Annual Report

2013/2014

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)

新傳媒

New Media Group

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*
Kwan Shin Luen, Susanna*
Chan Sim Ling, Irene*

* *Independent Non-executive Directors*

Company Secretary

Liu Chui Ying

Audit Committee

Hui Wai Man, Shirley *(Chairperson)*
Kwan Shin Luen, Susanna
Chan Sim Ling, Irene

Remuneration Committee

Chan Sim Ling, Irene *(Chairperson)*
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)*
Chan Sim Ling, Irene
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
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Key Dates

Annual Results Announcement	18 September 2014
Book Close Dates	
– For AGM	17 November 2014
– For Final Dividend	8 December 2014
Record Dates	
– For AGM	17 November 2014
– For Final Dividend	8 December 2014
Annual General Meeting	18 November 2014
Payment of Final Dividend (HK0.13 cent per share)	17 December 2014

Management Discussion and Analysis

Financial Summary

	2014 HK$'000	2013 HK$'000
Turnover		
Advertising income	**363,330**	390,587
Circulation income	**73,432**	89,648
Digital business income	**16,711**	12,816
Provision of magazine content	**2,151**	2,146
	455,624	495,197
Gross profit	**155,733**	162,063
Profit for the year attributable to the owners of the Company	**11,019**	22,275
Earnings per share – Basic and diluted	**HK1.28 cents**	HK2.58 cents

Overview

As one of the leaders in the Hong Kong weekly magazine market, New Media Group Holdings Limited (the "Company") and its subsidiaries (collectively known as the "Group") publishes five magazines that cater to different groups of readers, 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)*. Leveraging on our consolidated strengths in the weeklies market, as well as our well established branding and advertising networks, we have expanded into the digital business in recent years, breaking regional boundaries and making ourselves one of the leading and most creative players in the new digital media landscape.

During the year ended 30 June 2014 (the "Year"), the global economy experienced a slow recovery pace, while local retail sales dropped sharply mainly due to a slowdown in Mainland China's economic growth and tourists spending, especially in the luxury goods sector. According to the Census and Statistics Department, during the first half of 2014, total retail sales in Hong Kong decreased by 1.3% in value over the same period last year. With advertisers still cautious in their spending, the media industry had again faced a challenging year.

The rise of digital platforms and the successful merging of offline and online media will continue to present the greatest challenge on the one hand, and unlimited opportunities on the other, to all players of the print media industry. While continuing to reinforce our brands' image and status in the market, we will further strengthen our digital business, developing and enhancing our digital products to accommodate the rapid changes and needs of our readers, our clients, as well as their customers. Leveraging on our long established brands, and empowered by our well developed infrastructures and content distribution network, our experienced and strong content developing team are providing innovative approaches and delivering creative and effective content distributing strategies to advertisers and marketers who are already more than aware that the shift to the digital world is inevitable. As a content publisher in this new age, our competitive edge lies in our ability to help our clients create and integrate different channels to connect, engage and retain their target consumers. We are already well adapted to our transformed role, and are confident that our next step to prove ourselves as the new age content distributor and marketer will bring us new prospects and profits.

Financial Review

During the Year, the Group's turnover was HK$455.6 million (2013: HK$495.2 million). In response to a general slowdown in consumption, marketers pulled back on their advertising spending, hence the advertising income of the Group decreased by 7.0% to HK$363.3 million (2013: HK$390.6 million), accounting for 79.7% of the total revenue. Circulation income also decreased to HK$73.4 million (2013: 89.6 million). During the Year, the Group put extra efforts in multimedia development to strengthen the team's capabilities in a new phase of media marketing and content distribution. Thanks to an enlarged clientele base of multimedia solutions, digital income enjoyed a remarkable growth of 30.5% to HK$16.7 million (2013: HK$12.8 million), accounting for 3.7% of the total revenue. The Group's gross profit slightly declined to HK$155.7 million (2013: HK$162.1 million). Administrative expenses experienced slight increases in both staff costs and depreciation expenses mainly resulting from the expansion of digital business. Profit for the year attributable to the owners of the Company decreased to HK$11.0 million (2013: HK$22.3 million). Basic earnings per share was HK1.28 cents (2013: HK2.58 cents). The board of directors (the "Board" or the "Directors") of the Company proposed a final dividend of HK0.13 cent per share (2013: HK0.4 cent). Together with the interim dividend of HK0.25 cent per share, the total dividend per share for the Year was HK0.38 cent (2013: HK0.75 cent).

Review of Operations

While diversification of our flagship brands is a crucial step to extend our reach into the digital world, the long established print media operation is still a prime driver and a core part of our business. It is the base from where we stem out, and maintaining their leading status in the market had never ceased to be one of our major concerns. During the Year, under the harsh fact of an overall circulation drop in the market, the circulation and readership of our print publications remained strong. *Oriental Sunday*, with its supplementary titles *More* and *Kiss*, is still one of the most popular entertainment and family magazines in the weeklies market. According to the Hong Kong Audit Bureau of Circulations Limited, *Oriental Sunday* had an average net circulation of 88,293 per issue for the period from January 1 to December 31, 2013. *Weekend Weekly*, with an average readership of 186,000 per issue, and *Economic Digest*, with an average readership of 111,000 per issue (source: Nielsen Media Index 2013 Year-end Report), also both managed to keep their leading position in their respective magazine categories – i.e. in the travel and dining category and in the finance and analysis category.

The *NM+ New Monday* brand, with its newly enhanced fun and sporty image, continued to enjoy unwavering popularity among the young and energetic group who look for hip trends and brands that suit their styles. *Fashion* and *Beauty* also remained the most sought after weekly guidebook for office ladies who constantly look for tips and news on fashion and beauty products to make them look stylish.

As a content publisher in this digital age, we welcome the challenge to digitise and diversify. Our editorial teams are all ready and well-geared to creating contents in various formats and distributing them through different means. All of the Group's flagship brands have already developed and launched their own digital platforms that extend into different channels and devices according to their particular audience needs and product nature. Having gained valuable experiences as an early adaptor, we already have a full line of interactive e-magazines and innovative mobile and tablet apps, while interactive e-magazines had consistently ranked highly on the App Store and Google Play.

