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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)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

FINANCIAL SUMMARY (UNAUDITED)

	Six months ended	
	31 December	
	2014	2013
	HK\$'000	HK\$'000
Turnover		
Advertising income	174,516	208,437
Circulation income	36,617	38,538
Digital business income	9,815	8,627
Provision of magazine content	1,117	1,367
	222,065	256,969
Gross profit	74,525	91,650
Profit for the period attributable to the owners of the Company	2,970	17,266
Earnings per share – Basic	HK0.34 cent	HK2.00 cents

The board of directors (the “Board” or the “Directors”) of New Media Group Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2014 (the “Period”) together with comparative figures for the corresponding period in 2013 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2014

		Six months ended	
		31 December	
		2014	2013
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Turnover	4	222,065	256,969
Direct operating costs		<u>(147,540)</u>	<u>(165,319)</u>
Gross profit		74,525	91,650
Other income		1,175	779
Selling and distribution costs		(33,368)	(37,097)
Administrative expenses		<u>(38,891)</u>	<u>(35,088)</u>
Profit before taxation		3,441	20,244
Income tax expense	6	<u>(471)</u>	<u>(2,978)</u>
Profit and total comprehensive income for the Period		<u>2,970</u>	<u>17,266</u>
Earnings per share – Basic	8	<u>HK0.34 cent</u>	<u>HK2.00 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

		31 December 2014 (unaudited) <i>HK\$'000</i>	As at 30 June 2014 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	9	309,859	319,389
Intangible assets		–	–
Goodwill		695	695
		<u>310,554</u>	<u>320,084</u>
Current assets			
Trade and other receivables	10	109,805	101,916
Income tax recoverable		996	–
Bank balances and cash		93,151	90,238
		<u>203,952</u>	<u>192,154</u>
Current liabilities			
Trade and other payables	11	54,678	50,720
Income tax payable		–	2,883
		<u>54,678</u>	<u>53,603</u>
Net current assets		<u>149,274</u>	<u>138,551</u>
Total assets less current liabilities		<u>459,828</u>	<u>458,635</u>
Non-current liability			
Deferred tax liability		1,921	2,575
Net assets		<u>457,907</u>	<u>456,060</u>
Capital and reserves			
Share capital		282,271	282,271
Reserves		175,636	173,789
Total equity		<u>457,907</u>	<u>456,060</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2014

1. BASIS OF PRESENTATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2014.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle
HK(IFRIC*) – INT 21	Levies

* IFRIC represents the International Financial Reporting Interpretations Committee

The application of the new interpretation and amendments to HKFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Segment revenue and results

The chief operating decision maker (the “CODM”), who are the executive directors of the Group, regularly review revenue and operating results derived from services on publication of advertisements, sales of magazines and books, digital business services and provision of magazine content on an aggregated basis and consider them as one single operating segment. The turnover and profit before taxation in the condensed consolidated statement of profit or loss and other comprehensive income represent the segment turnover and segment result, respectively.

No analysis of segment assets or segment liabilities is regularly provided to the CODM for review.

Other segment information

Turnover from major products and services

The Group principally engages in magazine publishing and generates advertising income, circulation income, digital business income and income from provision of magazine content. Details are disclosed in note 4.

Geographical information

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	
	Six months ended		As at	As at
	31 December	31 December	31 December	30 June
	2014	2013	2014	2014
	(unaudited)	(unaudited)	(unaudited)	(audited)
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Hong Kong	221,405	255,815	309,137	318,266
People’s Republic of China	660	1,154	1,417	1,818
	<u>222,065</u>	<u>256,969</u>	<u>310,554</u>	<u>320,084</u>

Information about major customers

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

	Six months ended	
	31 December	
	2014	2013
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	31,828	38,056
Customer B	21,686	28,772

Customer A is the sole distributor of the magazines published by the Group and Customer B is an advertising agency, which contribute circulation income and advertising income respectively to the Group.

4. TURNOVER

Turnover represents the amounts received and receivable during the Period. An analysis of the Group's turnover for the Period is as follows:

	Six months ended	
	31 December	
	2014	2013
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Advertising income	174,516	208,437
Circulation income	36,617	38,538
Digital business income	9,815	8,627
Provision of magazine content	1,117	1,367
	222,065	256,969

5. DEPRECIATION

During the Period, depreciation in respect of the Group's property, plant and equipment amounting to HK\$12,411,000 (six months ended 31 December 2013: HK\$12,370,000) were charged to profit or loss of the Group.

