Venturing into the multi-media era,

New Media Group Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock code:708)

10/11 Annual Report

新傳媒

New Media Group

東方新地 oriental sunday

weekend weekly 新假期周刊

新Monday

Fashion & Beauty 流行新姿

ECONOMIC DIGEST 經濟一週

nmgOnline

Contents

Corporate Information and Key Dates

Directors

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

** Independent Non-executive Directors*

Company Secretary

Liu Chui Ying

Audit Committee

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

Remuneration Committee

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

Auditor

Deloitte Touche Tohmatsu

Registered office, headquarters and principal place of business

10th Floor, Johnson Building
No.14-16 Lee Chung Street
Chai Wan
Hong Kong

Share Registrar

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

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited

Website

http://www.nmg.com.hk

Stock Code

708

Key Dates

Annual Results Announcement: 30th September, 2011
Annual General Meeting: 17th November, 2011
Record Date for the Final Dividend: 23rd November, 2011
Closure of Register of Members: 24th November, 2011 to 25th November, 2011
Payment of Final Dividend: 16th December, 2011

Management Discussion and Analysis

Financial Highlights

	Year ended 30th June, 2011 HK$'000	Year ended 30th June, 2010 HK$'000
Turnover		
Advertising income	**351,180**	309,308
Circulation income	**122,389**	123,688
Online income	**4,618**	1,005
Provision of magazine content	**2,727**	3,761
	480,914	437,762
Gross profit	**178,362**	167,186
Profit for the year attributable to the owners of the Company	**41,980**	45,605
Earnings per share – Basic	**HK cents 6.11**	HK cents 7.60
Earnings per share – Diluted	**HK cents 6.10**	–

Overview

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

Overview

Content enhancement and diversification of client base continued to be among the Group's major objectives. During the last quarter of the year ended 30th June, 2011 (the "Year"), the Group launched two new supplementary booklets, "*CASH*" and "*Sunday KISS*", to accompany *Economic Digest* and *Oriental Sunday* respectively, both as added value for readers as well as new promotion platform for advertisers.

During the Year, in order to explore and make better use of the Group's rich content sources and unlimited creative potentials, the Group has made a big step forward towards full integration of cross-media contents for its readers and providing total solutions to advertising clients. A new business unit was set up to take full responsibility and to proactively explore business opportunities for online and mobile content development, thereby increasing the Group's competitiveness in the market and improving its financial performance in the long run.

In order to cope with the expanding business platform and operations, the Group has acquired an industrial building in Kwun Tong, with a gross floor area of approximately 89,500 square feet, as self-use office premises. The transaction was completed in April 2011.

The Group also announced the application for the listing of Taiwan Depositary Receipts ("TDRs") during the Year. The application was subsequently approved, and trading of the TDRs on the Taiwan Stock Exchange Corporation (the "Taiwan Stock Exchange") commenced officially on 19th July 2011. This was an important corporate move made to promote the Group's corporate image internationally and to broaden its shareholding base.

Financial Review

The Group maintained its position as one of the most influential industry players in the sales-driven magazine sector and reported total turnover of approximately HK$480.9 million (2010: HK$437.8 million) for the Year.

Benefiting from the strong economy in Hong Kong during the Year, the total turnover recorded an increase of 10%. Gross profit for the Year recorded a satisfactory growth of 6.7%. In order to tackle the extremely competitive market situation and promoting new product platforms and expenses incurred for the TDRs listing exercise, the net profit attributable to the owners of the Group for the Year recorded a slight fall to HK$42.0 million (2010: HK$45.6 million). Basic and diluted earnings per share were HK6.11 cents (2010: HK7.60 cents) and HK6.10 cents (2010: Nil) respectively.

Due to the rapid pick up in consumer market, the Group has recorded HK$351.2 million (2010: HK$309.3 million) of advertising income. During the Year, print media market had faced a slight fall in total circulation which led to the Group's fall in circulation income to HK$122.4 million (2010: HK$123.7 million).

Review of Operations

Magazines

With its strong advertising and readership base built over the years, the Group's magazines continued to enjoy high status in their own sectors in the local magazines' market.

Being the Group's flagship magazine, *Oriental Sunday* again ranked high in circulation compared to other weekly magazines in the market. According to the Hong Kong Audit Bureau of Circulations Limited, it has an average net circulation of 159,114 per issue for the period from 1st January to 31st December, 2010.

Weekend Weekly and *Economic Digest* also both maintained their leading positions as No. 1 in terms of readership in their respective magazine sectors. According to the Synovate Media Atlas' January to December 2010 survey, *Weekend Weekly* recorded an average readership of 200,000 per issue. It is almost a double of that of its competitor in the same travel and lifestyle magazine category. With its strong and well established branding, *Economic Digest*, celebrating its 30th anniversary this year, also maintained its long term status and continued to lead the market. According to the 2010 Nielsen Media Index and Synovate Media Atlas, *Economic Digest* topped both readership reports within the same category, with an average of 181,000 and 121,000 readership per issue respectively. The reassuring figures helped to prove to both clients and readers alike that it is still unbeatably the most widely read and well trusted financial and investment guide in the weeklies' market.

Sources:

1) Hong Kong Audit Bureau of Circulations Limited 1st Jan – 31st Dec, 2010 report
2) Synovate Media Atlas Hong Kong 2010 Q1 – Q4
3) 2010 Media Index Year End results conducted by Nielsen Hong Kong, sample size: 5,928, general public aged between 12 and 64 years old

Review of Operations

To attract more readers and to provide a more appealing platform for advertising clients, the Group continued to allocate resources for content enhancement. In addition to its regular beauty and fashion supplement "*MORE*", *Oriental Sunday* launched a new supplement called "*Sunday KISS*" in May 2011, with topics that are family-oriented and relating to parenting and education.

Economic Digest also introduced a new complimentary booklet called "*CASH*", a weekly guide with money-saving tips for shopping and general investments, aiming to further enhance the magazines' editorial contents and to broaden its readership base.

The Group's weekly OL fashion magazine, *Fashion & Beauty*, also revamped with a new double-cover presentation. Enhanced with weekly interviews of popular male artists who appeal especially to OL communities, it also includes more comprehensive topics on leisure and lifestyle. The annual voting competition "Best OL Brands Award" (「OL直選 • 完美品牌大賞」), organised for the 5th consecutive year, was again successfully completed with high response rate. And to further broaden the scope of voting for popular OL products, a new “Perfect Living Lifestyle Award” (「完美生活 • OL最愛品牌大賞2011」) was launched this year to create more interactive opportunities between OL readers and their favourite brands.

Maintaining the usual high standard of printing quality for its magazines continued to be of top priority. Several issues of the Group’s magazines were chosen to be exhibited at a series of world-class exhibitions to be held in Beijing, Frankfurt and Taipei. This government sponsored event, “Soaring Creativity – Hong Kong Publishing and Printing Industries in International Exhibitions”, is organized by The Hong Kong Publishing Federation and The Hong Kong Printers Association, aiming to promote and showcase the creativity and achievement of the publishing and printing industries in Hong Kong to people all over the globe.

Review of Operations

Online Platform

As part of its efforts to diversify, and riding on its strongly branded publications and advertising network, the Group has gradually and progressively stepped into the digital world to capitalize on the unlimited potential opportunities. The Group announced the launch of its new online business unit in January 2011, and has already successfully kicked off five vertical thematic websites in the market. These include "beeweb.hk", "gytam.hk", "meetu.hk", "imore.hk" and "gotrip.hk", all featuring tailor-made interactive features created specially to generate talking points among loyal followers and to attract newcomers.

They also function as targeted platforms to attract related client groups and global media partners. Ranging from trend-setting online male fashion magazine ("beeweb.hk"), to comprehensive female *fashion and beauty* products website ("imore.hk"); from popular online dating platform ("meetu.hk") to powerful search engine for travel tips ("gotrip.hk"), as well as a paranormal site ("gytam.hk") which showcases a collection of stories and images of the supernatural world, these dedicated thematic websites all receive tremendously high traffic and hit rates within their respective niche markets. Beeweb in particular has an impressive pageview record, having already reached over 4 million per month by the second quarter of 2011, and is one of the most popular websites visited by fashion and trend followers in the global Chinese community. Having developed a mobile version as well, Gytam also has its own group of dedicated fans who tune in regularly to the weekly live web program for ghost stories, which easily generate talking points across social networks.