Our talented and creative team has already developed a number of innovative digital products over the years, all tailor-made to suit varying needs and viewing habits. As a forerunner in the industry, we have been well recognised over the past years, and have again won several awards during the Year, namely:

Hong Kong Association of Interactive Marketing "Media Convergence Awards 2013"

NM+ New Monday

- Weekly Magazine Category (Overall) Gold Award
- Weekly Magazine Category (Mobile) Gold Award
- Weekly Magazine Category (Social Media) Silver Award
- Weekly Magazine Category (Website) Silver Award
- Merit

Mr. Ka Ki Chiu (NM+ New Monday)

- Digital Marketer 2013

Questar Awards 2014

Weekend Weekly "A Glance of Tainan"

- Silver Award in "Best e-Magazine" in e-Magazine category

Mob-Ex Awards 2013

Hong Kong Tourism Board – Discover Hong Kong • Travel Pack

- Gold Award in "Best Campaign for Tablet" category

Galaxy Awards 2013

Hong Kong Tourism Board – Discover Hong Kong • Travel Pack

- Bronze Award in "iPad App" category

Subsequent to the Year, the Group emerged as the top winner and won a total of 17 awards, including the grand award "Media of the Year", at the Spark Awards for Media Excellence 2014, organised by *Marketing* magazine, a publication for advertising and marketing professionals, to recognise Hong Kong's top media companies and their work across the fields of content, client engagement, new media and programming initiatives.

As a result of changing consumer behaviours and marketing strategies, it is a global trend, and an inescapable fact, that the share of media spending has for years been shifting from traditional media to the new online and social media platforms. According to media-monitoring firm admanGo's data, overall market's advertising spending in all local magazines had dropped 2.8% in the Year compared to the previous year, while advertising spending in digital media had increased 40% when compared to the previous year.

The Group's revenue growth in the digital business is picking up gradually, with a 30.5% increase comparing to the previous year. The gains were however not enough to make up for the rapid drop in demand for print advertising. Under pressure to step up our efforts to overcome the gap, the Group will continue to invest prudently to create and enhance its digital tools to further strengthen the new business.

The Group is blessed with a young and creative team that is always willing and daring to bring up and try out new ideas for our clients who are also looking for new platforms to communicate with their customers. Over the past few years, we have already established our own social media network and have already mastered some of the tactics to make our way and mark our presence in the digital world. Our objective is to provide the strategies and means to help our clients deliver contents more creatively, to engage audiences more proactively, and to make better sense of our clients' investments in this new digital environment.

Corporate Social Responsibilities

The Group is committed to fulfilling its responsibility to society and the environment. As a media publisher, we have for the past years been granting more than 100 full-pages of advertising space every year in our five magazines to non-profit-making charitable groups.

The Group also proactively acts as media partner for various charitable projects, such as providing the *Economic Digest* and *NM+ New Monday* print and digital platforms for the Orbis World Sight Day 2013 annual campaign, and sponsoring the Green Council's "HK Green Day" Campaign through *Weekend Weekly's* "Go Green" booklet. The Group also acted as media sponsor to help Heifer International – Hong Kong raise awareness on poverty in rural China through Sammi Cheng's Yunan visit by providing across the board advertorials, as well as a special feature on *Oriental Sunday's Kiss* magazine.

For youth related causes, *Economic Digest* again participated in the Young Entrepreneurs Development Council's School-Company-Parent programme for the eighth year consecutively since 2007, matching the council's mission to help secondary school students connect to the commercial world to acquire an entrepreneurial mindset prior to entering the workforce. *NM+ New Monday* also arranged a visit day for students of Baptist University's "Online Journalism" course. As a Top Up Degree programme offered by London College of Fashion for Hong Kong Design Institute (HKDI) fashion graduates in collaboration with the Vocational Training Council (VTC), the Group's fashion magazine, *Fashion & Beauty,* also arranged a visit for students to meet with the magazine's fashion editors and photographers to share their experiences and work in producing a fashion editorial.

While fulfilling our corporate social responsibilities, we have also strived to create opportunities where possible to encourage our staff to take part in community works. To allow for convenience, a blood drive day for the Hong Kong Red Cross has been held at our office every year since 2009. And to help promote energy saving in the community and at the same time raising awareness among our staff, we have participated in the WWF Earth Hour campaign every year as an annual commitment to show our continued support since 2009.

Outlook

We can foresee that the media landscape will continue to move in rapid speed. We are excited to be a part of this evolution and welcome the changes and challenges ahead. We are confident that we can keep up and remain competitive to achieve growth in the new business framework, which has now expanded far beyond the original print media.

Over the past years, we have already developed multimedia platforms to extend our reach to tablets and mobile users through apps and e-magazines. We have also marked our online territory by building up our own distributing social network. And most important of all, we have a hard working and dedicated team that is well experienced and understands the rules and tactics of the game in delivering contents creatively and effectively through appropriate distribution channels to reach clients' target audiences. In our new role as content marketer, we will also make it our mission to help advertising clients and marketers maximise engagement rates and create brand awareness and customer loyalty in a different horizon. We will continue to explore new means and opportunities to ensure successful campaigns and clients' satisfaction, which will in turn generate more profits for our business.

Other Analysis

Capital Structure, Liquidity and Financial Resources

During the Year under review, the Group financed its operations by shareholders' equity and cash generated from operations.

As at 30 June 2014, the Group had no bank and other borrowing (2013: Nil).

As at 30 June 2014, the Group's gearing ratio was nil (2013: Nil) (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 2014, the Group has 705 employees (2013: 709). Total staff costs (including Directors' remuneration) were approximately HK$216.9 million (2013: HK$209.9 million). Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical insurance, retirement benefit scheme and other competitive fringe benefits.

To provide incentives or rewards to the staff and 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 2014.

Charge on Assets

As at 30 June 2014, the Group's land and building with carrying value of approximately HK$251.0 million (2013: HK$258.4 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 51, is an Executive Director and the Chief Executive Officer of the Company. She is also a director of certain subsidiaries of the Company. Ms. Shirley Hughes joined the Group in November 2002. 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. 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 52, is an Executive Director of the Company. He is also a director of certain subsidiaries of the Company. Mr. Lee joined the Group in June 1999 and is responsible for overseeing the sales and marketing function of the Group. He has over 30 years' experience in the media business. Mr. Lee had been employed by Ming Pao Newspaper Limited as sales director and Express Management Limited as sales controller during the period from 1988 to 1997. Thereafter, he worked for Eat and Travel Weekly Company Limited and SCMP Haymarket Publishing Limited as sales director respectively till 1999.

Wong Chi Fai, aged 58, 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 and a director of three listed companies in the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), 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, retailing of watch and jewellery, financial and securities services as well as artiste management and entertainment production. 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.

Executive Director – continued

Fan Man Seung, Vanessa, aged 51, 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 also a director of three listed companies in the Stock Exchange, namely Emperor International, Emperor E Hotel and Emperor W&J, all being associated companies of the Company. Having over 25 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 services, retailing of watch and jewellery as well as artiste management and entertainment production. Ms. Fan is a lawyer by profession in Hong Kong and a qualified accountant, and holds a Master's Degree in Business Administration.

