Retirement benefit costs

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit 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 profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. Significant Accounting Policies – continued

Goodwill – continued

On disposal of the relevant cash-generating unit, the attributable amount of goodwill 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 represents 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 on 18 January 2008.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. Significant Accounting Policies – continued

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. 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 profit or loss in the period when the asset is derecognised.

Impairment loss on tangible and intangible assets (other than goodwill and financial assets)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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 assets is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

3. Significant Accounting Policies – continued

Impairment loss on tangible and intangible assets (other than goodwill and financial assets) – continued

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) 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 (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Leasing

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

3. Significant Accounting Policies – continued

Leasehold land and building – continued

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in 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 loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. 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 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.

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 other receivables, amounts due from subsidiaries and bank balances for the Company) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

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

For financial assets, objective evidence of impairment could include:

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

3. Significant Accounting Policies – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets – continued

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are in addition, 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 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 rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets 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.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the 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.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. Significant Accounting Policies – continued

Financial instruments – continued

Financial liabilities and equity instruments – continued

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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.

Financial liabilities

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

Equity instruments issued costs

The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

3. Significant Accounting Policies – continued

Financial instruments – continued

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligation is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

4. Financial Instruments

(a) Categories of financial instruments

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

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**172,990**	211,345	**322,453**	329,270
Financial liabilities				
Amortised cost	**35,055**	100,564	**5,386**	5,315

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

4. Financial Instruments – continued

(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, trade and other payables and secured bank mortgage loan. The Company's major financial instruments are other receivables, bank balances, other payables, 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) Market risk

Foreign currency risk

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

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed rate bank deposits of approximately HK$55,958,000 (2012: HK$91,998,000) and cash flow interest rate risk in relation to a variable rate secured bank mortgage loan of nil (2012: HK$53,458,000). The Company is exposed to fair value interest rate risk in relation to a fixed rate bank deposit of approximately HK$5,058,000 (2012: HK$5,024,000). The Group and the Company currently do not have policy on fair value and cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group's cash flow interest rate risk was mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from secured bank mortgage loan.

The Group's sensitivity to cash flow interest rate risk had been determined based on the exposure to interest rates for the secured bank mortgage loan as at 30 June 2012. The analysis was prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates.

4. **Financial Instruments** – continued

(c) **Market risk** – continued

Interest rate risk – continued

If interest rates had been 100 basis points higher and all other variables were held constant, the potential decrease in post-tax profit for the year ended 30 June 2012 was approximately HK$446,000. If interest rates had been lower in an opposite magnitude and all other variables held constant, the potential effect on the results would be equal and opposite.

(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 30 June 2013 of approximately HK$47,475,000 (2012: HK$52,815,000) were derived from a few advertising agencies and a sole distributor of the Group, representing the top five 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

4. Financial Instruments – continued

(d) Credit risk – continued

THE COMPANY

The Company has concentration of credit risk on amounts due from two operating 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.

(e) Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of banking facilities and ensures compliance with loan covenants.

The Group relied on secured bank mortgage loan at 30 June 2012, and the Company relies on amount due to a subsidiary as a significant source of liquidity. At 30 June 2013, based on the existing levels of bank balances and the existing banking facilities available, the Group and the Company will be able to meet its future cashflow requirements. Accordingly, the management considers that the Group's and the Company's liquidity risk is minimal.

The following tables detail the Group's and the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The maturity dates are based on the agreed repayment dates.

At 30 June 2012, the table included both interest and principal cash flows. To the extent that interest flows were floating rate, the undiscounted amount was based on interest rate at the end of the reporting period. There were no interest bearing financial liabilities as at 30 June 2013.