Review of Operations

Digital Platform and Total Solutions for Marketing

In sync with global trends, and recognising its readers' need for multi-media contents that are both entertaining as well as engaging, *New Monday* has evolved from a print magazine into a digital brand that fits well into the new age. The group of digital and media experts, equipped with the most highend technologies, work closely with the editorial team to deliver the most exciting and creative digital experiences to its new age users.

With re-allocated resources, *New Monday* has developed the first fully interactive iPad digital magazine in Hong Kong which does not simply copy pages and pages of contents to the iPad app. Synchronized and released simultaneously every week on the AppStore, the iPad version showcases the coolest interactive effects, such as direct-streaming videos and 360 rotation features, that simply revolutionalize the concept of content development. It has already proved to be a great success with an overwhelming download rate that topped and lingered long on the AppStore list after its debut. Having stayed at number one in ranking under the lifestyle category for three months after its launch in April 2011, it has remained at the top and is still ranked number three by Sep 2011.

Maturing alongside with its own target reader group, *New Monday* has moved on to become an even more comprehensive platform that effectively brings the latest trends and brands to the high lifestyle seeking generation who also now has much stronger spending power. The combination of the print and the non-linear editorial formats also allows the team to provide Total Marketing Solutions to advertisers by creating wildly impressive selling angles and never seen before possibilities to promote their products and reach new groups of consumers.

Corporate Social Responsibilities

During the Year, the Group has granted more than 100 free full-page advertising placements in the Group's five magazines to charitable, non-profit-making organizations to fulfill its corporate social responsibility as a publisher. These include the Hong Kong Agency for Volunteer Service, Senior Citizen Home Safety Association, Project ORBIS, Fu Hong Society, Hong Kong Society for the Blind, WWF, as well as Po Leung Kuk etc.

To help raise funds for efforts that bring education to children in rural China, *Oriental Sunday* acted as media sponsor for the "Sowers Action Challenging 12 Hours 2011 Charity Marathon" during the Year, providing editorial coverage and advertising space to promote the event.

Continuing its commitment to various annual CSR events, the Group again acted as media partner to sponsor the "HKUYA'S Love Family Day" charity campaign organized by the Hong Kong United Youth Association, which treated underprivileged children to a free one-day "edutainment" tour at the Ocean Park. A blood donation day held at the Group's office was again organised together with the Hong Kong Red Cross for the third consecutive year, providing its staff with a chance to donate blood conveniently. And to show its concern for the environment, the Group again participated as a corporate supporter and took part in the "Earth Hour" lights off global climate campaign organized by the WWF.

The Group's staff also took part in "A Feast of Tastes" Charity Banquet, jointly organised by the Emperor Foundation, Society for the Promotion of Hospice Care and St. James' Settlement, bringing "old-time food" to over a hundred senior citizens and terminal patients.

Outlook

Being now able to provide an all round "Total Solution Media Platform" to clients for developing new business ideas and opportunities, the Group has developed one of the most comprehensive multi-media marketing platforms in Hong Kong.

With the successful development of the *New Monday* iPad app, the Group can now demonstrate more easily the great potentials and possibilities of integrating conventional publishing with web and digital concepts to new and existing clients. Not only does it turn magazine reading into a whole new fun and exciting experience for its readers, it also creates unlimited potentials for advertisers who are looking for new marketing channels to appeal to more consumers in the highly competitive retail industry.

The water has been tested, and the following golden opportunities should not be missed. With a much better understanding and idea of user experience and behaviours, the Group will quickly escalate its efforts to make good use of the newly cultivated grounds. More wild and creative ideas will be introduced with the objective to sustain user interests and to draw in new followers. More exciting new advertising formats will be proposed to help our clients realize the limitless potentials under the new selling platform. The Group believes that positive word-of-mouth and ripple effects in the social media world should not be underestimated, and marketing to a new generation of tech-savvy consumers will continue to be the challenge. The Group is confident that it is on the right path and believes it is well equipped to continue and press ahead.

Other Analysis

Capital Structure, Liquidity and Financial Resources

Top-up placing of new shares

On 29th September, 2010, Velba Limited, the controlling shareholder of the Company, through the placing agent, agreed to place 120,000,000 shares of the Company (the "Placing") to independent 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 Top-Up Shares rank pari passu with the existing shares in issue of the Company, when fully paid. The Placing and Top-Up Subscription were completed on 6th October, 2010 and 8th October, 2010 respectively.

Taiwan Depositary Receipts listing

On 27th April, 2011, the Company proposed the offering and listing of 28,800,000 units of TDRs, representing 144,000,000 shares of the Company, on the Taiwan Stock Exchange. On 18th July, 2011, the Company issued and allotted 144,000,000 new shares at a price of HK$0.696 per share representing a premium of approximately 3.88% to the closing price of the Company's share on 15th July, 2011. The proceeds will be used for business expansion and to provide additional working capital for the Group. The TDRs were listed on the Taiwan Stock Exchange on 19th July, 2011.

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

As at 30th June, 2011, the Group had HK$59.1 million bank borrowings (2010: Nil) denominated in Hong Kong dollars with interest rates followed market rates.

As at 30th June, 2011, the Group's gearing ratio was 13% (2010: Nil) (calculated based on the basis of total bank borrowings over total assets).

The Group had limited exposure to fluctuation in exchange rates.

Other Analysis

Employee and Share Option Scheme

As at 30th June, 2011, the Group has 642 employees (2010: 576). Total staff costs (including Directors' remuneration) were approximately HK$186.8 million (2010: HK$169.0 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contributions to retirement benefit scheme, medical insurance and other fringe benefit.

To provide incentives or rewards to the staff and Directors, the Company adopted a share option scheme on 18th January, 2008. No option was granted by the Company under such share option scheme since its adoption and up to 30th June, 2011.

On 18th January, 2008, a total of 7,500,000 share options were granted to two Executive Directors of the Company at an exercise price of HK$0.68 per share under the terms of the Pre-IPO Share Option Scheme adopted by a resolution in writing passed by the sole shareholder on 18th January, 2008. No share options were exercised since 18th January, 2008 and up to 30th June, 2011 and accordingly the outstanding share options as at 30th June, 2011 were 7,500,000 share options.

Charge on Assets

As at 30th June, 2011, the Group's land and buildings with carrying value of approximately HK$267.7 million (2010: Nil) 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 of the Company, resolution of such litigation and claims will not have a material adverse effect on the Group's financial position and no further provision for any potential liability in the consolidated statement of financial position is considered necessary.

At the end of the reporting period, the Company did not have significant contingent liabilities.

Biographies of Directors and Senior Executives

Biographies of Directors and Senior Executives

Executive Directors

Percy Hughes, Shirley, aged 48, is an Executive Director and the Chief Executive Officer of the Group. She is responsible for the Group's strategic development and overseeing the operations. She has over 29 years' experience in the media and publishing business. Ms. Shirley Hughes joined the Group in November 2002. Prior to joining the Group, Ms. Shirley Hughes had worked for Hong Kong Commercial Broadcasting Company Limited as freelance Program Presenter and subsequently as Program Presenter and Producer during the period from 1989 to 1994. Afterwards, she was employed as Channel Manager of Entertainment Channel and then as Controller for Program Development and Production under Hong Kong Cable Television Limited during the period from 1994 to 2002.

Lee Che Keung, Danny, aged 49, is an Executive Director of the Group. He has over 30 years' experience in the media business and is responsible for overseeing the sales and marketing function of the Group. Mr. Lee joined the Group in June 1999. Prior to joining the Group, Mr. Lee had worked for Eat and Travel Weekly Company Limited and SCMP Haymarket Publishing Limited as sales director respectively during the period from 1998 to 1999. In addition, Mr. Lee was employed by Ming Pao Newspaper Limited as sales director and Express Management Limited as sales controller during the period from 1988 to 1997.

Wong Chi Fai, aged 55, is also the Chairman of the Remuneration Committee of the Company. He is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He is also a director of Emperor International Holdings Limited (stock code: 163) ("EIHL"), Emperor Entertainment Hotel Limited (stock code: 296) ("EEH") and Emperor Watch & Jewellery Limited (stock code: 887) ("EWJ"). EIHL, EEH and EWJ are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Having over 20 years of finance and management experience, Mr. Wong has diversified experience in different businesses ranging from media and publication to manufacturing, hotel and hospitality, property investment and development, watch and jewellery retailing as well as artiste management and entertainment production. Mr. Wong has been involved in the management of the Group since June 1999.

