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新傳媒集團控股有限公司
New Media Group Holdings Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 708)

FINAL RESULTS
FOR THE YEAR ENDED 30TH JUNE, 2011

FINANCIAL HIGHLIGHTS

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
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	–

The board of directors (the “Board” or the “Directors”) of New Media Group Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30th June, 2011 (the “Year”) together with comparative figures for the corresponding year ended 30th June 2010 as set out below:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th June, 2011

	<i>Notes</i>	2011 HK\$'000	2010 HK\$'000
Turnover	4	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		(144)	–
Profit before taxation		50,570	56,073
Taxation charge	5	(8,590)	(10,468)
Profit and total comprehensive income for the Year	6	41,980	45,605
Earnings per share	7		
– Basic		HK cents 6.11	HK cents 7.60
– Diluted		HK cents 6.10	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2011

	<i>Notes</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		282,692	12,646
Deposits paid for acquisition of property, plant and equipment		1,485	–
Intangible assets		–	–
Goodwill		695	695
		<u>284,872</u>	<u>13,341</u>
Current assets			
Inventories		8,112	5,239
Trade and other receivables	8	108,463	98,661
Bank balances and cash		62,223	179,509
		<u>178,798</u>	<u>283,409</u>
Current liabilities			
Trade and other payables	9	75,738	74,220
Taxation payable		10,446	15,808
Secured bank mortgage loan – due within one year		5,628	–
		<u>91,812</u>	<u>90,028</u>
Net current assets		<u>86,986</u>	<u>193,381</u>
Total assets less current liabilities		<u>371,858</u>	<u>206,722</u>
Non-current liabilities			
Secured bank mortgage loan – due after one year		53,441	–
Deferred taxation liabilities		622	258
		<u>54,063</u>	<u>258</u>
		<u>317,795</u>	<u>206,464</u>
Capital and reserves			
Share capital		7,200	6,000
Reserves		310,595	200,464
		<u>317,795</u>	<u>206,464</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June, 2011

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (the “HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised HKFRSs, HKASs, amendments and interpretations (“INTs”) (hereinafter collectively referred to as “New and Revised HKFRSs”) issued by the 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 on demand clause

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.

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

3. 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 4.

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		Non-current assets	
	Year ended 30th June, 2011 <i>HK\$'000</i>	Year ended 30th June, 2010 <i>HK\$'000</i>	As at 30th June, 2011 <i>HK\$'000</i>	As at 30th June, 2010 <i>HK\$'000</i>
Hong Kong	479,570	436,663	284,626	13,309
PRC	1,344	1,099	246	32
	<u>480,914</u>	<u>437,762</u>	<u>284,872</u>	<u>13,341</u>

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 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
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.

4. 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 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
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
	<u>480,914</u>	<u>437,762</u>

5. TAXATION CHARGE

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

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

6. PROFIT FOR THE YEAR

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	8,888	7,195
Interest expenses	144	–
and after crediting:		
Gain on disposal of property, plant and equipment	54	20
Interest income	920	458
	<u>8,888</u>	<u>7,195</u>

7. 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 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share	<u>41,980</u>	<u>45,605</u>

	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	<u>329,272</u>	<u>–</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u>687,781,327</u>	<u>600,000,000</u>

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.

8. TRADE AND OTHER RECEIVABLES

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Trade receivables from		
– third parties	89,870	83,459
– related companies	<u>408</u>	<u>69</u>
	90,278	83,528
Prepayment and deposits	<u>18,185</u>	<u>15,133</u>
	<u>108,463</u>	<u>98,661</u>

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

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Age		
0 – 30 days	78,356	75,163
31 – 90 days	11,154	7,737
Over 90 days	<u>768</u>	<u>628</u>
	<u>90,278</u>	<u>83,528</u>

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.

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
1 to 90 days	36,000	23,577
91 to 180 days	860	732
Over 180 days	10	–
	<u>36,870</u>	<u>24,309</u>

9. TRADE AND OTHER PAYABLES

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Trade payables to		
– third parties	39,800	35,083
– related companies	1,509	426
	<u>41,309</u>	<u>35,509</u>
Accrued charges	34,429	38,711
	<u>75,738</u>	<u>74,220</u>

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).

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:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Age		
0 – 90 days	41,125	35,370
91 – 180 days	39	119
Over 180 days	145	20
	<u>41,309</u>	<u>35,509</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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.

Content enhancement and diversification of client base continued to be among the Group's major objectives. During the last quarter of 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 19 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: 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 January 1 to December 31, 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.

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.

Sources:

- 1) Hong Kong Audit Bureau of Circulations Limited Jan 1 – Dec 31, 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

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.

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.

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 high-end 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 revolutionize 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.

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.

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.

Use of IPO Proceeds from Listing

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

Planned usage

	Planned Amount <i>HK\$'million</i>	Up to 15th September, 2011 <i>HK\$'million</i>
Enhancement and enrichment of the contents of the magazines	37.28	24.26
Promotion and marketing of magazines to readers and advertisers	20.98	20.98
Strengthening the contents of the Group's existing website	8.74	8.74
Upgrading of the Group's existing machineries and equipment thereby improving the efficiency of publication workflow	14.15	14.15
General working capital	7.40	7.40
	88.55	75.53

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK\$0.006 (2010: HK\$0.013) per share (“Final Dividend”) for the Year, amounting to HK\$5,184,000 (2010: HK\$7,800,000). The Final Dividend, if being approved at the forthcoming annual general meeting of the Company, will be paid on 16th December, 2011 (Friday) to shareholders whose names appear on the register of members of the Company on 23rd November, 2011 (Wednesday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24th November, 2011 (Thursday) to 25th November, 2011 (Friday) during which period no share transfer will be effected. In order to qualify for the proposed Final Dividend, all relevant share certificates and properly completed transfer forms must be lodged with the Company’s Share Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 23rd November, 2011 (Wednesday).

REVIEW OF FINAL RESULTS

The Group’s final results for the Year have been reviewed by the Audit Committee of the Company, which comprises the three Independent Non-executive Directors of the Company.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

During the Year, the Group has complied with all provisions of the Code on Corporate Governance Practice under Appendix 14 of the Listing Rules.

Model Code for Securities Transactions

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry to all the Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Year.

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

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

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In connection with the issue of TDRs by the Company, the Board proposed to make certain amendments to the Company's Articles of Association (the "Proposed Amendments") in relation to the declaration of dividend. The Proposed Amendments are subject to the approval of the shareholders of the Company by way of special resolution at the 2011 Annual General Meeting (the "AGM"). A circular containing, among other things, the Notice of AGM which contains the full text of the Proposed Amendments will be dispatched to the shareholders in due course.

PUBLICATION OF THE AUDITED FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.nmg.com.hk>). The annual report will be available on both websites and dispatched to the shareholders of the Company in due course.

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

Hong Kong, 30th September, 2011

As at the date of this announcement, the Board comprises:

Executive Directors:

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

Mr. Lee Che Keung, Danny

Mr. Wong Chi Fai

Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors:

Ms. Hui Wai Man, Shirley

Mr. Tse Hin Lin, Arnold

Ms. Kwan Shin Luen, Susanna