4. Financial Instruments – continued

(e) Liquidity risk – continued

Liquidity tables

	THE GROUP				
	Weighted average interest rate	On demand or less than 1 month	Over 1 month but not more than 3 months	Total undiscounted cash flows	Total carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000
2013					
Trade and other payables	–	29,218	5,837	35,055	35,055
2012					
Trade and other payables	–	12,240	34,866	47,106	47,106
Secured bank mortgage loan	1.55	53,458	–	53,458	53,458
		65,698	34,866	100,564	100,564

As at 30 June 2012, secured bank mortgage loan with a repayment on demand clause was included in the "on demand or less than 1 month" time band in the above maturity analysis. The aggregate carrying amount of the bank loan not repayable within one year but contains a repayment on demand clause amounted to approximately HK$47,767,000. Taking into account the Group's financial position, the directors believed that it was not probable that the bank would exercise its discretionary rights to demand immediate repayment. The secured bank mortgage loan was expected to be repaid in nine years after 30 June 2012 in accordance with the scheduled repayment dates set out in the loan agreement. During the year ended 30 June 2013, the management decided to utilise the excessive cash and to minimise future finance costs of the Group, therefore the secured bank mortgage loan was early repaid in full on 28 May 2013.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

4. Financial Instruments – continued

(e) Liquidity risk – continued

Liquidity tables – continued

The aggregate principal and interest cash outflows for the year ended 30 June 2012 is disclosed as follows:

THE GROUP

	Weighted average interest rate	Over 1 month but not more than 3 months	Over 3 months but not more than 1 year	Over 1 year but not more than 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2012							
Secured bank mortgage loan	1.55	1,620	4,860	25,922	24,842	57,244	53,458

THE COMPANY

	Weighted average interest rate	On demand or less than 1 month	Over 1 month but not more than 3 months	Total undiscounted cash flows	Total carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000
2013					
Other payables	–	–	386	386	386
Amount due to a subsidiary	–	5,000	–	5,000	5,000
		5,000	386	5,386	5,386
2012					
Other payables	–	–	315	315	315
Amount due to a subsidiary	–	5,000	–	5,000	5,000
		5,000	315	5,315	5,315

4. **Financial Instruments** – continued

(f) 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.

5. 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 year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the debt raising.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

6. Segment Information

The Group's operating activity is attributable to a single reporting segment focusing on services on publication of advertisements, sales of magazines and books, digital business services and provision of magazine content.

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 chief operating decision makers ("CODM") who are the executive directors of the Group.

Segment revenue and results

The CODM regularly review revenue and operating results derived from services on publication of advertisements, sales of magazines and books, digital business services and provision of magazine content on an aggregated basis and consider them as one single operating segment. The turnover and profit before taxation in the consolidated statement of profit or loss and other comprehensive income represent the segment turnover and segment result respectively.

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 advertising income, circulation income, digital business income and income from provision of magazine content. Details are disclosed in note 7 to the consolidated financial statements.

6. **Segment Information** – continued

Geographical information

For each of the year ended 30 June 2013 and 2012, 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 Year ended 30 June		Non-current assets As at 30 June	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**493,864**	504,751	**331,830**	343,822
PRC	**1,333**	89	**271**	300
	495,197	504,840	**332,101**	344,122

Information about major customers

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

	2013	2012
	HK$'000	HK$'000
Customer A	**86,993**	104,507
Customer B	**55,922**	57,610

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

7. Turnover

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

	2013 HK$'000	2012 HK$'000
Advertising income	**390,587**	382,944
Circulation income	**89,648**	108,457
Digital business income	**12,816**	11,748
Provision of magazine content	**2,146**	1,691
	495,197	504,840

8. Finance Costs

	2013 HK$'000	2012 HK$'000
Interest on bank mortgage loan not wholly repayable within five years	**710**	857

9. Taxation Charge

	2013 HK$'000	2012 HK$'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	**4,607**	4,192
Under(over)provision in prior years	**279**	(285)
	4,886	3,907
Deferred taxation charge *(note 24)*	**272**	2,244
	5,158	6,151

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% from 1 January 2008 onwards.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

9. Taxation Charge – continued

The taxation charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013 HK$'000	2012 HK$'000
Profit before taxation	**27,433**	35,805
Tax at Hong Kong Profits Tax rate of 16.5%	**4,526**	5,908
Tax effect of expenses not deductible for tax purpose	**680**	552
Tax effect of income not taxable for tax purpose	**(99)**	(245)
Utilisation of tax losses previously not recognised	**(1,419)**	(119)
Tax effect of tax losses not recognised	**1,227**	381
Effect of different tax rates of a subsidiary operating in PRC	**(29)**	7
Under(over)provision in prior years	**279**	(285)
Others	**(7)**	(48)
Taxation charge for the year	**5,158**	6,151