Fan Man Seung, Vanessa, aged 48, is a lawyer by profession in Hong Kong and a qualified accountant. She also holds a Master's Degree in Business Administration. She is also a director of EIHL, EEH and EWJ. Having over 22 years of corporate management experience, she possesses diversified experience in different businesses including media and publication, property investment and development, hotel and hospitality, financial and securities operations, watch and jewellery retailing as well as artiste management and entertainment production. Ms. Fan has been involved in the management of the Group since June 1999.

Independent Non-executive Directors

Hui Wai Man, Shirley, aged 44, was appointed as Independent Non-executive Director on 16th January 2008. She is the Chairman of the Audit Committee of the Company. Ms. Hui is a practicing accountant in Hong Kong and she has over 21 years of professional experience in public accounting and corporate finance. She is a fellow of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. She is also a non-executive director and chairlady of Eco-Tek Holdings Limited (stock code: 8169), a company listed on the GEM Board of the Stock Exchange, and an independent non-executive director of Goldin Financial Holdings Limited (stock code: 530), a company listed on the Main Board of the Stock Exchange. Ms. Hui resigned as independent non-executive director of Freeman Financial Corporation Limited (formerly known as Freeman Corporation Limited) (stock code: 279) and Mascotte Holdings Limited (stock code: 136), both of which are listed on the Main Board of the Stock Exchange, on 22nd September 2010 and 14th June 2010 respectively.

Tse Hin Lin, Arnold, aged 58, was appointed as Independent Non-executive Director on 16th January 2008. He is a member of the Audit Committee and Remuneration Committee of the Company. Mr. Tse holds a Bachelor's Degree in Social Science (Statistics and Geography) and also a Law Degree. He had practiced as a barrister in Hong Kong between 1987 and 1988. He was admitted as a solicitor in 1990 and founded his present firm, ATL Law Offices on 1st July 2008. Mr. Tse practiced commercial and corporate law, including advising on cross-border acquisitions and commercial transactions.

Kwan Shin Luen, Susanna, aged 44, was appointed as Independent Non-executive Director on 16th January 2008. She is a member of the Audit Committee and Remuneration Committee of the Company. Ms. Kwan graduated from the London School of Economics (London) and has a legal practice focusing on corporate/commercial and corporate finance matters in Hong Kong, including mergers & acquisitions, regulatory compliance, public offerings, private placement of securities and open offers, joint ventures and securities related legislation. She 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 and other regulated industries. Previously, Ms. Kwan headed the corporate finance department of a renowned Hong Kong law firm, where she consolidated her network and exposure in cross border corporate finance and funding deals. As a dedicated speaker, Ms. Kwan delivered many seminars for legal practitioners and business contemporaries in the PRC and Hong Kong. She has held and is still holding key in-house senior counsel position(s) within established and renowned conglomerates, which listing statuses straddle Hong Kong, US and PRC and which business scopes include supply chain, waste-to-energy, retail and insurance services.

Directors' Report

Directors' Report

The directors of the Company (the "Directors" or the "Board") present their report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30th June, 2011 (the "Year").

Principal Activities

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 34 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 comprehensive income on page 60 and note 13 to the consolidated financial statements respectively.

An interim dividend of HK1.3 cents per share amounting to HK$9,360,000 was paid to the shareholders during the Year. The Directors recommend the payment of a final dividend of HK0.6 cent per share (2010: HK1.3 cents) for the Year amounting to HK$5,184,000 subject to the approval of the shareholders at the forthcoming annual general meeting:

Annual general meeting date	:	Thursday, 17th November, 2011
Record date for final dividend	:	Wednesday, 23rd November, 2011
Final dividend payment date	:	Friday, 16th December, 2011

Property, Plant and Equipment

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

Share Capital

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

Distributable Reserves of the Company

The Company's reserves available for distribution to shareholders was HK$49,719,000 (2010: HK$69,192,000) as at 30th June, 2011.

Directors and Directors' Service Contracts

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

Executive Directors:

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

Independent Non-executive Directors:

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

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

In accordance with Article 83(1) of the Company's Articles of Association, Ms. Percy Hughes, Shirley ("Ms. Shirley Hughes"), Ms. Fan Man Seung, Vanessa ("Ms. Vanessa Fan"), and Mr. Tse Hin Lin, Arnold will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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

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

Directors and Directors' Service Contracts – continued

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

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

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

As at 30th June, 2011, the interests and short positions of the Directors and chief executives and their associates in the shares, underlying shares and debentures of the Company or its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") of the issued share capital of the Company were as follows:

(a) Long positions in share options of the Company

Name of Directors	Capacity	Number of underlying shares held	Approximate percentage holding
Ms. Shirley Hughes	Beneficial owner	5,000,000	0.69%
Mr. Danny Lee	Beneficial owner	2,500,000	0.35%

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

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

(b) Long positions in share options of associated corporations

Name of Directors	Name of associated corporations	Capacity	Number of underlying shares held	Approximate percentage holding
Mr. Wong	Emperor International Holdings Limited ("EIHL")	Beneficial owner	16,154,212	0.44%
	Emperor Entertainment Hotel Limited ("EEH")	Beneficial owner	5,000,000	0.39%
Ms. Vanessa Fan	EIHL	Beneficial owner	16,154,212	0.44%
	EEH	Beneficial owner	5,000,000	0.39%

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

Save as disclosed above, as at 30th June, 2011, none of the Directors, chief executives nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations.

Share Options

(a) Share Option Scheme

The Company has adopted a share option scheme (the "Share Option Scheme") on 18th January, 2008. Particulars of the Scheme are set out in note 27 to the consolidated financial statements.

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

(b) Pre-IPO Share Option Scheme

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

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

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

Other Persons' Interests and Short Positions

As at 30th June, 2011, so far as is known to any Director or chief executive of the Company, the following persons or corporations (other than a Director or chief executive of the Company) who had interests and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

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

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

Other Persons' Interests and Short Positions – continued

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

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

Save as disclosed above, as at 30th June, 2011, the Directors or chief executives of the Company were not aware of any person or corporation (other than the Directors and chief executives of the Company) who had any interests or short positions in shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

Directors' Interests in Contracts of Significance

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

Connected Transactions

On 29th September 2010, Velba, the controlling shareholder of the Company, entered into a placing agreement with Emperor Securities Limited (the "Placing Agent"), pursuant to which Velba has agreed to place, through the Placing Agent, up to 120,000,000 shares to independent investors at a price of HK$0.75 per share (the "Placing Price") whist the Placing Agent agreed with Velba to procure on best endeavour basis, placees to acquire up to 120,000,000 existing shares from Velba.

On the same date, the Company entered into a top-up subscription agreement with Velba whereby Velba agreed to subscribe for up to 120,000,000 new shares of HK$0.01 each at the subscription price of HK$0.75 each (the "Top-Up Subscription"). Pursuant to such agreement, all costs and expenses incurred in connected with the Top-up Subscription will be borne by the Company and the Company shall also reimburse Velba for all costs and expenses incurred by it in connection with the Placing and Top-up Subscription. The Company has paid HK$1,125,000 to the Placing Agent being commission incurred in connection with the above placing and the Top-up Subscription.

The Placing Agent is an associate of the Trust and therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Company has made an announcement on 30th September, 2010 in respect of the above transactions.

Continuing Connected Transactions

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

Name of counterparty	Terms	Amount for the year ended 30th June, 2011 HK$'000
Printing costs paid:		
Hong Kong Daily Offset Printing Company Limited ("HK Daily Offset") *(note 1)*	1st July, 2010 to 30th June, 2013	2,506
Advertising income received:		
EIHL and its subsidiaries *(note 2)*	1st July, 2010 to 30th June, 2013	157
EEH and its subsidiaries *(note 3)*	1st July, 2010 to 30th June, 2013	157
Gain Wealth Investments Limited ("Gain Wealth") and its subsidiaries *(note 4)*	1st July, 2010 to 30th June, 2013	420
Emperor Watch & Jewellery Limited ("EWJ") and its subsidiaries *(note 5)*	1st July, 2010 to 30th June, 2013	125
Emperor International Exchange (Hong Kong) Company Limited *(note 6)*	1st July, 2010 to 30th June, 2013	259
Emperor Capital Group Limited ("ECG") and its subsidiaries *(note 7)*	1st July, 2010 to 30th June, 2013	14
		1,132

Continuing Connected Transactions – continued

Notes:

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

(2) EIHL is a listed company which was owned as to 70.46% by Charron Holdings Limited ("Charron") as at 30th June, 2011. The entire issued share capital of Charron was indirectly held by STC International being the trustee of the Trust. The founder of the Trust is Dr. Albert Yeung who is a deemed substantial shareholder of the Company.