Independent Non-executive Director

Hui Wai Man, Shirley, aged 47, 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 four listed companies. She has over 24 years of professional experience in public accounting and corporate finance. She is also a non-executive director and chairlady of Eco-Tek Holdings Limited (Stock Code: 8169), a company listed on the GEM Board of the Stock Exchange, and an independent non-executive director of Goldin Financial Holdings Limited (Stock Code: 530), a company listed on the Main Board of the Stock Exchange. 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.

Biographies of Directors and Senior Executives

Independent Non-executive Director – continued

Kwan Shin Luen, Susanna, aged 47, 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 has a legal practice focusing on corporate/commercial and corporate finance matters in Hong Kong for more than 20 years, 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. Ms. Kwan graduated from the London School of Economics (London).

Chan Sim Ling, Irene, aged 51, was appointed as Independent Non-executive Director on 18 November 2013. She is the Chairperson of the Remuneration Committee as well as a member of the Audit Committee and Corporate Governance Committee of the Company. She is also an independent non-executive director of two Hong Kong listed companies, Chinlink International Holdings Limited (Stock code: 997) and See Corporation Limited (Stock code: 491). She was previously an independent non-executive director of another Hong Kong listed company, Emperor Entertainment Hotel Limited (Stock Code: 296), and retired in August 2013. Ms. Chan is a retired solicitor graduated from The University of Hong Kong with a Bachelor's Degree in Laws.

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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 31 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 HK0.25 cent per share for the Year (2012/2013: HK0.35 cent), amounting to HK$2,160,000 (2012/2013: 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 HK0.13 cent per share (2012/2013: HK0.4 cent) for the Year amounting to HK$1,123,200 (2012/2013: HK$3,456,000) to those Shareholders whose names appear on the register of members of the Company on 8 December 2014 (Monday) subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on 18 November 2014 (Tuesday) ("2014 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 24 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$29,590,000 (2013: HK$34,846,000) as at 30 June 2014.

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
Ms. Kwan Shin Luen, Susanna
Ms. Chan Sim Ling, Irene (Elected on 18 November 2013)
Mr. Tse Hin Lin, Arnold (Retired on 18 November 2013)

Subject to the service agreements/letters of appointment hereinafter mentioned, the term of office of each Director, including the Independent Non-executive Directors ("INED(s)"), is the period up to his/her retirement by rotation in accordance with the Articles of Association of the Company but can offer himself/herself for re-election at the relevant annual general meeting.

In accordance with Article 83(1) of the Company's Articles of Association, Ms. Percy Hughes, Shirley, Mr. Wong Chi Fai and Ms. Hui Wai Man, Shirley will retire by rotation at the 2014 AGM and, being eligible, offer themselves for re-election.

Directors' Report

Directors' Service Contracts

No Director proposed for re-election at the 2014 AGM has an unexpired 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 in relation to his/her service as director of the Company for a term of three years, 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 2014, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and 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 interests in associated corporations

(i) Ordinary shares

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of issued ordinary shares held	Approximate percentage holding
Ms. Fan Man Seung, Vanessa	Emperor International	Beneficial owner	5,000,000 *(Note 1)*	0.14%

(ii) Share Options

Name of Directors	Name of associated corporations	Capacity/ Nature of interests	Number of underlying shares held	Approximate percentage holding
Mr. Wong Chi Fai	Emperor International	Beneficial owner	10,769,475 *(Note 2)*	0.29%
Ms. Fan Man Seung, Vanessa	Emperor International	Beneficial owner	5,769,475 *(Note 2)*	0.16%

Directors' Report

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

Long positions interests in associated corporations – continued

Notes:

1. Emperor International was company with their shares listed on the Stock Exchange. Emperor International was ultimately controlled by Albert Yeung Holdings Limited ("AY Holdings") being a deemed substantial shareholder of the Company.

2. These were share options granted to Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, also being the directors of Emperor International, under the share option scheme of Emperor International.

Save as disclosed above, as at 30 June 2014, 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).

Share Options

The Company has adopted a share option scheme (the "Share Option Scheme") on 18 January 2008. Particulars of the Share Option Scheme are set out in note 25 to the consolidated financial statements. No options were granted by the Company under the Share Option Scheme since its adoption.

The Company also adopted a Pre-IPO Share Option Scheme on 18 January 2008. Such scheme ended immediately before the listing date (i.e. 12 February 2008), after which no further share options shall be granted. All share options granted before the end date were lapsed on 13 February 2013.

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 2014, 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 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	647,950,000	74.99%
AY Holdings	Interest in a controlled corporation	647,950,000	74.99%
STC International Limited ("STC International")	Trustee	647,950,000	74.99%
Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung")	Founder of a discretionary trust	647,950,000	74.99%
Ms. Luk Siu Man, Semon ("Ms. Semon Luk")	Interests of spouse	647,950,000	74.99%

Note: The entire issued share capital of New Media Investment was wholly-owned by AY Holdings which was held by STC International as 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 held by New Media Investment. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to have interests in the same shares.

Directors' Report

Other Persons' Interests and Short Positions – continued

Long positions in ordinary shares of the Company ("Shares") – continued

All interests stated above represent long positions. As at 30 June 2014, no short positions were recorded in the SFO Register of the Company.

Save as disclosed above, as at 30 June 2014, 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 HK$'000
Printing costs paid:		
Hong Kong Daily Offset Printing Company Limited ("Hong Kong Daily Offset")	1 July 2013 to 30 June 2016	1,511
Advertising income received:		
Emperor International and its subsidiaries	1 July 2013 to 30 June 2016	69
Emperor E Hotel and its subsidiaries	1 July 2013 to 30 June 2016	325
Emperor Capital Group Limited ("Emperor Capital Group") and its subsidiaries	1 July 2013 to 30 June 2016	316
Emperor W&J and its subsidiaries	1 July 2013 to 30 June 2016	279
AY Holdings and its subsidiaries (other than Emperor International, Emperor E Hotel, Emperor Capital Group and Emperor W&J and their respective subsidiaries)	1 July 2013 to 30 June 2016	1,767

Note: The Company was indirectly wholly-owned as to 74.99% by the AY Trust, a deemed substantial shareholder of the Company. Hong Kong Daily Offset, Emperor International, Emperor Capital Group, Emperor W&J and AY Holdings were indirectly owned as to 100%, 74.83%, 67.38%, 52.57% and 100% respectively by the AY Trust as at 30 June 2014 whilst Emperor E Hotel was a subsidiary of Emperor International.

Directors' Report

Continuing Connected Transactions – continued

The price for using the printing services under the new printing master purchase agreement dated 28 June 2013 will be determined from time to time by the Group and Hong Kong Daily Offset after arm's length negotiation with reference to the market price and on such terms that are no less favourable to the Group than those applicable to Independent Third Parties.