10. Profit for the Year

	2013 HK$'000	2012 HK$'000
Profit for the year has been arrived at after charging:		
Directors' emoluments *(note 11)*		
– fees	**1,140**	922
– retirement benefits scheme contributions	**30**	24
– other emoluments	**6,062**	6,664
	7,232	7,610
Other staff's retirement benefits scheme contributions	**7,023**	6,100
Other staff costs, including salaries and other benefits	**195,691**	183,555
	209,946	197,265
Allowance for doubtful debts	**725**	203
Auditor's remuneration	**2,200**	1,943
Depreciation of property, plant and equipment	**23,802**	12,076
Loss on written off of property, plant and equipment	**–**	2,645
Operating lease rentals for rented premises	**371**	5,003
and after crediting:		
Gain on disposal of property, plant and equipment	**6**	13
Interest income	**606**	1,398

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

11. Directors', Chief Executive's and Employees' Emoluments

Directors' and chief executive's emoluments

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

	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
2013								
Fees	150	150	150	150	180	180	180	1,140
Other emoluments								
– salaries and other allowances	2,807	2,405	–	–	–	–	–	5,212
– bonus (note)	500	350	–	–	–	–	–	850
– retirement benefits scheme contributions	15	15	–	–	–	–	–	30
Total emoluments	3,472	2,920	150	150	180	180	180	7,232

11. Directors', Chief Executive's and Employees' Emoluments – continued

Directors' and chief executive's emoluments – continued

	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
2012								
Fees	112	112	112	112	158	158	158	922
Other emoluments								
– salaries and other allowances	2,673	2,291	–	–	–	–	–	4,964
– bonus (note)	1,000	700	–	–	–	–	–	1,700
– retirement benefits scheme contributions	12	12	–	–	–	–	–	24
Total emoluments	3,797	3,115	112	112	158	158	158	7,610

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

Ms. Percy Hughes, Shirley is also the Chief Executive of the Company and her emoluments disclosed above include those for services rendered by her as the Chief Executive.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

11. Directors', Chief Executive's and Employees' Emoluments – continued

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2012: two) were directors and the chief executive of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining three (2012: three) individuals were as follows:

	2013 HK$'000	2012 HK$'000
Salaries and allowances	**7,412**	8,277
Contributions to retirement benefits scheme	**45**	37
	7,457	8,314

Their emoluments were within the following bands:

	2013	2012
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**1**	1
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,000,001 to HK$3,500,000	**1**	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 years.

12. Dividends

	2013 HK$'000	2012 HK$'000
Recognised as distribution:		
2013 interim dividend of HK0.35 cent (2012: 2012 interim dividend of HK0.6 cent) per share	**3,024**	5,184
2012 final dividend of HK0.4 cent (2012: 2011 final dividend of HK0.6 cent) per share	**3,456**	5,184
	6,480	10,368

A final dividend of HK0.4 cent per share in respect of the year ended 30 June 2013 (2012: final dividend of HK0.4 cent per share in respect of the year ended 30 June 2012) has been proposed by the directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

13. Earnings per share

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2013 HK$'000	2012 HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**22,275**	29,654

	2013	2012
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**864,000,000**	857,293,151
Effect of dilutive potential ordinary shares from the Pre-IPO Share Option Scheme	**–**	–
Weighted average number of shares for the purpose of diluted earnings per share	**864,000,000**	857,293,151

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 the year ended 30 June 2012 and up till the expiry date of the share options.

14. Property, Plant and Equipment

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Machinery and equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Total HK$'000
THE GROUP					
COST					
At 1 July 2011	267,693	11,270	13,153	46,020	338,136
Additions	–	55,290	5,508	14,731	75,529
Disposals	–	–	(78)	(290)	(368)
Written off (note)	–	(9,251)	(5,349)	(6,416)	(21,016)
At 30 June 2012	267,693	57,309	13,234	54,045	392,281
Additions	–	2,597	1,793	7,440	11,830
Disposals	–	–	(156)	(64)	(220)
At 30 June 2013	267,693	59,906	14,871	61,421	403,891
DEPRECIATION					
At 1 July 2011	–	8,448	11,178	35,818	55,444
Provided for the year	1,859	2,820	1,038	6,359	12,076
Eliminated on disposal	–	–	(51)	(244)	(295)
Eliminated on written off	–	(7,782)	(4,534)	(6,055)	(18,371)
At 30 June 2012	1,859	3,486	7,631	35,878	48,854
Provided for the year	7,436	5,676	1,656	9,034	23,802
Eliminated on disposal	–	–	(117)	(54)	(171)
At 30 June 2013	9,295	9,162	9,170	44,858	72,485
CARRYING VALUES					
At 30 June 2013	258,398	50,744	5,701	16,563	331,406
At 30 June 2012	265,834	53,823	5,603	18,167	343,427