(3) EEH is a listed company which was owned as to 58.87% by Worthly Strong Investment Limited ("Worthly Strong") as at 30th June, 2011. The entire issued share capital of Worthly Strong was indirectly held by STC International being the trustee of the Trust. The founder of the Trust is Dr. Albert Yeung who is a deemed substantial shareholder of the Company.

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

(5) EWJ is a listed company which was owned as to 52.34% by Allmighty Group Limited ("Allmighty") as at 30th June, 2011. The entire issued share capital of Allmighty was indirectly held by STC International being the trustee of the Trust. The founder of the Trust is Dr. Albert Yeung who is a deemed substantial shareholder of the Company.

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

(7) ECG is a listed company which was owned as to 74.93% by Win Move Group Limited ("Win Move") as at 30th June, 2011. The entire issued share capital of Win Move was indirectly held by STC International being the trustee of the Trust. The founder of the Trust is Dr. Albert Yeung who is a deemed substantial shareholder of the Company.

Continuing Connected Transactions – continued

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

The engagements of sale of advertising space of the magazines and books published by the Group under the advertising master purchase agreements dated 30th June, 2010 for a term from 1st July, 2010 to 30th June, 2013 are in the normal ordinary course of business of the Group. The advertising charges by the Group are to be determined from time to time by the Group and the parties after arm's length negotiation with reference to the market prices and on such terms that are no more favorable than those charged to other independent third parties engaging similar advertising services.

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

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

Compliance with Disclosure Requirements

Save as "Advertising income received", "Printing costs paid" and "Placing commission paid" as shown in note 33(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 Continuing Connected Transactions

The Board of Directors has engaged the auditor of the Company to report the continuing connected transactions of the Group for the Year ("Disclosed CCTs") 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 and the auditor has reported to the Directors and concluded that the Disclosed CCTs:

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

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

(c) have not exceeded the relevant cap amount for the year ended 30th June, 2011 as set out in the Company's announcement dated 2nd July, 2010; and

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

Confirmation of Independent Non-executive Directors

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

Major Customers and Suppliers

During the Year, sales to the five largest customers of the Group accounted for approximately 46.9% 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 23.4% of the Group's turnover.

The five largest suppliers contributed to approximately 56.0% of the direct operating costs of the Group during the Year. The largest supplier of the Group, being the printer of the magazines published by the Group, accounted for approximately 39.9% 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.

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

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

Confirmation of Independent Non-Executive Directors

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

Directors' Interests In Competing Business

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

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

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.

Corporate Governance

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

Sufficiency Of Public Float

The Company has maintained a sufficient public float under the Listing Rules from the date of listing to 30th June, 2011.

Emolument Policy

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

Auditor

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

On behalf of the Board

Percy Hughes, Shirley
Chief Executive Officer

Hong Kong
30th September, 2011

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 provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the financial year ended 30th June, 2011 (the "Year").

The Board

Board Composition

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

As at 30th June, 2011, the Board comprised seven Directors (four Executive Directors of which one is the Chief Executive Officer and three Independent Non-executive Directors) who possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The Independent Non-executive Directors will also share their valuable impartial view on matters to be discussed on the Board meetings. The biographies of the Directors are set out on pages from 29 to 31 of this report under the "Biographies of Directors and Senior Executives" section.

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

Management Functions

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

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

Securities Transactions by Directors

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

Independent Non-executive Directors

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

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

Board Meetings

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

Name of Committee members	Meetings attended/ No. of meeting held	Attendance rate
Executive Directors		
Percy Hughes, Shirley *(Chief Executive Officer)*	9/9	100%
Lee Che Keung, Danny	9/9	100%
Wong Chi Fai	9/9	100%
Fan Man Seung, Vanessa	9/9	100%
Independent Non-executive Directors		
Hui Wai Man, Shirley	9/9	100%
Tse Hin Lin, Arnold	9/9	100%
Kwan Shin Luen, Susanna	9/9	100%

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

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

Delegation by the Board

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board had given clear directions to management as to the matters that must be approved by the Board before decisions are made on behalf of the Company.

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

1. ***Audit Committee***

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

The Audit Committee held three meetings during the Year with the attendance of each member as follows:

Name of Committee members	Meetings attended/ No. of meeting held	Attendance rate
Hui Wai Man, Shirley *(Chairperson)*	3/3	100%
Tse Hin Lin, Arnold	3/3	100%
Kwan Shin Luen, Susanna	3/3	100%

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

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

ii. 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 30th June, 2010 as well as the interim financial statements for the period ended 31st December, 2010;

iii. Annual review of the non-exempt continuing connected transactions of the Group for the year ended 30th June, 2010;

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

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

2. ***Remuneration Committee***

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

The Remuneration Committee held two meetings during the Year with the attendance of each member as follows:

Name of Committee members	Meetings attended/ No. of meeting held	Attendance rate
Wong Chi Fai *(Chairman)*	2/2	100%
Tse Hin Lin, Arnold	2/2	100%
Kwan Shin Luen, Susanna	2/2	100%

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

i. reviewed the Directors' fees and recommended to the Board on the fees of the Non-executive Directors; and

ii. reviewed the current level and remuneration structure/package of the Executive Directors and approved the specific remuneration packages of Executive Directors.

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

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

Accountability and Audit

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

Internal Controls

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

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

For the period under review, the Board considered that the Company's internal control system is adequate and effective and the Company has complied with the code provisions on internal controls. There were no significant control failings, weakness or significant areas of concern identified which might affect shareholders.

Communication with Shareholders

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

There is regular dialogue with institutional shareholders and general presentations are 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 website.

The Chairperson of the annual general meeting and Chairperson/Chairman/members of the Audit Committee and Remuneration Committee were available at the annual general meeting held on 18th November, 2010 to answer questions from the shareholders.

The forthcoming annual general meeting of the Company will be held on 17th November, 2011 which will be conducted by way of poll.

Auditor's Independence and Remuneration

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

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

Service rendered	Fees paid/payable HK$'000
Audit services	1,621
Non-audit services (provision of professional service on reviewing the financial information in relation to the listing of TDRs)	1,000

Financial Statements

Deloitte.
德勤

TO THE MEMBERS OF NEW MEDIA GROUP HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of New Media Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 60 to 116, which comprise the consolidated and the Company statement of financial position as at 30th June, 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 30th June, 2011 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
30th September, 2011

Consolidated Statement of Comprehensive Income

For the year ended 30th June, 2011

	NOTES	2011 HK$'000	2010 HK$'000
Turnover	8	**480,914**	437,762
Direct operating costs		**(302,552)**	(270,576)
Gross profit		**178,362**	167,186
Other income		**2,767**	2,389
Selling and distribution costs		**(76,838)**	(66,031)
Administrative expenses		**(53,577)**	(47,471)
Finance costs	9	**(144)**	–
Profit before taxation		**50,570**	56,073
Taxation charge	10	**(8,590)**	(10,468)
Profit and total comprehensive income for the year	11	**41,980**	45,605
Earnings per share	14		
– Basic (HK cents)		**6.11**	7.60
– Diluted (HK cents)		**6.10**	–

Consolidated Statement of Financial Position

At 30th June, 2011

	NOTES	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	15	**282,692**	12,646
Deposits paid for acquisition of property, plant and equipment		**1,485**	–
Intangible assets	16	**–**	–
Goodwill	17	**695**	695
		284,872	13,341
Current assets			
Inventories	19	**8,112**	5,239
Trade and other receivables	20	**108,463**	98,661
Bank balances and cash	22	**62,223**	179,509
		178,798	283,409
Current liabilities			
Trade and other payables	23	**75,738**	74,220
Taxation payable		**10,446**	15,808
Secured bank mortgage loan-due within one year	24	**5,628**	–
		91,812	90,028
Net current assets		**86,986**	193,381
Total assets less current liabilities		**371,858**	206,722
Non-current liabilities			
Secured bank mortgage loan – due after one year	24	**53,441**	–
Deferred taxation liabilities	25	**622**	258
		54,063	258
		317,795	206,464