The price for selling the advertising spaces in the magazines published by the Group and the digital platforms of the Group under the new advertising master purchase agreements dated 28 June 2013 will be determined from time to time by the Group and the respective counterparty after arm's length negotiation with reference to the market prices and on such terms that were no less favourable to the Group than those applicable to Independent Third Parties.

The Directors considered that the above transactions were consistent with the business and commercial objects of the Group. The printing services mentioned above would enhance the efficiency of the daily operation of the Group, while the magazines published by the Group were ones among the leading magazines in Hong Kong and that the advertising income was in the ordinary and usual 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 28 June 2013 for such transactions.

Compliance with Disclosure Requirements

Save as "Advertising income received" and "Printing costs paid" as shown in note 30(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.

Continuing Connected Transactions – continued

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 29 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 INEDs 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.

Confirmation of Independence of Independent Non-Executive Directors

The Company has received, from each of the INEDs, an annual confirmation of the independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the INEDs are independent.

Directors' Report

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 41.7% 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 15.4% of the Group's turnover.

The five largest suppliers contributed to approximately 37.8% 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 31.5% 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 35 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 2014 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
18 September 2014

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 "CG Code") as set out in Appendix 14 of the Listing Rules throughout the Year.

The Board

Board Composition

As at 30 June 2014, 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 18 and 20 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. Ms. Fan holds meetings with INEDs at least once a year.

The Board – continued

Independent Non-executive Directors

The INEDs are all professionals with valuable experience and expertise in legal, corporate finance and accounting in business areas who contribute impartial view and make independent judgment on issues to be discussed at Board Meetings. Each of them has been 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 CG Code.

The Company has received a confirmation of independence from each of the INEDs. 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 INEDs 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 responsible for the leadership, control and promotion of the success of the Group by directing and supervising its business operations in the interests of the Shareholders and by formulating strategy directions and monitoring the financial and management performance of the Group.

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 such power and authority to be delegated by the Board from time to time. The team assumes full accountability to the Board for the operations of the Group.

Corporate Governance Report

The Board – continued

Delegation to the Management – continued

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
- Non-exempted connected transaction/continuing connected transaction
- Proposed transaction requiring Shareholders' approval
- Capital restructuring of the Company and issue of new securities of the Company
- Financial assistance to Directors

Induction, 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 equity/business interest 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 enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Board – continued

Induction, Support and Professional Development of Directors – continued

The Directors confirmed that they have complied with the Code Provision A.6.5 of the CG 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 has provided a record of training to the Company.

Name of Directors	Areas on training covered *(Notes)*
Ms. Percy Hughes, Shirley	(a), (b) and (d)
Mr. Lee Che Keung, Danny	(a), (b) and (d)
Mr. Wong Chi Fai	(a), (b), (c) and (d)
Ms. Fan Man Seung, Vanessa	(a), (b) and (c)
Ms. Hui Wai Man, Shirley	(a) and (b)
Ms. Kwan Shin Luen, Susanna	(a) and (b)
Ms. Chan Sim Ling, Irene	(a), (b), (c) and (d)

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

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.

Corporate Governance Report

The Board – continued

Directors' Attendance and Time Commitment

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

Name of Directors	Meetings attended/held Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	2013 AGM
Executive Directors						
Ms. Percy Hughes, Shirley	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Lee Che Keung, Danny	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Wong Chi Fai	4/4	N/A	1/1	N/A	N/A	1/1
Ms. Fan Man Seung, Vanessa *(Note 1)*	4/4	N/A	N/A	1/1	1/1	1/1
Independent Non-executive Directors						
Ms. Hui Wai Man, Shirley *(Note 2)*	4/4	3/3	1/1	1/1	N/A	1/1
Ms. Kwan Shin Luen, Susanna *(Note 3)*	4/4	3/3	N/A	1/1	1/1	1/1
Ms. Chan Sim Ling, Irene *(Note 4)*	3/3	2/2	1/1	N/A	N/A	N/A
Mr. Tse Hin Lin, Arnold *(Note 5)*	1/1	1/1	N/A	N/A	1/1	1/1
Total number of meetings held	4	3	1	1	1	1

Notes:

1. Chairperson of Corporate Governance Committee
2. Chairperson of Audit Committee
3. Chairperson of Nomination Committee
4. Ms. Chan Sim Ling, Irene was elected as Director in the annual general meeting of the Company held on 18 November 2013 ("2013 AGM") and was appointed as the chairperson of the Remuneration Committee as well as a member of the Audit Committee and the Corporate Governance Committee on the same date.
5. Mr. Tse Hin Lin, Arnold retired as Director in the 2013 AGM and automatically ceased to act as the Chairman of the Remuneration Committee as well as a member of the Audit Committee and the Corporate Governance Committee on the same date.

The Board – continued

Directors' Attendance and Time Commitment – continued

Upon reviewing (i) the annual confirmation on 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 their respective Board committee meetings, the Board is satisfied that all Directors have spent sufficient time in 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 has material interest and that he/she shall not be counted in the quorum present at the Board meeting.

Corporate Governance Report

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 INEDs. 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 INEDs, namely Ms. Hui Wai Man, Shirley (Chairperson of the Committee), Ms. Kwan Shin Luen, Susanna and Ms. Chan Sim Ling, Irene.

   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 2013 as well as the interim financial statements for the period ended 31 December 2013;

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

   iii. Annual review of the non-exempt continuing connected transactions of the Group for the year ended 30 June 2013;

The Board – continued

Board Committees – continued

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

    iv. Met with external auditor and reviewed their work and findings relating to the audit for the year ended 30 June 2013;

    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 Ms. Chan Sim Ling, Irene (Chairperson of the Committee since 18 November 2013) and Ms. Hui Wai Man, Shirley, both being INEDs, 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. The Remuneration Committee is primarily responsible for 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 emoluments of the salaried Executive Directors are decided by the Board as recommended by the Remuneration Committee having regard to the written remuneration policy. The remuneration policy ensures a clear link to business strategy and a close alignment with Shareholders' interest and current best practice and set out that operating results, individual performance and comparable market statistics should be considered when deciding the emoluments of directors. All Directors are paid fees in line with market practice. No Director or any of his/her associates is involved in deciding his or her own remuneration.

Corporate Governance Report

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 INEDs, 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 diversity of the Board; (b) determining the policy for the nomination of Directors and identifying potential candidates for directorship; (c) assessing the independence of INEDs; (d) reviewing the time commitment of each Director; (e) reviewing the Board Diversity Policy; and (f) 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 held one meeting 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 diversity of the Board;

ii. Reviewed the independence of the INEDs; and

iii. Recommended to the Board the nomination of Directors for election and re-election at the 2013 AGM.