6. INCOME TAX EXPENSE

Six months ended 31 December	
2014	2013
(unaudited)	(unaudited)
<i>HK\$'000</i>	<i>HK\$'000</i>

The charge comprises:

Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profits for the Period	1,125	3,295
Deferred taxation credit	<u>(654)</u>	<u>(317)</u>
	<u>471</u>	<u>2,978</u>

7. DIVIDENDS

During the Period, a final dividend of HK0.13 cent per share amounted to HK\$1,123,000 for the year ended 30 June 2014 (six months ended 31 December 2013: final dividend of HK0.4 cent per share amounted to HK\$3,456,000) was paid to shareholders.

No interim dividend was paid during the Period. An interim dividend of HK0.25 cent per share was paid to shareholders for the six months ended 31 December 2013.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company for the Period of HK\$2,970,000 (six months ended 31 December 2013: HK\$17,266,000) and the weighted average number of 864,000,000 shares (six months ended 31 December 2013: 864,000,000 shares) for the Period.

No diluted earnings per share is presented as there was no dilutive potential ordinary shares for the period ended 31 December 2014 and 31 December 2013.

9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment amounting to approximately HK\$2,943,000 (six months ended 31 December 2013: HK\$6,125,000).

10. TRADE AND OTHER RECEIVABLES

	As at	
	31 December 2014 (unaudited) <i>HK\$'000</i>	30 June 2014 (audited) <i>HK\$'000</i>
Trade receivables from		
– third parties	98,414	91,072
– related companies	428	362
	<u>98,842</u>	<u>91,434</u>
Other receivables, prepayments and deposits	<u>10,963</u>	<u>10,482</u>
	<u><u>109,805</u></u>	<u><u>101,916</u></u>

The related companies are companies ultimately controlled by Albert Yeung Holdings Limited (“AY Holdings”) which is held by STC International Limited (“STC International”) being the trustee of The Albert Yeung Discretionary Trust (the “AY 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 Group within 10 days after the verification of the quantity of magazines sold. Credit limit and outstanding balance from advertising income will be reviewed by the management once a month. The following is an aged analysis of trade receivables based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition date:

	As at	
	31 December 2014 (unaudited) <i>HK\$'000</i>	30 June 2014 (audited) <i>HK\$'000</i>
Age		
0 – 30 days	44,735	60,721
31 – 90 days	34,784	23,487
Over 90 days	19,323	7,226
	<u>98,842</u>	<u>91,434</u>
	<u><u>98,842</u></u>	<u><u>91,434</u></u>

11. TRADE AND OTHER PAYABLES

	As at	
	31 December 2014 (unaudited) <i>HK\$'000</i>	30 June 2014 (audited) <i>HK\$'000</i>
Trade payables to		
– third parties	22,636	25,894
– related companies	<u>1,030</u>	<u>154</u>
	23,666	26,048
Other payables and accrued charges	<u>31,012</u>	<u>24,672</u>
	<u>54,678</u>	<u>50,720</u>

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

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 invoice dates at the end of the reporting period:

	As at	
	31 December 2014 (unaudited) <i>HK\$'000</i>	30 June 2014 (audited) <i>HK\$'000</i>
Age		
0 – 90 days	23,152	25,638
91 – 180 days	301	211
Over 180 days	<u>213</u>	<u>199</u>
	<u>23,666</u>	<u>26,048</u>

12. OTHER MATTERS

On 25 November 2014, AY Holdings entered into a conditional share purchase agreement with an independent third party, Acelin Global Limited, pursuant to which AY Holdings agreed to sell, and Acelin Global Limited agreed to purchase the entire equity interest of New Media Group Investment Limited. New Media Group Investment Limited is the immediate holding company of the Company, which held 74.99% of the total issued shares of the Company (“Possible Transaction 1”). Subsequently, the following two agreements were signed.

On 23 December 2014, New Media Group Limited (formerly known as New Media Enterprise Investment Limited), an indirect wholly-owned subsidiary of the Company, entered into a conditional property disposal agreement with Good Force Investments Limited, an indirectly-owned subsidiary of AY Holdings, pursuant to which New Media Group Limited agreed to sell and Good Force Investments Limited agreed to purchase the entire equity interest of Jade Talent Holdings Limited (“Jade Talent”), an indirect wholly-owned subsidiary of the Company, and the benefits of shareholder’s loans advanced by New Media Group Limited to Jade Talent (“Possible Transaction 2”). Jade Talent is an investment holding company solely for the purpose of holding the interests in an investment property through its direct wholly-owned subsidiary, Winning Treasure Limited. Right after the possible disposal of Jade Talent, the investment property will be leased back to the Group for three years after the completion of Possible Transaction 1.