Consolidated Statement of Financial Position

At 30th June, 2011

	NOTES	**2011** **HK$'000**	2010 HK$'000
Capital and reserves			
Share capital	26	**7,200**	6,000
Reserves	28	**310,595**	200,464
		317,795	206,464

The consolidated financial statements on pages 60 to 116 were approved and authorised for issue by the Board of Directors on 30th September, 2011 and are signed on its behalf by:

Percy Hughes, Shirley
DIRECTOR

Lee Che Keung, Danny
DIRECTOR

Statement of Financial Position

At 30th June, 2011

	NOTES	2011 HK$'000	2010 HK$'000
Non-current asset			
Investments in subsidiaries	18	**72,220**	72,220
Current assets			
Other receivables		**3,078**	–
Amounts due from subsidiaries	21	**238,590**	173,096
Bank balances	22	**3,283**	70
		244,951	173,166
Current liabilities			
Other payables and accrued charges		**3,228**	533
Amount due to a subsidiary	21	**5,000**	4,557
Taxation payable		**49**	–
		8,277	5,090
Net current assets		**236,674**	168,076
		308,894	240,296
Capital and reserves			
Share capital	26	**7,200**	6,000
Reserves	28	**301,694**	234,296
		308,894	240,296

Percy Hughes, Shirley
DIRECTOR

Lee Che Keung, Danny
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30th June, 2011

	Share capital HK$'000	Share premium HK$'000 (Note 28(a))	Special reserve HK$'000 (Note 28(b))	Capital contribution reserve HK$'000 (Note 28(c))	Share options reserve HK$'000	Accumulated (losses) profits HK$'000	Total HK$'000
At 1st July, 2009	6,000	90,419	90,700	796	2,565	(17,621)	172,859
Profit and total comprehensive income for the year	–	–	–	–	–	45,605	45,605
Final dividend paid for 2009	–	–	–	–	–	(4,800)	(4,800)
Interim dividend paid for 2010	–	–	–	–	–	(7,200)	(7,200)
At 30th June, 2010	6,000	90,419	90,700	796	2,565	15,984	206,464
Profit and total comprehensive income for the year	–	–	–	–	–	41,980	41,980
Final dividend paid for 2010	–	–	–	–	–	(9,360)	(9,360)
Interim dividend paid for 2011	–	–	–	–	–	(9,360)	(9,360)
Issue of shares	1,200	88,800	–	–	–	–	90,000
Share issue expenses	–	(1,929)	–	–	–	–	(1,929)
At 30th June, 2011	7,200	177,290	90,700	796	2,565	39,244	317,795

Consolidated Statement of Cash Flows

For the year ended 30th June, 2011

	2011 HK$'000	2010 HK$'000
Cash flows from operating activities		
Profit before taxation	**50,570**	56,073
Adjustments for:		
Depreciation of property, plant and equipment	**8,888**	7,195
Interest income	**(920)**	(458)
Interest expenses	**144**	–
Gain on disposal of property, plant and equipment	**(54)**	(20)
(Reversal of) allowance for doubtful debts	**(75)**	381
Operating cash flows before movements in working capital	**58,553**	63,171
Increase in inventories	**(2,873)**	(3,605)
Increase in trade and other receivables	**(6,650)**	(20,896)
(Decrease) increase in trade and other payables	**(1,065)**	8,967
Net cash generated from operations	**47,965**	47,637
Hong Kong Profits Tax (paid) refunded	**(13,588)**	532
Net cash from operating activities	**34,377**	48,169
Cash flows from investing activities		
Purchase of property, plant and equipment	**(279,067)**	(5,251)
Deposits paid for acquisition of property, plant and equipment	**(1,485)**	–
Interest received	**920**	458
Proceeds from disposal of property, plant and equipment	**187**	36
Net cash used in investing activities	**(279,445)**	(4,757)
Cash flows from financing activities		
Proceeds from issue of shares	**90,000**	–
Proceeds from secured bank mortgage loan	**60,000**	–
Dividends paid	**(18,720)**	(19,200)
Share issue expenses paid	**(2,423)**	–
Repayment of secured bank mortgage loan	**(931)**	–
Interest paid	**(144)**	–
Net cash from (used in) financing activities	**127,782**	(19,200)
Net (decrease) increase in cash and cash equivalents	**(117,286)**	24,212
Cash and cash equivalents at beginning of the year	**179,509**	155,297
Cash and cash equivalents at end of the year, representing bank balances and cash	**62,223**	179,509

1. GENERAL

The Company is incorporated in Hong Kong as a limited liability company under the Hong Kong Companies Ordinance (Cap.32) and its shares are listed on The Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The immediate and ultimate holding company of the Company are Velba Limited ("Velba") and Million Way Holdings Limited ("Million Way") respectively, both companies are limited liability companies incorporated in British Virgin Islands (the "BVI"). The entire issued share capital of Velba was held by Million Way which in turn is wholly-owned by STC International Limited ("STC International"), being the trustee of The Albert Yeung Discretionary Trust (the "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 34.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

HKFRSs (Amendments)	Improvements to HKFRSs 2009[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[2]
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HK(IFRIC*)-INT 19	Extinguishing financial liabilities with equity instruments
HKAS 32 (Amendments)	Classification of rights issue
HK-INT 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment the borrower of a term loan that contains a repayment on demand clause

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

[1] Amendments that are effective for annual periods beginning on or after 1st January, 2010.

[2] Amendments that are effective for annual periods beginning on or after 1st July, 2010.

* IFRIC represents the IFRS Interpretation Committee (formerly known as 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 effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments to HKAS 17 Leases

As part of "Improvements to HKFRSs" issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

As at 30th June, 2011, the newly acquired leasehold land that qualifies for finance lease classification has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

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

New and revised Standards and Interpretations issued but not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[3]
HKFRS 11	Joint arrangements[3]
HKFRS 12	Disclosure of interests in other entities[3]
HKFRS 13	Fair value measurement[3]
HK(IFRIC*)-INT 14 (Amendments)	Prepayments of a minimum funding requirement[4]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[5]
HKAS 12 (Amendments)	Deferred tax: recovery of underlying assets[6]
HKAS 19 (Revised 2011)	Employee benefits[3]
HKAS 24 (Revised)	Related Party Dislcosures[4]
HKAS 27 (Revised 2011)	Separate financial statements[3]
HKAS 28 (Revised 2011)	Investments in associates and joint ventures[3]

1 Amendments that are effective for annual periods beginning on or after 1st January, 2011.

2 Effective for annual periods beginning on or after 1st July, 2011.

3 Effective for annual periods beginning on or after 1st January, 2013.

4 Effective for annual periods beginning on or after 1st January, 2011.

5 Effective for annual periods beginning on or after 1st July, 2012.

6 Effective for annual periods beginning on or after 1st January, 2012.

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis.

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.

Basis of consolidation

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

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

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

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

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.

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

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

Online income represents revenue from provision of electronic direct marketing services, which is recognised when services are provided.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition – continued

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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 as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current 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.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation – continued

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Share-based payment transactions

Share options granted to employees

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

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

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Retirement benefit costs

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

Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. 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. The deemed cost represent the carrying amounts of consolidated net assets of the subsidiaries at the date on which they were transferred to the Company at the time of the Group Reorganisation on 18th January, 2008 (note 28(a)).

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Property, plant and equipment

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Borrowing costs

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

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

Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives.

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

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment loss of 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 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Leasing

Operating lease payments are recognised as an expense on a straight line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

Leasehold land and building

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

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Leasehold land and building – continued

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

Inventories

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

Financial instruments

Financial assets and financial liabilities are recognised 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 one of the two categories, including available-for-sale financial assets and loans and receivables. 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.

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.

Available-for-sale financial assets

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

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

Loans and receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Impairment of financial assets

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

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

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

- significant financial difficulty of the issuer or counterparty; 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; or
- the disappearance of an active market for the financial asset because of financial difficulties.

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

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Impairment of financial assets – continued

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

For financial assets carried at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through the profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial liabilities and equity – 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

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

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

Financial assets are derecognised when the rights to receive cash flows from the assets expire, or the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received or receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Allowance for trade receivables

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

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30th June, 2011, the carrying amount of trade receivable is HK$90,278,000 (2010: HK$83,528,000) (net of allowance for doubtful debts of HK$113,000 (2010: HK$502,000)) (note 20).