Note: During the year ended 30 June 2012, the Group relocated the office and majority of the property, plant and equipment associated with the old office were written off accordingly.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

14. Property, Plant and Equipment – continued

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

Leasehold land and building	Shorter of 36 years and unexpired terms of the relevant lease
Leasehold improvements	Shorter of 10 years and unexpired terms of the relevant lease
Machinery and equipment	5 years
Furniture, fixtures and office equipment	3 to 5 years

The leasehold land and building are situated in Hong Kong and held under medium term lease.

The Group has pledged leasehold land and building with a net book value of approximately HK$258,398,000 (2012: HK$265,834,000) to secure general banking facilities granted to the Group.

15. Intangible Assets

	Publishing library HK$'000	Copyrights in photographs and articles HK$'000	Total HK$'000
THE GROUP			
COST			
At 1 July 2011, 30 June 2012 and 30 June 2013	34,690	6,620	41,310
AMORTISATION AND IMPAIRMENT			
At 1 July 2011, 30 June 2012 and 30 June 2013	34,690	6,620	41,310
CARRYING VALUES			
At 30 June 2012 and 30 June 2013	–	–	–

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

15. **Intangible Assets** – continued

The Group would publish booklets occasionally using the contents in the publishing library, the photographs and the articles. At 30 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 therefore been determined and recognised to the profit or loss for the year ended 30 June 2009.

16. Goodwill

	HK$'000
THE GROUP	
At 1 July 2011, 30 June 2012 and 30 June 2013	695

The goodwill is allocated to the cash generating unit ("CGU") of the magazine operated by Weekend Weekly Publishing Limited (formerly known as Smart Ideal Limited) ("Weekend Weekly"). The recoverable amount of the CGU is determined from value in use calculations.

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 13% (2012: 14%) 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% (2012: 2.5%) per annum. 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.

Notes to the Consolidated Financial Statements
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17. Investments in Subsidiaries

	THE COMPANY	
	2013	2012
	HK$'000	HK$'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 32.

18. Inventories

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Printing papers	**545**	1,142

19. Trade and Other Receivables

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Trade receivables from		
– third parties	**100,082**	91,264
– related companies	**344**	203
	100,426	91,467
Other receivables, prepayments and deposits	**13,940**	16,584
	114,366	108,051

19. **Trade and Other Receivables** – continued

The related companies are companies ultimately owned by AY Holdings which is held by STC International being the trustee of the AY Trust (of which Dr. Albert Yeung is the founder and a deemed substantial shareholder of the Company).

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

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Age		
0 – 30 days	**35,118**	34,208
31 – 90 days	**43,723**	42,532
Over 90 days	**21,585**	14,727
	100,426	91,467

Included in the Group's trade receivable balance are debtors with a carrying amount of approximately HK$50,987,000 (2012: HK$36,739,000), 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.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

19. Trade and Other Receivables – continued

Ageing of trade receivables which are past due but not impaired

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
1 to 90 days	47,108	35,352
91 to 180 days	3,879	1,370
Over 180 days	–	17
	50,987	36,739

Movement in the allowance for doubtful debts

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Balance at beginning of the year	28	113
Amounts written off as uncollectible	(146)	(288)
Increase in allowance charged to profit or loss	725	203
Balance at end of the year	607	28

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$607,000 (2012: HK$28,000). Since the management considered the prolonged outstanding balances from individual customers were in doubt, full impairment has been made on these balances. 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.

20. Amounts Due from/to Subsidiaries

THE COMPANY

The amounts are unsecured, interest-free and have no fixed repayment terms. In the opinion of the directors, amounts due from subsidiaries of HK$131,091,000 (2012: HK$324,121,000) will be repaid in the next twelve months after the end of the reporting period. Accordingly, the amounts are classified as current assets.