On 23 December 2014, Right Bliss Limited, a direct wholly-owned subsidiary of the Company, entered into a conditional share disposal agreement with Rawlings Limited, a direct wholly-owned subsidiary of AY Holdings, pursuant to which Rawlings Limited agreed to purchase and Right Bliss Limited agreed to sell 9.99% of the issued shares of New Media Group Limited (“Possible Transaction 3”).

Possible Transactions 2 and 3, subject to the conditions thereof, will be completed at the time of the completion of Possible Transaction 1. Up to the date of issuance of this announcement, the three Possible Transactions have not been completed and the directors of the Company are in the process of estimating the gain or loss that will be arose from the completion of Possible Transactions 2 and 3. Details of the above three transactions are set out in the circular of the Company dated on 29 January 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

As one of the leaders in the Hong Kong weekly magazine market, the Group publishes five magazines that cater to different groups of readers, namely *Oriental Sunday* (東方新地), *Weekend Weekly* (新假期), *NM+ New Monday* (NM+新Monday), *Fashion and Beauty* (流行新姿) and *Economic Digest* (經濟一週). Leveraging on its consolidated strengths in the weeklies market, as well as its well established branding and advertising networks, it has expanded into the digital business in recent years, breaking regional boundaries and making itself one of the leading and most creative players in the new digital media landscape.

During the Period, the slowdown in China's economic growth and tourist spending continued to affect the retail sector. Advertisers remained cautious, further shifting spending away from traditional media and eagerly grasped the potentials of the dynamic digital world.

Although advertising and circulation revenues of the print operations continued to drop, the Group's well established brands and their related extended platforms were able to maintain their competitive edges. The Group's specialised and well experienced digital and social media teams had also revved up to meet surging demands by clients who are ready for innovative social networking and content marketing services. Greater efforts will still continue to be put into helping clients tailor multi-platform marketing campaigns to suit consumer trends and maximize engagements, thereby creating new opportunities and driving revenue growth.

Financial Review

During the Period, the Group reported a turnover of HK\$222.1 million (2013: HK\$257.0 million), representing a decrease of 13.6%. Such decrease was primarily due to a lowered advertising and circulation income from the print medium. Dedicated to the continuous efforts of development in digital platforms, the Group delivered a growth of 14.0% in digital business income to HK\$9.8 million (2013: HK\$8.6 million), accounting for 4.4% (2013: 3.4%) of the Group's total revenue. Gross profit decreased to HK\$74.5 million (2013: HK\$91.7 million). Owing to the decline in advertising and circulation income, profit for the Period attributable to the owners of the Company decreased to HK\$3.0 million (2013: HK\$17.3 million). Basic earnings per share was HK0.34 cent (2013: HK2.00 cents).

Review of Operations

As a publisher and content provider in this dynamic digital era, the Group has leveraged its well-established flagship brands to create new synergies through multimedia platforms, simultaneously integrating print and digital versions of the magazines, constantly creating and enhancing mobile and tablet apps for better user experience, as well as developing versatile online social media and digital marketing campaigns to strategically create noise and build brand loyalties through social networking sites like Facebook, Twitter, YouTube, Weibo, and Instagram etc.

In the finance magazine sector, *Economic Digest*, bundled with *Warrant Winners & CBBC* and *Warrant Monthly*, has maintained its status as a professional and authoritative finance and investment guide with a long-standing history in the market. Its eMag version, conveniently packed with powerful interactive features, is available simultaneously with the print publication every week. Complementing its official website, a dedicated “Economic Digest Channel” is also developed to provide informative video clips of financial analyses by professionals and experts, and at the same time creating online video marketing opportunities for finance marketers. It has expanded its brand into a comprehensive digital and social media platform, optimising cross-regional exposures and enabling quick on-the-go access to data search and updates through its highly recognised mobile and tablet apps.

Bundled with *More* and *Sunday Kiss*, *Oriental Sunday* continued to be one of the top entertainment and lifestyle magazines in the market. The magazine’s digital version is well received and popular among both local and overseas readers. Its three individual websites have been revamped and enhanced with special contents, including video footages, blogs written by famous celebrities and experts on entertainment and lifestyle topics, dedicated pages for *More*’s fashion and beauty product trends, as well as childcare and parenting corners for *Sunday Kiss*.