5. 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	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**159,998**	272,173	**241,874**	173,166
Financial liabilities				
Amortised cost	**107,005**	39,471	**8,178**	4,557

5. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies

THE GROUP AND THE COMPANY

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

(c) Market risk

Foreign currency risk

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

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed rate bank deposits of approximately HK$50,229,000 (2010: HK$152,939,000) and cash flow interest rate risk in relation to a variable rate secured bank mortgage loan of approximately HK$59,069,000 (2010: nil). The Company is exposed to fair value interest rate risk in relation to a fixed rate bank deposit of approximately HK$3,209,000 (2010: nil). The Group and the Company currently do not have policy on fair value and cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

5. FINANCIAL INSTRUMENTS – continued

(c) Market risk – continued

Interest rate risk – continued

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

The Group's sensitivity to cash flow interest rate risk has been determined based on the exposure to interest rates for the abovementioned financial liabilities. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2010: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2010: 100 basis points) higher and all other variables were held constant, the potential decrease in post-tax profit for the year is approximately HK$493,000 (2010: nil). If interest rates had been lower in an opposite magnitude and all other variables held constant, the potential effect on the results would be equal and opposite.

(d) Credit risk

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

THE GROUP

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

5. FINANCIAL INSTRUMENTS – continued

(d) Credit risk – continued

THE GROUP – continued

The Group has concentration of credit risk as the Group's trade receivables as at 30th June, 2011 of approximately HK$53,806,000 (2010: HK$48,990,000) were derived from a few advertising agencies and a sole distributor of the Group, representing the top 5 customers of the Group. They are assessed by the management as high credit rating customers. In order to minimise the credit risk, the directors of the Company continuously monitor the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower exposure or even to recover the overdue debts. The Group has no significant concentration of credit risk for the remaining trade receivables, with exposure spread over a number of counterparties and customers.

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

THE COMPANY

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

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

5. FINANCIAL INSTRUMENTS – continued

(e) Liquidity risk

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

The Group relies on secured bank mortgage loan and the Company relies on amount due to a subsidiary as a significant source of liquidity. At 30th June, 2011, 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 non-derivative 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 for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is based on interest rate at the end of the reporting period.

5. FINANCIAL INSTRUMENTS – continued

(e) Liquidity risk – continued

Liquidity tables

	THE GROUP							
	Weighted average interest rate	On demand or less than 1 month	1 – 3 months	3 months – 1 year	1-5 years	More than 5 years	Total undiscounted cash flows	Total carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2011								
Non-derivative financial liabilities								
Trade and other payables	**-**	**36,122**	**11,814**	**-**	**-**	**-**	**47,936**	**47,936**
Secured bank mortgage loan	**1.45**	**-**	**1,613**	**4,837**	**25,798**	**31,173**	**63,421**	**59,069**
		36,122	**13,427**	**4,837**	**25,798**	**31,173**	**111,357**	**107,005**
2010								
Non-derivative financial liability								
Trade and other payables	–	32,082	7,389	–	–	–	39,471	39,471

5. FINANCIAL INSTRUMENTS – continued

(e) Liquidity risk – continued

Liquidity tables – continued

			THE COMPANY		
	Weighted average interest rate	On demand or less than 1 month	1 – 3 months	Total undiscounted cash flows	Total carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000
2011					
Non-derivative financial liabilities					
Other payables	–	–	3,178	3,178	3,178
Amount due to a subsidiary	–	5,000	–	5,000	5,000
		5,000	3,178	8,178	8,178
2010					
Non-derivative financial liability					
Amount due to a subsidiary	–	4,557	–	4,557	4,557

(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.

6. 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 capital structure of the Group consists of net debt, which is the secured bank mortgage loan as disclosed in note 24, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

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 associates 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.

7. SEGMENT INFORMATION

The Group's operating activity is attributable to a single reporting segment focusing on sales of magazines and books, services on publication of advertisements, online 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 sales of magazines and books, services on publication of advertisements, online 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 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 circulation income, advertising income, online income and income from provision of magazine content. Details are disclosed in note 8 to the consolidated financial statements.

7. SEGMENT INFORMATION – continued

Geographical information

For each of the year ended 30th June, 2011 and 2010, 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 30th June,		Non-current assets As at 30th June,	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**479,570**	436,663	**284,626**	13,309
PRC	**1,344**	1,099	**246**	32
	480,914	437,762	**284,872**	13,341

Information about major customers

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

	2011	2010
	HK$'000	HK$'000
Customer A	**112,373**	112,741
Customer B	**48,999**	46,717

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.

8. TURNOVER

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

	2011 HK$'000	2010 HK$'000
Advertising income	**351,180**	309,308
Circulation income	**122,389**	123,688
Online income	**4,618**	1,005
Provision of magazine content	**2,727**	3,761
	480,914	437,762

9. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest on bank mortgage loan not wholly repayable within five years	**144**	–

10. TAXATION CHARGE

	2011 HK$'000	2010 HK$'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	**8,425**	10,519
Overprovision in prior years	**(199)**	(4)
	8,226	10,515
Deferred taxation charge (credit) *(Note 25)*		
Current year	**364**	(47)
	8,590	10,468

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

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

10. TAXATION CHARGE – continued

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

	2011 HK$'000	2010 HK$'000
Profit before taxation	**50,570**	56,073
Tax at Hong Kong Profits Tax rate of 16.5% (2010: 16.5%)	**8,344**	9,252
Tax effect of expenses not deductible for tax purpose	**368**	110
Tax effect of income not assessable for tax purpose	**(221)**	(79)
Tax effect of utilisation of tax losses previously not recognised	**(514)**	–
Tax effect of tax losses not recognised	**808**	1,249
Effect of different tax rates of subsidiaries operating in PRC	**–**	(130)
Overprovision in prior years	**(199)**	(4)
Others	**4**	70
Taxation charge for the year	**8,590**	10,468

11. PROFIT FOR THE YEAR

	2011 HK$'000	2010 HK$'000
Profit for the year has been arrived at after charging:		
Directors' emoluments *(note 12)*		
– fees	**850**	850
– retirement benefits scheme contributions	**24**	24
– other emoluments	**7,306**	8,103
	8,180	8,977
Other staff's retirement benefits scheme contributions	**5,463**	4,938
Other staff costs, including salaries and other benefits	**173,198**	155,092
	186,841	169,007
Auditor's remuneration	**1,621**	1,504
Depreciation of property, plant and equipment	**8,888**	7,195
Operating lease rentals for rented premises	**5,044**	4,312
Allowance for doubtful debts	**–**	381
and after crediting:		
Gain on disposal of property, plant and equipment	**54**	20
Interest income	**920**	458
Reversal of allowance for doubtful debts	**75**	–

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

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

	Percy Hughes, Shirley HK$'000	Lee Che Keung, Danny HK$'000	Wong Chi Fai HK$'000	Fan Man Seung, Vanessa HK$'000	Hui Wai Man, Shirley HK$'000	Tse Hin Lin, Arnold HK$'000	Kwan Shin Luen, Susanna HK$'000	Total HK$'000
2011								
Fees	**100**	**100**	**100**	**100**	**150**	**150**	**150**	**850**
Other emoluments								
– salaries and other allowances	**2,596**	**2,210**	**–**	**–**	**–**	**–**	**–**	**4,806**
– bonus *(note)*	**1,500**	**1,000**	**–**	**–**	**–**	**–**	**–**	**2,500**
– retirement benefits scheme contributions	**12**	**12**	**–**	**–**	**–**	**–**	**–**	**24**
Total emoluments	**4,208**	**3,322**	**100**	**100**	**150**	**150**	**150**	**8,180**
2010								
Fees	100	100	100	100	150	150	150	850
Other emoluments								
– salaries and other allowances	2,479	2,124	–	–	–	–	–	4,603
– bonus *(note)*	2,000	1,500	–	–	–	–	–	3,500
– retirement benefits scheme contributions	12	12	–	–	–	–	–	24
Total emoluments	4,591	3,736	100	100	150	150	150	8,977

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

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – continued

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2010: two) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining three (2010: three) individuals were as follows:

	2011 HK$'000	2010 HK$'000
Salaries and allowances	**8,160**	7,114
Contributions to retirement benefits scheme	**36**	36
	8,196	7,150

Their emoluments were within the following bands:

	2011 HK$'000	2010 HK$'000
HK$2,000,001 to HK$2,500,000	**2**	2
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.

13. DIVIDENDS

	2011 HK$'000	2010 HK$'000
Recognised as distribution:		
2011 interim dividend of HK1.3 cents (2010: 2010 interim dividend of HK1.2 cents) per share	**9,360**	7,200
2010 final dividend of HK1.3 cents (2010: 2009 final dividend of HK0.8 cent) per share	**9,360**	4,800
	18,720	12,000
Proposed:		
Proposed 2011 final dividend of HK0.6 cent (2010: Proposed 2010 final dividend of HK1.3 cents) per share	**5,184**	7,800

A final dividend for the year ended 30th June, 2011 of HK0.6 cent per share has been proposed by the directors and is subject to approval by the shareholders in forthcoming annual general meeting.