As adopted by the Board, the Board Diversity Policy aims to achieve diversity on Board in the broadest sense in order to have a balance of skills, experience and diversity of perspectives appropriate to the business nature of the Company. Selection of candidates on the Board is based on a range of diversity perspectives, including gender, age, length of service, professional qualification and experience. The Nomination Committee will also assess the merits and contribution of any Director proposed for re-election or any candidate nominated to be appointed as Director and against the objective criteria, with due regard for the benefits of diversity on the Board that would complement the existing Board.

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, Ms. Chan Sim Ling, Irene and Ms. Kwan Shin Luen, Susanna, both being INEDs, 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 applicable to Directors and relevant employees of the Group; and (d) reviewing the Company's compliance with the CG 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 of the Group; and

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

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 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.

Internal Controls – continued

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.

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. Monthly updates on key financial information are provided to the Board, which give a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details and ensure the Board can review monthly financial results of the operations;

ii. 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;

Corporate Governance Report

Internal Controls – continued

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

iv. 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

v. 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 CG 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 other general meetings, 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 the "Corporate Information and Key Dates" section 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 2013 AGM 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 2013 AGM 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 2014, the voting of 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 CG Code.

Convening an Extraordinary General Meeting and Putting Forward Proposals at the Shareholders' Meeting

Shareholder(s) representing at least 5% of the total voting rights of all the members of the Company having a right to vote at general meetings can make a requisition to convene an extraordinary general meeting pursuant to the Companies Ordinance. The requisition must state the general nature of the business to be dealt with at the meeting, signed by the relevant shareholder(s) and deposited at our registered office for the attention of the Company Secretary, and may consist of several documents in like form, each signed by one or more requisitionists.

Furthermore, the Companies Ordinance provides that (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company or (ii) at least 50 shareholders having a relevant right to vote can put forward proposals for consideration at a general meeting of the Company by sending a requisition in writing to the registered office of the Company for the attention of the Company Secretary at least 7 days before the meeting to which it relates. The above requisitions must identify the statement of not more than 1,000 words with respect to the matter mentioned in a proposed resolution or other business to be dealt with at the meeting and must be authenticated by the person or persons making them.

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 the "Corporate Information and Key Dates" section of this Annual Report.

Constitutional Documents

There are no significant changes in the Company's constitutional documents during the Year. However, the Board will propose the adoption of the new Articles of Association in order to bring the existing Articles of Association in line with the Companies Ordinance, Chapter 622 of the Laws of Hong Kong ("New CO"), which came into effect on 3 March 2014. The New Articles of Association align with the new provisions/requirements under the New CO and certain amendments are proposed for administrative efficiency and house keeping purposes.

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 2014 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	1,703
Non-audit services (Review on interim financial statements)	416

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 117, which comprise the consolidated and the Company statements of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, 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 (Cap. 622) (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 80 of Schedule 11 to 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 2014 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
18 September 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	NOTES	2014 HK$'000	2013 HK$'000
Turnover	7	**455,624**	495,197
Direct operating costs		**(299,891)**	(333,134)
Gross profit		**155,733**	162,063
Other income		**2,068**	3,123
Selling and distribution costs		**(71,235)**	(71,292)
Administrative expenses		**(73,652)**	(65,751)
Finance costs	8	**–**	(710)
Profit before taxation		**12,914**	27,433
Taxation charge	9	**(1,895)**	(5,158)
Profit and total comprehensive income for the year	10	**11,019**	22,275
Earnings per share	13		
– Basic and diluted		**HK1.28 cents**	HK2.58 cents

Consolidated Statement of Financial Position

At 30 June 2014

	NOTES	**2014** **HK$'000**	2013 HK$'000
Non-current assets			
Property, plant and equipment	14	**319,389**	331,406
Intangible assets	15	**–**	–
Goodwill	16	**695**	695
		320,084	332,101
Current assets			
Inventories	18	**–**	545
Trade and other receivables	19	**101,916**	114,366
Income tax recoverable		**–**	749
Bank balances and cash	21	**90,238**	66,837
		192,154	182,497
Current liabilities			
Trade and other payables	22	**50,720**	59,642
Income tax payable		**2,883**	1,161
		53,603	60,803
Net current assets		**138,551**	121,694
Total assets less current liabilities		**458,635**	453,795

Consolidated Statement of Financial Position

At 30 June 2014

	NOTES	**2014** HK$'000	2013 HK$'000
Non-current liability			
Deferred taxation	23	**2,575**	3,138
Net assets		**456,060**	450,657
Capital and reserves			
Share capital	24	**282,271**	8,640
Reserves	26	**173,789**	442,017
Total equity		**456,060**	450,657

The consolidated financial statements on pages 56 to 117 were approved and authorised for issue by the Board of Directors on 18 September 2014 and are signed on its behalf by:

Percy Hughes, Shirley
DIRECTOR

Lee Che Keung, Danny
DIRECTOR

Statement of Financial Position

At 30 June 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Investments in subsidiaries	17	**98,220**	72,220
Amounts due from subsidiaries	20	**201,000**	186,000
		299,220	258,220
Current assets			
Other receivables		**1**	2
Amounts due from subsidiaries	20	**84,871**	131,091
Bank balances	21	**5,358**	5,360
		90,230	136,453
Current liabilities			
Other payables and accrued charges		**465**	436
Amount due to a subsidiary	20	**5,000**	5,000
Income tax payable		**4**	–
		5,469	5,436
Net current assets		**84,761**	131,017
Net assets		**383,981**	389,237
Capital and reserves			
Share capital	24	**282,271**	8,640
Reserves	26	**101,710**	380,597
Total equity		**383,981**	389,237

Percy Hughes, Shirley
DIRECTOR

Lee Che Keung, Danny
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Share capital HK$'000	Share premium HK$'000 (note 26(a))	Special reserve HK$'000 (note 26(b))	Capital contribution reserve HK$'000 (note 26(c))	Share options reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 July 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 option	–	–	–	–	(2,565)	2,565	–
At 30 June 2013	8,640	273,631	90,700	796	–	76,890	450,657
Profit and total comprehensive income for the year	–	–	–	–	–	11,019	11,019
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance (note)	273,631	(273,631)	–	–	–	–	–
Final dividend paid for 2013	–	–	–	–	–	(3,456)	(3,456)
Interim dividend paid for 2014	–	–	–	–	–	(2,160)	(2,160)
At 30 June 2014	282,271	–	90,700	796	–	82,293	456,060

Note: The Company has no authorised share capital and its shares have no par value from the commencement date of the new Hong Kong Companies Ordinance (i.e. 3 March 2014).