Weekend Weekly, together with the eat-and-drink guide *Ichiban* and the eco-awareness *Go Green* booklet, is a comprehensive platform that targets smart travelling and fun seeking lifestyle groups. Already well experienced in developing interests driven and innovative interactive award winning apps, its eMag, social media platform and dedicated websites are also enjoying high popularity among targeted social communities. Its “Jetso” mobile app, packed with informative product buying tips and conveniently loaded with discount coupons, is especially well received both by consumers and marketers eager to promote their products and campaigns.

The *NM+ New Monday* multimedia platform, including its *Honey* and *Bee* extended sub-platforms that target OLs and male trend followers respectively, is already well recognised in the market as an all rounded total solution multimedia marketing platform with a high quality and innovative eMag filled with customized interactive features, fully developed smartphone apps, well monitored and managed social media networks, websites, event marketing services, digital and trendy film productions etc. It has already successfully established its pioneer status and has also proved its creativity and capabilities over the past few years. During the Period, it has further strengthened its brand's competitive edge and well recognised sporty image by relaunching its app "*NM+ Sporty*", which targets the young and active sports loving group and covers all sports related trends, news, fashion and accessories, as well as providing buying tips and coupons etc.

Fashion & Beauty, on the other hand, caters to the needs of the young OL group that constantly looks for news on latest trends and beauty products. The brand's digital and social media platform already has its own online communities and followers, while its constantly updated "*Queenwalker*" app also provides convenient products and location search for on-the-go shoppers, as well as tips and experience sharing by bloggers and other product trial users etc. It has also created an extended website called "*Miss M*", which covers a wider range of other topics and "*girl's talk*" to attract OLs who are concerned about issues relating to "*Money, Man and Marriage*", broadening its reach and creating new communities online, as well as more opportunities for related product marketing.

For the lifestyle oriented magazines – *Oriental Sunday*, *Weekend Weekly*, *NM+ New Monday* and *Fashion & Beauty* – the individual sales teams had undergone a full restructure and transformed into a strong consolidated sales force called "*NMG Plus*" that serves advertisers and marketers across all four branding platforms instead of being limited to a single print title. It enables unique cross-selling both for vertical marketing that attends to niche groups, as well as horizontally wide-reaching campaigns. With this new approach and mindset, clients are now offered greater flexibility, a broader spectrum, as well as more targeted and effective cross-channel integrated marketing campaigns.

In order to effectively tackle and efficiently respond to the ever changing market and consumer behaviours, each brand has already developed and established its own patterns and strategies to ensure that digitally ready and socially engaging content tailor-made for cross-media publishing are generated around the clock to boost engagements and raise brand awareness. According to data drawn from Socialbakers Analytics, during the Period, compared to the first half of the year 2014, the Group's own branded and extended Facebook fanpages had shown successful growths, with 45% increase in total Facebook fans, and 18% increase in total number of interactions. In particular, the total number of fans on the *Weekend Weekly's* Facebook platform had more than doubled, with 216% increase in terms of fans, and a total interactions increase of 1,413% by the end of 2014, compared to the first half of 2014. The *Oriental Sunday's* Facebook platform also recorded a positive 32% increase in number of fans.

During the Period, extra efforts had been put into enhancing and relaunching the brands' websites, which had also recorded rapid growth in unique visitors and page views. According to Google Analytics' data, comparing the second half of 2014 with the first half of 2014, the *Weekend Weekly* platform recorded an increase of 493% in overall page views and an increase of 821% in unique visitors. For the *NM+* platform, an increase of 380% in overall page views and an increase of 305% in unique visitors were recorded. Spinned off from *Oriental Sunday*, the supplementary brands *More* and *Sunday Kiss* also stepped up efforts to increase traffic and interactions in their respective dedicated websites. *More's* website recorded a 126% increase in page views and a 92% increase in unique visitors, while *Sunday Kiss's* website impressively increased 997% and 1,081% in page views and unique visitors respectively.

Related digital revenue has also increased by 14.0% compared to the same period of the previous year. These impressive growths had been made possible with the full support of the editorial as well as creative and technical teams. Earlier efforts and investments made to develop the Group's own electronic publishing system had also paid off, allowing much greater flexibilities and cost-effective enhancements to support the backup system, enabling easier updates and monitoring, as well as more efficient multi-channel content publishing.

The Group had also again earned significant recognitions in the media industry during the Period for its efforts in integrating social media and content marketing with creative and diversified multi-channel campaigns, sweeping a total of 17 awards at the Spark Awards for Media Excellence 2014, including the most prestigious overall "Media of the Year" award.