21. 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 0.001% to 0.55% (2012: 0.001% to 1.40%) per annum.

THE COMPANY

The bank balances carry interest at market rates ranging from 0.001% to 0.55% (2012: 0.001% to 1.00%) per annum.

22. Trade and Other Payables

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Trade payables to		
– third parties	**33,802**	43,999
– related companies	**696**	1,315
	34,498	45,314
Other payables and accrued charges	**25,144**	26,370
	59,642	71,684

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

22. Trade and Other Payables – continued

The related companies are companies ultimately owned by AY Holdings which is held by STC International being the trustee of the AY Trust (of which Dr. Albert Yeung is the founder and a deemed substantial 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 based on the invoice date at the reporting date:

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Age		
0 – 90 days	**32,139**	44,548
91 – 180 days	**1,900**	692
Over 180 days	**459**	74
	34,498	45,314

23. Secured Bank Mortgage Loan

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Carrying amount repayable*:		
Within one year	**–**	5,691
More than one year but not exceeding two years	**–**	5,780
More than two years but not exceeding five years	**–**	17,886
More than five years	**–**	24,101
	–	53,458
Comprising:		
Amounts repayable within one year	**–**	5,691
Amounts not repayable within one year from the end of the reporting period but contain a repayment on demand clause	**–**	47,767
Amounts shown under current liabilities	**–**	53,458

* These amounts due are based on the repayment schedule as set out in the loan agreement.

At 30 June 2012, the mortgage loan carried interest at 1.25% plus the HIBOR per annum and were secured by the Group's land and building, including relevant leasehold land in Hong Kong with a carrying value of approximately HK$265,834,000.

At 30 June 2012, the effective interest rate for the Group's mortgage loan was 1.55% per annum.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

23. Secured Bank Mortgage Loan – continued

Pursuant to the secured bank mortgage loan agreement dated 28 April 2011, the Group could early repay the mortgage loan at the outstanding principal amount and interest thereon, with no penalty interest or charge, after two years from the drawdown date. The secured bank mortgage loan had been fully repaid on 28 May 2013 before it falls due.

24. Deferred Taxation

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

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
THE GROUP			
At 1 July 2011	1,433	(811)	622
Charge (credit) to profit or loss for the year	2,945	(701)	2,244
At 30 June 2012	4,378	(1,512)	2,866
(Credit) charge to profit or loss for the year	(885)	1,157	272
At 30 June 2013	3,493	(355)	3,138

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

24. Deferred Taxation – continued

At 30 June 2013, the Group has unused tax losses of approximately HK$45,600,000 (2012: HK$53,778,000) available for offset against future profits. At 30 June 2013, a deferred tax asset had been recognised in respect of approximately HK$2,152,000 (2012: HK$9,164,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$43,448,000 (2012: HK$44,614,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses at 30 June 2013 are losses of approximately HK$2,193,000 (2012: HK$1,847,000) that will expire within 5 years from the year of originating. Other tax losses may be carried forward indefinitely. There were no other significant temporary differences arising during the period or at the end of the reporting period.

25. Share Capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised	10,000,000,000	100,000
Issued and fully paid		
At 1 July 2011	720,000,000	7,200
Issued of shares (note)	144,000,000	1,440
At 30 June 2012 and 30 June 2013	864,000,000	8,640

Note: On 18 July 2011, the Company issued and allotted 144,000,000 new shares at a price of HK$0.696 per share in relation to the offering and listing of 28,800,000 units of Taiwan Depositary Receipts ("TDRs") on the Taiwan Stock Exchange Corporation ("TSE"). The proceeds of TWD374,400,000 (being offer price of TWD13 per unit multiplied by 28,800,000 units of TDRs, equivalent to HK$100,858,000) net of issue expenses of HK$3,077,000 charged to share premium and HK$1,945,000 charged to profit and loss respectively, were used for business expansion and to provide additional working capital for the Group. The TDRs were listed on the TSE on 19 July 2011.

The new shares rank pari passu with the existing shares in all respects.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

26. Share Option Schemes

(a) Share option scheme

Pursuant to the written resolutions passed by the then sole shareholder of the Company on 18 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.

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 30 June 2013.