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	2014 HK$'000	2013 HK$'000
Cash flows from operating activities		
Profit before taxation	12,914	27,433
Adjustments for:		
Interest income	(1,457)	(606)
Interest expenses	–	710
Depreciation of property, plant and equipment	24,972	23,802
Gain on disposal of property, plant and equipment	(31)	(6)
Allowance for doubtful debts	60	725
Operating cash flows before movements in working capital	36,458	52,058
Decrease in inventories	545	597
Decrease (increase) in trade and other receivables	13,555	(7,171)
Decrease in trade and other payables	(8,805)	(11,892)
Net cash generated from operations	41,753	33,592
Hong Kong Profits Tax paid	(1,029)	(7,418)
Hong Kong Profits Tax refunded	1,042	1,078
Net cash from operating activities	41,766	27,252
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,300)	(11,980)
Interest received	292	737
Proceeds from disposal of property, plant and equipment	259	55
Net cash used in investing activities	(12,749)	(11,188)

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	2014 HK$'000	2013 HK$'000
Cash flows from financing activities		
Dividends paid	**(5,616)**	(6,480)
Interest paid	**–**	(710)
Repayment of secured bank mortgage loan	**–**	(53,458)
Net cash used in financing activities	**(5,616)**	(60,648)
Net increase (decrease) in cash and cash equivalents	**23,401**	(44,584)
Cash and cash equivalents at beginning of the year	**66,837**	111,421
Cash and cash equivalents at end of the year, representing bank balances and cash	**90,238**	66,837

1. General

The Company is incorporated in Hong Kong as a limited liability company under the Hong Kong Companies Ordinance 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, and 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 31.

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

In the current year, the Group has applied the following Hong Kong Accounting Standards ("HKASs") and HKFRSs, amendments and interpretations ("INTs") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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

HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
HK(IFRIC*) – INT 20	Stripping costs in the production phase of a surface mine

* IFRIC represents the International Financial Reporting Interpretations Committee.

Except as described below, the application of the new and revised 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.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", HKAS 27 (as revised in 2011) "Separate financial statements" and HKAS 28 (as revised in 2011) "Investments in associates and joint ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance. HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

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

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) – INT 12 "Consolidation – special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The application of HKFRS 10 has no material impact on the amounts reported in the consolidated financial statements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The directors of the Company concluded that the application of HKFRS 12 has had no material impact on the amounts reported in the consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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

Impact of the application of HKFRS 12 – continued

Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[2]
HKFRS 9	Financial instruments: Hedge accounting[3]
HKFRS 15	Revenue from contracts with customers[6]
HK(IFRIC) – INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014. Early application is permitted.

3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

5 Effective for annual periods beginning on or after 1 January 2016.

6 Effective for annual periods beginning on or after 1 January 2017.

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 and services.

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 and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. Significant Accounting Policies – continued

Basis of consolidation – continued

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 publications 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.

3. **Significant Accounting Policies** – continued

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 of items of income or expense that are taxable or deductible in other years, and 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. Significant Accounting Policies – continued

Taxation – continued

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.

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.

3. **Significant Accounting Policies** – continued

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's 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 when 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 its carrying amount, 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 on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. Significant Accounting Policies – continued

Property, plant and equipment – continued

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.

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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. **Significant Accounting Policies** – continued

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. Significant Accounting Policies – continued

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

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

The Group as lessee

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

Leasing – 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 2014

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.

3. **Significant Accounting Policies** – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets – continued

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. Significant Accounting Policies – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets – continued

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.

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.

3. **Significant Accounting Policies** – continued

Financial instruments – continued

Financial liabilities and equity instruments – continued

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**185,521**	172,990	**291,230**	322,453
Financial liabilities				
Amortised cost	**26,499**	35,055	**5,415**	5,386

(b) Financial risk management objectives and policies

THE GROUP AND THE COMPANY

The Group's major financial instruments include trade and other receivables, bank balances and cash and trade and other payables. The Company's major financial instruments are 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.

4. **Financial Instruments** – continued

(c) Market risk

Foreign currency risk

The functional currency of the Group and its major subsidiaries in Hong Kong is HK$ in which most of the transactions are denominated. The Group has certain bank balances which are denominated in Renminbi ("RMB") (being currency other than the functional currency of the respective group entity) amounting to approximately HK$39,622,000 (2013: nil). The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The following table details the Group's sensitivity to a reasonably possible change of 5% (2013: 5%) in exchange rate of RMB against HK$, while all other variables are held constant. 5% (2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents the management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2013: 5%) change in foreign currency rate. A positive number below indicates an increase in profit for the year where HK$ weakens against the relevant foreign currency. Where HK$ strengthens against the relevant foreign currency, there would be an equal and opposite impact on the profit for the year and the balances below would be negative.

	Year ended 30 June	
	2014	2013
	HK$'000	HK$'000
RMB	**1,981**	–

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

4. Financial Instruments – continued

(d) Credit risk

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

THE GROUP

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

The Group has concentration of credit risk as the Group's trade receivables as at 30 June 2014 of approximately HK$43,650,000 (2013: HK$47,475,000) 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.

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.

4. **Financial Instruments** – continued

(d) **Credit risk** – continued

THE COMPANY – continued

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 Company relies on amount due to a subsidiary as a significant source of liquidity. At 30 June 2014, 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 2013, 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 2014.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

4. Financial Instruments – continued

(e) Liquidity risk – continued

Liquidity tables

THE GROUP

	Weighted average interest rate %	On demand or less than 1 month HK$'000	Over 1 month but not more than 3 months HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
2014					
Trade and other payables	–	24,391	2,108	26,499	26,499
2013					
Trade and other payables	–	29,218	5,837	35,055	35,055

THE COMPANY

	Weighted average interest rate %	On demand or less than 1 month HK$'000	Over 1 month but not more than 3 months HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
2014					
Other payables	–	–	415	415	415
Amount due to a subsidiary	–	5,000	–	5,000	5,000
		5,000	415	5,415	5,415
2013					
Other payables	–	–	386	386	386
Amount due to a subsidiary	–	5,000	–	5,000	5,000
		5,000	386	5,386	5,386

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 2014

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 2014 and 2013, 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	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**453,386**	493,864	**318,266**	331,830
PRC	**2,238**	1,333	**1,818**	271
	455,624	495,197	**320,084**	332,101

Information about major customers

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

	2014	2013
	HK$'000	HK$'000
Customer A	**70,264**	86,993
Customer B	**50,154**	55,922

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 2014

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:

	2014 HK$'000	2013 HK$'000
Advertising income	**363,330**	390,587
Circulation income	**73,432**	89,648
Digital business income	**16,711**	12,816
Provision of magazine content	**2,151**	2,146
	455,624	495,197

8. Finance Costs

	2014 HK$'000	2013 HK$'000
Interest on bank mortgage loan not wholly repayable within five years (note)	**–**	710

Note: The bank mortgage loan was early repaid during the year ended 30 June 2013.