14. EARNINGS PER SHARE

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

	2011 HK$'000	2010 HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**41,980**	45,605

	2011	2010
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**687,452,055**	600,000,000
Effect of dilutive potential ordinary shares from the Pre-IPO Share Option Scheme	**329,272**	–
Weighted average number of shares for the purpose of diluted earnings per share	**687,781,327**	600,000,000

The computation of diluted earnings per share does not include the Company's potential dilutive ordinary shares as the exercise price of the share options of the Company is higher than the average market price for the Company's shares for the year ended 30th June, 2010.

15. 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 1st July, 2009	–	9,651	11,895	33,614	55,160
Additions	–	472	1,069	3,710	5,251
Disposals	–	–	(432)	(292)	(724)
At 30th June, 2010	–	10,123	12,532	37,032	59,687
Additions	267,693	1,147	1,117	9,110	279,067
Disposals	–	–	(496)	(122)	(618)
At 30th June, 2011	267,693	11,270	13,153	46,020	338,136
DEPRECIATION					
At 1st July, 2009	–	5,133	9,408	26,013	40,554
Provided for the year	–	1,528	1,170	4,497	7,195
Eliminated on disposal	–	–	(421)	(287)	(708)
At 30th June, 2010	–	6,661	10,157	30,223	47,041
Provided for the year	–	1,787	1,427	5,674	8,888
Eliminated on disposal	–	–	(406)	(79)	(485)
At 30th June, 2011	–	8,448	11,178	35,818	55,444
CARRYING VALUES					
At 30th June, 2011	267,693	2,822	1,975	10,202	282,692
At 30th June, 2010	–	3,462	2,375	6,809	12,646

15. 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 2 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 depreciation of leasehold land and buildings has not yet commenced as at 30th June, 2011 as the leasehold land and buildings are not available for use in the manner intended by the management.

16. INTANGIBLE ASSETS

	Publishing library HK$'000	Copyrights in photographs and articles HK$'000	Total HK$'000
THE GROUP			
COST			
At 1st July, 2009 and 30th June, 2010 and 30th June, 2011	34,690	6,620	41,310
AMORTISATION AND IMPAIRMENT			
At 1st July, 2009, 30th June, 2010 and 30th June, 2011	34,690	6,620	41,310
CARRYING VALUES			
At 30th June, 2010 and 30th June, 2011	–	–	–

16. INTANGIBLE ASSETS – continued

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

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

17. GOODWILL

	HK$'000
THE GROUP	
At 1st July, 2009, 30th June, 2010 and 30th June, 2011	695

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

The Group performed impairment review for goodwill based on cash flow forecasts derived from the most recent financial budgets for the next 2 years approved by management using the discount rate of 12% (2010: 10%) which reflects current market assessments of the time value of money and the risks specific to the CGU. For the purpose of impairment testing, the cash flows beyond the 2-year-period are extrapolated for 3 years using a constant growth rate of 1.5% (2010: 1.5%) per annum. The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates and the growth rates based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. No impairment of goodwill is considered necessary.

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

18. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2011 HK$'000	2010 HK$'000
Unlisted investments	**72,220**	72,220

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

19. INVENTORIES

	THE GROUP	
	2011 HK$'000	2010 HK$'000
Printing papers	**8,112**	5,229
Books	**–**	10
	8,112	5,239

20. TRADE AND OTHER RECEIVABLES

	THE GROUP	
	2011 HK$'000	2010 HK$'000
Trade receivables from		
– third parties	**89,870**	83,459
– related companies	**408**	69
	90,278	83,528
Prepayment and deposits	**18,185**	15,133
	108,463	98,661

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

20. TRADE AND OTHER RECEIVABLES – continued

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

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
Age		
0 – 30 days	**78,356**	75,163
31 – 90 days	**11,154**	7,737
Over 90 days	**768**	628
	90,278	83,528

Included in the Group's trade receivable balance are debtors with a carrying amount of approximately HK$36,870,000 (2010: HK$24,309,000), 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.

20. TRADE AND OTHER RECEIVABLES – continued

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

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
1 to 90 days	**36,000**	23,577
91 to 180 days	**860**	732
Over 180 days	**10**	–
	36,870	24,309

Movement in the allowance for doubtful debts

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
Balance at beginning of the year	**502**	447
Trade receivables written off	**(314)**	(326)
(Decrease) increase in allowance charged to profit or loss	**(75)**	381
Balance at end of the year	**113**	502

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$113,000 (2010: HK$502,000) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

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

21. AMOUNTS DUE FROM (TO) SUBSIDIARIES

THE COMPANY

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

22. 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 1.38% (2010: 0.01% to 0.49%) per annum.

THE COMPANY

The bank balances carry interest at market rates ranging from 0.001% to 0.30% (2010: 0.01%) per annum.

23. TRADE AND OTHER PAYABLES

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
Trade payables to		
– third parties	**39,800**	35,083
– related companies	**1,509**	426
	41,309	35,509
Accrued charges	**34,429**	38,711
	75,738	74,220

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

23. TRADE AND OTHER PAYABLES – continued

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 payment due date at the reporting date:

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
Age		
0 – 90 days	**41,125**	35,370
91 – 180 days	**39**	119
Over 180 days	**145**	20
	41,309	35,509

24. SECURED BANK MORTGAGE LOAN

	2011	2010
	HK$'000	HK$'000
Carrying amount repayable:		
Within one year	**5,628**	–
More than one year but not exceeding two years	**5,712**	–
More than two years but not exceeding five years	**17,641**	–
More than five years	**30,088**	–
	59,069	–
Less: Amounts due within one year shown under current liabilities	**(5,628)**	–
Amounts due after one year	**53,441**	–

24. SECURED BANK MORTGAGE LOAN – continued

The mortgage loan carried interest at 1.25% plus the Hong Kong Interbank Offered Rate per annum and are secured by the Group's land and buildings, including relevant leasehold land in Hong Kong with a carrying value of approximately HK$267,693,000 at the end of the reporting period.

At 30th June, 2011, the effective interest rates on the Group's mortgage loan is 1.45% per annum.

25. DEFERRED TAXATION

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

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
THE GROUP			
At 1st July, 2009	772	(467)	305
(Credit) charge to profit or loss for the year	(208)	161	(47)
At 30th June, 2010	564	(306)	258
Charge (credit) to profit or loss for the year	869	(505)	364
At 30th June, 2011	1,433	(811)	622

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

25. DEFERRED TAXATION – continued

At 30th June, 2011, the Group has unused tax losses of approximately HK$47,929,000 (2010: HK$43,084,000) available for offset against future profits. At 30th June, 2011, a deferred taxation asset had been recognised in respect of approximately HK$4,916,000 (2010: HK$1,852,000) of such losses. No deferred taxation asset has been recognised in respect of the remaining HK$43,013,000 (2010: HK$41,232,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses at 30th June, 2011 are losses of approximately HK$1,933,000 (2010: HK$2,627,000) that will expire in 2015. 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.