26. **Share Option Schemes** – continued

(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 listing of the shares of the Company on 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 18 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 18 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 18 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

26. Share Option Schemes – continued

(b) Pre-IPO Share Option Scheme – continued

A summary and movement of the 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 1.7.2011 and 30.6.2012	Lapsed during the year	Outstanding at 30.6.2013
18.1.2008	12.2.2009 – 12.2.2013	0.68	7,500,000	(7,500,000)	–

27. 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

On 11 February 2008, 440,000,000 new ordinary shares of HK$0.01 each were allotted and issued as fully paid at par to the then sole shareholder of the Company on the register of members of the Company at the close of business on 18 January 2008, by way of capitalisation of the sum of HK$4,400,000 standing to the credit of the share premium account of the Company, conditional on the share premium account being credited as a result of placing and public offer of shares. Accordingly, an amount of HK$4,400,000 was debited in the share premium account.

On 11 February 2008, the Company issued 150,000,000 shares of HK$0.01 each at a price of HK$0.68 per share by way of placing to professional, institutional and private investors and public offer to the public. The proceeds received were net off by the expenses directly attributable to the issue of these shares amounting to HK$5,681,000. Accordingly, a net amount of HK$94,819,000 was credited in the share premium account.

27. **Reserves** – continued

THE GROUP – continued

(a) Share premium – continued

On 29 September 2010, New Media Investment, the controlling shareholder of the Company, through the placing agent, agreed to place 120,000,000 shares of the Company (the "Placing") to independent investors 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 Placing was completed on 6 October 2010. On 8 October 2010, the Company issued 120,000,000 shares of HK$0.01 each at a price of HK$0.75 per share by the Top-Up Subscription. The proceeds received were net off by the expenses directly attributable to the issue of these shares amounting to HK$1,929,000. Accordingly, a net amount of HK$86,871,000 was credited in the share premium account.

On 18 July 2011, the Company issued 144,000,000 shares of HK$0.01 each at a price of HK$0.696 per share in relation to the offering and listing of 28,800,000 units of TDRs (note 25). The proceeds received amounting to TWD374,400,000 (equivalent to HK$100,858,000) were net off by the expenses attributable to the issue of these shares amounting to HK$3,077,000. Accordingly, a net amount of HK$96,341,000 was credited in the share premium account.

(b) Special reserve

The special reserve of the Group represented the differences between the aggregate amount of share capital and share premium of the relevant 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 Weekend Weekly by Top Queen Investments Limited 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 Investments Limited during the year ended 31 March 2008 as a result of deregistration of eWeekend Limited and Forever Grace Limited prior to the Group Reorganisation.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

27. Reserves – continued

THE COMPANY

	Share premium HK$'000	Merger reserve HK$'000	Share options reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 July 2011	177,290	72,120	2,565	49,719	301,694
Loss and total comprehensive expense for the year	–	–	–	(183)	(183)
Final dividend paid for 2011	–	–	–	(5,184)	(5,184)
Interim dividend paid for 2012	–	–	–	(5,184)	(5,184)
Issue of shares	99,418	–	–	–	99,418
Share issue expenses	(3,077)	–	–	–	(3,077)
At 30 June 2012	273,631	72,120	2,565	39,168	387,484
Loss and total comprehensive expense for the year	–	–	–	(407)	(407)
Final dividend paid for 2012	–	–	–	(3,456)	(3,456)
Interim dividend paid for 2013	–	–	–	(3,024)	(3,024)
Transfer upon lapse of share options	–	–	(2,565)	2,565	–
At 30 June 2013	273,631	72,120	–	34,846	380,597

The merger reserve of the Company represented the difference between the consolidated net assets of the subsidiaries at the date of the Group Reorganisation and the nominal amount of the Company's shares issued.

At 30 June 2013, the Company's reserves available for distribution was HK$34,846,000 (2012: HK$39,168,000) as calculated under section 79B of the Hong Kong Companies Ordinance.

28. Operating Lease Commitment

At the end of the reporting period, the Group was committed to make the following future minimum lease payments in respect of related premises and machineries under non-cancellable operating leases which fall due as follows:

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Within one year	**2,637**	1,268
In the second to fifth year inclusive	**8,795**	2,165
	11,432	3,433

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

29. 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. 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.