9. Taxation Charge

	2014 HK$'000	2013 HK$'000
The taxation charge comprises:		
Hong Kong Profits Tax		
Current year	**2,494**	4,607
(Over)underprovision in prior years	**(36)**	279
	2,458	4,886
Deferred taxation (note 23)	**(563)**	272
	1,895	5,158

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 2014

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:

	2014 **HK$'000**	2013 HK$'000
Profit before taxation	**12,914**	27,433
Tax at Hong Kong Profits Tax rate of 16.5%	**2,131**	4,526
Tax effect of income not taxable for tax purpose	**(259)**	(99)
Tax effect of expenses not deductible for tax purpose	**928**	680
Utilisation of tax losses previously not recognised	**(1,006)**	(1,419)
Tax effect of tax losses not recognised	**77**	1,227
Effect of different tax rates of a subsidiary operating in PRC	**55**	(29)
(Over)underprovision in prior years	**(36)**	279
Others	**5**	(7)
Taxation charge for the year	**1,895**	5,158

10. Profit for the Year

	2014 HK$'000	2013 HK$'000
Profit for the year has been arrived at after charging:		
Directors' emoluments *(Note 11)*		
– fees	**1,140**	1,140
– retirement benefits scheme contributions	**30**	30
– other emoluments	**5,911**	6,062
	7,081	7,232
Other staff costs, including salaries and other benefits	**202,397**	195,691
Other staff's retirement benefits scheme contributions	**7,387**	7,023
	216,865	209,946
Allowance for doubtful debts	**60**	725
Auditor's remuneration	**2,119**	2,200
Depreciation of property, plant and equipment	**24,972**	23,802
Net exchange loss	**426**	34
Operating lease rentals for rented premises and machineries	**3,228**	1,678
and after crediting:		
Gain on disposal of property, plant and equipment	**31**	6
Interest income	**1,457**	606

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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 (the "Chief Executive") 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 *(Note a)*	Kwan Shin Luen, Susanna HK$'000	Chan Sim Ling, Irene HK$'000 *(Note b)*	Total HK$'000
2014									
Fees	150	150	150	150	180	69	180	111	1,140
Other emoluments									
– salaries and other allowances	2,931	2,480	–	–	–	–	–	–	5,411
– bonus *(Note c)*	300	200	–	–	–	–	–	–	500
– retirement benefits scheme contributions	15	15	–	–	–	–	–	–	30
Total emoluments	3,396	2,845	150	150	180	69	180	111	7,081

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
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 c)*	500	350	–	–	–	–	–	850
– retirement benefits scheme contributions	15	15	–	–	–	–	–	30
Total emoluments	3,472	2,920	150	150	180	180	180	7,232

Notes:

(a) Retired at the annual general meeting of the Company held on 18 November 2013 and not offered for re-election.

(b) Appointed on 18 November 2013.

(c) 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 2014

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

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2013: two) were directors and the Chief Executive of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining three (2013: three) individuals were as follows:

	2014 HK$'000	2013 HK$'000
Salaries and allowances	**7,059**	7,412
Contributions to retirement benefits scheme	**46**	45
	7,105	7,457

Their emoluments were within the following bands:

	2014	2013
HK$1,500,001 to HK$2,000,000	**1**	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

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

	2014 HK$'000	2013 HK$'000
Recognised as distribution:		
2014 interim dividend of HK0.25 cent (2013: 2013 interim dividend of HK0.35 cent) per share	**2,160**	3,024
2013 final dividend of HK0.4 cent (2013: 2012 final dividend of HK0.4 cent) per share	**3,456**	3,456
	5,616	6,480

A final dividend of HK0.13 cent per share in respect of the year ended 30 June 2014 (2013: final dividend of HK0.4 cent per share in respect of the year ended 30 June 2013) 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 2014

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:

	2014 HK$'000	2013 HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**11,019**	22,275

	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**864,000,000**	864,000,000
Effect of dilutive potential ordinary shares from the Pre-IPO Share Option Scheme	**N/A**	–
Weighted average number of shares for the purpose of diluted earnings per share	**864,000,000**	864,000,000

No dilutive earnings per share is presented as there was no dilutive potential ordinary shares for the year ended 30 June 2014.

The computation of diluted earnings per share in the prior year did not include the Company's potential dilutive ordinary shares as the exercise price of the share options of the Company was higher than the average market price for the Company's shares up to the expiry date of the share options in 2013.

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 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
Additions	–	2,304	1,105	9,774	13,183
Disposals	–	(50)	(614)	(1,529)	(2,193)
At 30 June 2014	267,693	62,160	15,362	69,666	414,881
DEPRECIATION					
At 1 July 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 disposals	–	–	(117)	(54)	(171)
At 30 June 2013	9,295	9,162	9,170	44,858	72,485
Provided for the year	7,436	6,198	1,898	9,440	24,972
Eliminated on disposals	–	(11)	(523)	(1,431)	(1,965)
At 30 June 2014	16,731	15,349	10,545	52,867	95,492
CARRYING VALUES					
At 30 June 2014	250,962	46,811	4,817	16,799	319,389
At 30 June 2013	258,398	50,744	5,701	16,563	331,406

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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$250,962,000 (2013: HK$258,398,000) to secure general undrawn banking facilities amounting to HK$60,000,000 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 2012, 30 June 2013 and 30 June 2014	34,690	6,620	41,310
AMORTISATION AND IMPAIRMENT			
At 1 July 2012, 30 June 2013 and 30 June 2014	34,690	6,620	41,310
CARRYING VALUES			
At 30 June 2013 and 30 June 2014	–	–	–

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 2012, 30 June 2013 and 30 June 2014	695

The goodwill is allocated to the cash generating unit ("CGU") of the magazine operated by Weekend Weekly Publishing 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 11% (2013: 13%) 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 1.0% (2013: 1.5%) 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

For the year ended 30 June 2014

17. Investments in Subsidiaries

	THE COMPANY 2014 HK$'000	2013 HK$'000
Unlisted investments at cost	**72,220**	72,220
Deemed capital contributions	**26,000**	–
	98,220	72,220

Particulars of the subsidiaries of the Company as at the end of the reporting period are set out in note 31.