26. SHARE CAPITAL

	Number of shares		Amount	
	2011	2010	**2011**	2010
			HK$'000	HK$'000
Ordinary shares of HK$0.01 each				
Authorised	**10,000,000,000**	10,000,000,000	**100,000**	100,000
Issued and fully paid				
At beginning of the year	**600,000,000**	600,000,000	**6,000**	6,000
Issued of shares (Note)	**120,000,000**	–	**1,200**	–
At end of year	**720,000,000**	600,000,000	**7,200**	6,000

Note: On 29th September, 2010, Velba, 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 representing a discount of approximately 14.77% to the closing price of the Company's share on 7th October, 2010, and also agreed to subscribe for 120,000,000 new shares of the Company (the "Top-Up Shares") at the price of HK$0.75 per share (the "Top-Up Subscription") conditional upon the completion of the Placing. The Top-Up Shares were issued under the general mandate granted to the directors at the annual general meeting of the Company on 18th November, 2009 and rank pari passu with the existing shares in issue of the Company, when fully paid. The Placing and Top-Up Subscription were completed on 6th October, 2010 and 8th October, 2010 respectively.

26. SHARE CAPITAL – continued

The proceeds were used for business expansion and to provide additional working capital for the Group.

27. SHARE OPTION SCHEMES

(a) Share option scheme

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

27. SHARE OPTION SCHEMES – continued

(a) Share option scheme – continued

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

No option was granted by the Company under the Share Option Scheme since its adoption and up to 30th June, 2011.

(b) Pre-IPO Share Option Scheme

The purpose of the Pre-IPO share option scheme is to recognise and reward the contribution of certain directors, senior management, employees, consultants and advisers of the Group to the growth and development of the Group and the Stock Exchange. The principal terms of the Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") adopted by a resolution in writing passed by the sole shareholder on 18th January, 2008 are similar to the terms of the Share Option Scheme except that:

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

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

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

27. SHARE OPTION SCHEMES – continued

(b) Pre-IPO Share Option Scheme – continued

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

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

Date of grant	Exercisable period	Exercise price	Outstanding at 30.6.2010 and 30.6.2011
		HK$	
18.1.2008	12.2.2010 – 12.2.2013	0.68	7,500,000

28. RESERVES

THE GROUP

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

(a) Share premium

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

At 8th 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 (note 26). The proceeds received were net off by the expenses directly attributable to the issue of these shares amounting to HK$1,929,000.

28. 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 acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the Group Reorganisation.

(c) Capital contribution reserve

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

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

28. RESERVES – continued

THE COMPANY

	Share premium HK$'000	Merger reserve HK$'000	Share options reserve HK$'000	Accumulated profit HK$'000	Total HK$'000
At 1st July, 2009	90,419	72,120	2,565	22,097	187,201
Profit and total comprehensive income for the year	–	–	–	59,095	59,095
Final dividend paid for 2009	–	–	–	(4,800)	(4,800)
Interim dividend paid for 2010	–	–	–	(7,200)	(7,200)
At 30th June, 2010	90,419	72,120	2,565	69,192	234,296
Loss and total comprehensive expense for the year	–	–	–	(753)	(753)
Final dividend paid for 2010	–	–	–	(9,360)	(9,360)
Interim dividend paid for 2011	–	–	–	(9,360)	(9,360)
Issue of shares	88,800	–	–	–	88,800
Share issue expenses	(1,929)	–	–	–	(1,929)
At 30th June, 2011	177,290	72,120	2,565	49,719	301,694

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

At 30th June, 2011, the Company's reserves available for distribution was HK49,719,000 (2010: HK$69,192,000) as calculated under section 79B of the Hong Kong Companies Ordinance.

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29. 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 under non-cancellable operating leases which fall due as follows:

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
Within one year	**6,022**	5,331
In the second to fifth year inclusive	**10,672**	3,786
	16,694	9,117

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

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

30. CAPITAL COMMITMENTS

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**4,425**	241

At the end of the reporting period, the Company did not have significant capital commitments.

31. CONTINGENT LIABILITIES

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

At the end of the reporting period, the Company did not have significant contingent liabilities.

32. RETIREMENT BENEFITS SCHEME

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

The total cost charged to the consolidated statement of comprehensive income of HK$5,487,000 (2010: HK$4,962,000) represents contributions payable to this scheme by the Group in respect of the current accounting period.

33. RELATED PARTY TRANSACTIONS

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

	2011 HK$'000	2010 HK$'000
Advertising income received *(note 1)*	**1,132**	1,227
Advertising expenses paid *(note 2)*	**7**	22
Entertainment expenses paid *(note 2)*	**35**	39
Financial services fee paid *(note 2)*	**580**	275
Management fee paid *(note 2)*	**2,032**	1,531
Overseas travelling expenses paid *(note 2)*	**200**	294
Placing commission paid *(note 3)*	**1,125**	–
Printing costs paid *(note 1)*	**2,506**	3,846
Project income received *(note 2)*	**571**	164
Promotion and advertising expenses paid *(note 2)*	**–**	59
Rental charges paid *(note 2)*	**214**	195
Sundry expenses paid *(note 2)*	**16**	20
Sundry income received *(note 2)*	**1**	–

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

Notes:

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

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

(3) The transaction is a connected transaction as defined under Chapter 14A of the Listing Rules, details of which are set out in the section headed "Connected Transactions" of the Directors' Report.

33. RELATED PARTY TRANSACTIONS – continued

(b) Compensation of key management personnel

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

	2011 HK$'000	2010 HK$'000
Short-term benefits	**8,156**	8,953
Post-employment benefits	**24**	24
	8,180	8,977

34. PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Attributable equity interest held by the Company 2011	2010	Principal activities
Directly held					
Merslake Limited	BVI/Hong Kong	US$11	**100%**	100%	Investment holding
Indirectly held					
Economic Digest Publishing Limited	Hong Kong	HK$2	**100%**	100%	Book publishing agent
Exactly Aim Limited#	BVI/Hong Kong	US$2	**100%**	100%	Group treasury services
Favour Win Limited	Hong Kong	HK$2	**100%**	100%	Provision of group tenancy agent services
Hong Kong Media Services Company Limited	Hong Kong	HK$2	**100%**	100%	Sales of contents
Jade Talent Holdings Limited	BVI/Hong Kong	US$1	**100%**	–	Investment holding
New Media Group (HK) Limited	Hong Kong	HK$2	**100%**	100%	Magazine and book publishing

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2011

34. PRINCIPAL SUBSIDIARIES – continued

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Attributable equity interest held by the Company 2011	2010	Principal activities
Reach Gain Limited	Hong Kong	HK$1	**100%**	–	Online business
Smart Ideal Limited	Hong Kong	HK$100	**100%**	100%	Magazine publishing
Time Year Limited	Hong Kong	HK$2	**100%**	100%	Copyright holding and licensing business
Wide Connection Limited	Hong Kong	HK$2	**100%**	100%	Magazine publishing
Winning Treasure Limited	Hong Kong	HK$1	**100%**	–	Property holding
World Sources (HK) Limited	Hong Kong	HK$800,000	**100%**	100%	Magazine publishing
廣東薪傳出版技術開發有限公司 *	People's Republic of China	RMB5,000,000	**100%**	100%	Sales of contents

The subsidiary was being struck off during the year.

* The subsidiary is a wholly foreign owned enterprise.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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

35. SUBSEQUENT EVENT

On 27th April, 2011, the Company proposed the offering and listing of 28,800,000 units of Taiwan Depositary Receipts ("TDRs"), representing 144,000,000 shares of the Company, on the Taiwan Stock Exchange ("TSE"). On 18th July, 2011, the Company then issued and allotted 144,000,000 new shares to a group of independent investors at a price of HK$0.696 per share representing a premium of approximately 3.88% to the closing price of the Company's share on 15th July, 2011. The net proceeds of HK$95,202,000 will be used for business expansion and to provide additional working capital for the Group. The TDRs were listed on the TSE on 19th July, 2011.

RESULTS

	For the year ended 30th June,		For the period ended from 1st April, 2008 to 30th June,	For the year ended 31st March,	
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**480,914**	437,762	553,512	452,373	390,554
Profit before taxation	**50,570**	56,073	48,384	39,633	24,947
Taxation (charge) credit	**(8,590)**	(10,468)	(9,622)	(8,459)	6,221
Profit and total comprehensive income for the year	**41,980**	45,605	38,762	31,174	31,168

ASSETS AND LIABILITIES

	At 30th June,			At 31st March,	
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**463,670**	296,750	250,378	222,051	107,387
Total liabilities	**(145,875)**	(90,286)	(77,519)	(73,234)	(81,649)
Total equity	**317,795**	206,464	172,859	148,817	25,738

Financial Summary

Notes:

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

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