30. 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$1,250 (2012: HK$1,000 from 1 July 2011 to 31 May 2012 and HK$1,250 effective from 1 June 2012) per employee to the scheme, which contribution is matched by employees.

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of HK$7,053,000 (2012: HK$6,124,000) represents contributions payable to this scheme by the Group in respect of the current accounting period.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

31. Related Party Transactions

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

	2013 HK$'000	2012 HK$'000
Advertising income received *(note 1)*	**1,764**	1,071
Advertising expenses paid *(note 2)*	**–**	7
Entertainment expenses paid *(note 2)*	**13**	79
Financial services fee paid *(note 2)*	**360**	385
Overseas travelling expenses paid *(note 2)*	**81**	162
Photoshooting income received *(note 2)*	**94**	119
Printing costs paid *(note 1)*	**1,587**	2,163
Project income received *(note 2)*	**172**	315
Reimbursement of administrative expense paid *(note 2)*	**2,291**	1,580
Rental charges paid *(note 2)*	**20**	30
Secretarial services fee paid *(note 2)*	**280**	280
Sundry expenses paid *(note 2)*	**–**	1
Sundry income received *(note 2)*	**33**	63

The related companies are companies either controlled by one of the Company's directors, or ultimately owned and controlled by AY Holdings which is held by STC International being the trustee of the AY Trust (of which Dr. Albert Yeung is the founder and a deemed substantial shareholder of the Company).

31. **Related Party Transactions** – continued

(a) During the year, the Group had the following transactions with related companies: – continued

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.31/14A.33 of the Listing Rules.

(b) Compensation of key management personnel

The emoluments of directors and other members of key management during the year were as follows:

	2013 HK$'000	2012 HK$'000
Short-term benefits	**7,202**	7,586
Post-employment benefits	**30**	24
	7,232	7,610

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

32. Subsidiaries

Particulars of the 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 2013	2012	Principal activities
Directly held					
New Media Enterprise Investment Limited	BVI	US$11	**100%**	100%	Investment holding
Indirectly held					
Economic Digest Publishing Limited	Hong Kong	HK$2	**100%**	100%	Book publishing agent
Jade Talent Holdings Limited	BVI	US$1	**100%**	100%	Investment holding
Media Publishing Limited *(formerly known as New Media Group (HK) Limited)*	Hong Kong	HK$2	**100%**	100%	Magazine and book publishing
New Media Group Digital Services Limited *(formerly known as Hong Kong Media Services Company Limited)*	Hong Kong	HK$2	**100%**	100%	Digital business and provision of magazine contents

32. **Subsidiaries** – continued

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Attributable equity interest held by the Company 2013	2012	Principal activities
Indirectly held – continued					
New Media Group Publishing Limited *(formerly known as World Sources (HK) Limited)*	Hong Kong	HK$800,000	**100%**	100%	Magazine publishing
New Monday Publishing Limited *(formerly known as Wide Connection Limited)*	Hong Kong	HK$2	**100%**	100%	Magazine publishing
Reach Gain Limited	Hong Kong	HK$1	**100%**	100%	Digital business
Time Year Limited	Hong Kong	HK$2	**100%**	100%	Copyright holding and licensing business
Weekend Weekly Publishing Limited *(formerly known as Smart Ideal Limited)*	Hong Kong	HK$100	**100%**	100%	Magazine publishing
Winning Treasure Limited	Hong Kong	HK$1	**100%**	100%	Property holding
廣東薪傳出版技術開發有限公司*	PRC	RMB5,000,000	**100%**	100%	Provision of magazine contents and digital business development services

* The subsidiary is a wholly foreign owned enterprise.

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

Financial Summary

Results

	For the year ended 30 June				For the period ended from 1 April 2008 to 30 June
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**495,197**	504,840	480,914	437,762	553,512
Profit before taxation	**27,433**	35,805	50,570	56,073	48,384
Taxation charge	**(5,158)**	(6,151)	(8,590)	(10,468)	(9,622)
Profit and total comprehensive income for the year	**22,275**	29,654	41,980	45,605	38,762

Assets and Liabilities

	At 30 June				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**514,598**	565,814	463,670	296,750	250,378
Total liabilities	**(63,941)**	(130,952)	(145,875)	(90,286)	(77,519)
Total equity	**450,657**	434,862	317,795	206,464	172,859

Note:

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