18. Inventories

	THE GROUP 2014 HK$'000	2013 HK$'000
Printing papers	**–**	545

19. Trade and Other Receivables

	THE GROUP 2014 HK$'000	2013 HK$'000
Trade receivables from		
– third parties	**91,072**	100,082
– related companies	**362**	344
	91,434	100,426
Other receivables, prepayments and deposits	**10,482**	13,940
	101,916	114,366

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	
	2014	2013
	HK$'000	HK$'000
Age		
0 – 30 days	**60,721**	35,118
31 – 90 days	**23,487**	43,723
Over 90 days	**7,226**	21,585
	91,434	100,426

Included in the Group's trade receivable balance are debtors with a carrying amount of approximately HK$42,703,000 (2013: HK$50,987,000), 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 2014

19. Trade and Other Receivables – continued

Ageing of trade receivables which are past due but not impaired

	THE GROUP 2014 HK$'000	THE GROUP 2013 HK$'000
1 to 90 days	**39,420**	47,108
91 to 180 days	**2,598**	3,879
Over 180 days	**685**	–
	42,703	50,987

Movement in the allowance for doubtful debts

	THE GROUP 2014 HK$'000	THE GROUP 2013 HK$'000
Balance at beginning of the year	**607**	28
Amounts written off as uncollectible	**(290)**	(146)
Increase in allowance charged to profit or loss	**60**	725
Balance at end of the year	**377**	607

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$377,000 (2013: HK$607,000). 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

During the year, the Company revised its estimates on repayments of amounts due from subsidiaries and adjusted the carrying amounts to be stated under current and non-current assets in accordance with the revised estimated cash flows on regular basis. At the end of the reporting period, the Company calculated the estimated future cash flows on amounts due from subsidiaries of HK$201,000,000 (2013: nil) at effective interest rate of 2.39% and recognised deemed capital contributions of HK$26,000,000 due to fair value adjustment. The remaining balance is unsecured, interest-free and will be repaid in the next twelve months after the end of the reporting period.

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 3.25% (2013: 0.001% to 0.55%) per annum.

THE COMPANY

The bank balances carry interest at market rates ranging from 0.001% to 0.70% (2013: 0.001% to 0.55%) per annum.

22. Trade and Other Payables

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Trade payables to		
– third parties	**25,894**	33,802
– related companies	**154**	696
	26,048	34,498
Other payables and accrued charges	**24,672**	25,144
	50,720	59,642

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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	
	2014	2013
	HK$'000	HK$'000
Age		
0 – 90 days	**25,638**	32,139
91 – 180 days	**211**	1,900
Over 180 days	**199**	459
	26,048	34,498

23. 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 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
Credit to profit or loss for the year	(483)	(80)	(563)
At 30 June 2014	3,010	(435)	2,575

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

At 30 June 2014, the Group has unused tax losses of approximately HK$40,453,000 (2013: HK$45,600,000) available for offset against future profits. At 30 June 2014, a deferred tax asset had been recognised in respect of approximately HK$2,635,000 (2013: HK$2,152,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$37,818,000 (2013: HK$43,448,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses at 30 June 2014 are losses of approximately HK$1,145,000 (2013: HK$2,193,000) 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

24. Share Capital

	Number of shares	Amount HK$'000
Authorised:		
At 1 July 2012, 30 June 2013 and 1 July 2013		
– Ordinary shares of HK$0.01 each	10,000,000,000	100,000
At 30 June 2014 (Note)	N/A	N/A
Issued and fully paid:		
At 1 July 2012, 30 June 2013 and 1 July 2013		
– Ordinary shares of HK$0.01 each	864,000,000	8,640
Transfer from share premium upon abolition of par value	–	273,631
At 30 June 2014		
– Ordinary shares with no par value (Note)	864,000,000	282,271

Note: Under the Hong Kong Companies Ordinance, with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transition.

25. 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 2014.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

25. 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.

25. **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)	–

The share options granted under the Pre-IPO Share Option Scheme was lapsed on 13 February 2013.

26. **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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

26. **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. 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.

Pursuant to the new Hong Kong Companies Ordinance which has become effective on 3 March 2014, the share premium amounting to HK$273,631,000 was transferred to share capital upon abolition of par value (note 24).

26. **Reserves** – continued

THE GROUP – continued

(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 a group reorgainsation scheme (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 ("Top Queen") from a non-controlling shareholder in 2006 and deemed as capital contribution to the Group.

The amount of HK$101,000 represented the current accounts waived by Top Queen during the year ended 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 2014

26. 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 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
Profit and total comprehensive income for the year	–	–	–	360	360
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance	(273,631)	–	–	–	(273,631)
Final dividend paid for 2013	–	–	–	(3,456)	(3,456)
Interim dividend paid for 2014	–	–	–	(2,160)	(2,160)
At 30 June 2014	–	72,120	–	29,590	101,710

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 2014, the Company's reserves available for distribution was HK$29,590,000 (2013: HK$34,846,000) as calculated.

27. 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	
	2014	2013
	HK$'000	HK$'000
Within one year	**3,003**	2,637
In the second to fifth year inclusive	**8,949**	8,795
	11,952	11,432

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

28. 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.

29. 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 for the period from 1 July 2013 to 31 May 2014 and HK$1,500 effective from 1 June 2014 (2013: HK$1,250) 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$7,417,000 (2013: HK$7,053,000) 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 2014

30. Related Party Transactions

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

	2014 HK$'000	2013 HK$'000
Advertising income received *(Note 1)*	**2,756**	1,764
Advertising expenses paid *(Note 2)*	**398**	–
Artists sponsorship fee paid *(Note 2)*	**1**	–
Entertainment expenses paid *(Note 2)*	**9**	13
Financial services fee paid *(Note 2)*	**360**	360
Overseas travelling expenses paid *(Note 2)*	**12**	81
Photoshooting income received *(Note 2)*	**35**	94
Printing costs paid *(Note 1)*	**1,511**	1,587
Project income received *(Note 2)*	**328**	172
Reimbursement of administrative expense paid *(Note 2)*	**2,652**	2,291
Rental charges paid *(Note 2)*	**18**	20
Secretarial services fee paid *(Note 2)*	**280**	280
Sundry income received *(Note 2)*	**–**	33

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).

30. **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 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:

	2014	2013
	HK$'000	HK$'000
Short-term benefits	**7,051**	7,202
Post-employment benefits	**30**	30
	7,081	7,232

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

31. 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 2014	2013	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	Hong Kong	HK$2	**100%**	100%	Magazine and book publishing
New Media Group Digital Services Limited	Hong Kong	HK$2	**100%**	100%	Digital business and provision of magazine content

31. **Subsidiaries** – continued

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Attributable equity interest held by the Company 2014	2013	Principal activities
New Media Group Publishing Limited	Hong Kong	HK$800,000	**100%**	100%	Magazine publishing
New Monday Publishing 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	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	RMB6,500,000	**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				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**455,624**	495,197	504,840	480,914	437,762
Profit before taxation	**12,914**	27,433	35,805	50,570	56,073
Taxation charge	**(1,895)**	(5,158)	(6,151)	(8,590)	(10,468)
Profit and total comprehensive income for the year	**11,019**	22,275	29,654	41,980	45,605

Assets and liabilities

	At 30 June				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**512,238**	514,598	565,814	463,670	296,750
Total liabilities	**(56,178)**	(63,941)	(130,952)	(145,875)	(90,286)
Total equity	**456,060**	450,657	434,862	317,795	206,464