1. Media of the Year: New Media Group
2. Best Creative Team: *NM+*
3. Best Online Community Platform, Gold Award: iTrial
4. Best Media Campaign – Mobile, Gold Award: HKTb, "Discover Hong Kong – Travel Pack" by *NM+*
5. Best Custom Event, Gold Award: Aquarius, "Aquarius x WCI Invitation Championship 2013" by *NM+*
6. Best Custom Event, Silver Award: The Link, "World of Food & Music 2014" by *Weekend Weekly*
7. Best Custom Event, Bronze Award: The Link, "Link The Bike 2014" by *NM+*
8. Best Media Campaign – Integrated Media, Silver Award: "Levi's Keep Cool Station" by *NM+*
9. Best Media Campaign – Digital, Gold Award: HKTb, "Discover Hong Kong – Travel Pack" by *NM+*
10. Best Media Campaign – Online Video, Gold Award: San Miguel, "San Mig Light Fit & Firm 2013" by *NM+*
11. Best Media Campaign – Online Video, Silver Award: "Neutrogena x GinOy Keep it up for a brighter you" by *NM+*
12. Best Media Campaign – Print, Gold Award: "adidas for Women Cool & Care Anti-Perspirant Spray" by *NM+*

13. Best Media Campaign – Print, Bronze Award: “one2free” by *NM+*
14. Best Use of Branded Content, Silver Award: “*NM+* SKECHERS Let’s Run 2013” by *NM+*
15. Best Media Campaign – Social Media, Gold Award: San Miguel, “San Mig Light Fit & Firm 2013” by *NM+*
16. Best Media Campaign – Social Media, Silver Award: “Neutrogena x GinOy Keep it up for a brighter you” by *NM+*
17. Best Media Campaign – Social Media, Bronze Award: “Package Tour Social Media Plan” by *Weekend Weekly*

Major Corporate Events

On 23 December 2014, the Company announced jointly with Acelin Global Limited (“Offeror”) and Evergrande Real Estate Group Limited (“Evergrande”) that,

- (i) on 25 November 2014 (after trading hours), AY Holdings as vendor, the Offeror and Evergrande entered into the Share Purchase Agreement (as supplemented on 23 December 2014), pursuant to which AY Holdings has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, the total issued share capital of New Media Group Investment Limited (“New Media Sale Share”) which is the beneficial owner of 647,950,000 Shares, representing approximately 74.99% of the total issued shares of the Company as at the date of the Share Purchase Agreement at an aggregate consideration of HK\$950,000,000 (equivalent to approximately HK\$1.466 per New Media Sale Share) (“Share Transaction”);
- (ii) on 23 December 2014, New Media Group Limited (“New Media Group”) (a subsidiary of the Company) and Good Force Investments Limited (“Good Force”) (a subsidiary of Emperor International Holdings Limited (“Emperor International”)) entered into the Property Disposal Agreement, whereby New Media Group has agreed to sell to Good Force the entire equity interest of Jade Talent Holdings Limited (“Jade Talent”) and the benefits of shareholder’s loans advanced by New Media Group to Jade Talent (“Property Disposal”); and
- (iii) on 23 December 2014, Right Bliss Limited (a subsidiary of the Company) and Rawlings Limited (a subsidiary of AY Holdings) entered into the New Media 9.99% Share Disposal Agreement, whereby Right Bliss Limited has agreed to sell to Rawlings Limited 9.99% of the issued shares of New Media Group (“9.99% Share Disposal”).

On 23 January 2015, Winning Treasure Limited (a subsidiary of Jade Talent) and New Media Group Publishing Limited (“NMG Publishing”) entered into the Leaseback Agreement, whereby NMG Publishing has agreed to rent the property located at No. 82, Hung To Road, Kwun Tong, Kowloon, Hong Kong owned by Winning Treasure Limited for 3 years at a monthly rental of HK\$1,225,000 effective from the completion of Property Disposal and the Share Transaction (“Leaseback”).

The Property Disposal and 9.99% Share Disposal, subject to the conditions thereof, will be completed together with the Share Transaction. Upon completion of the Share Transaction, the Offeror, and parties acting in concert with it will be indirectly interested in approximately 74.99% of the issued Shares of the Company, and the Company will be an independent third party to Emperor International and its subsidiaries. The Property Disposal and 9.99% Share Disposal (together with the Leaseback) constitute major and connected transactions for the Company under the Listing Rules and special deals on the part of the Company under Note 4 to Rule 25 of the Takeovers Code which requires approval by the Independent Shareholders (i.e. shareholders of the Company other than AY Holdings, the Offeror and parties acting in concert with any of them and those who are interested in or involved in the Property Disposal (including Leaseback) and 9.99% Share Disposal and/or the Offer (as defined below)) at a general meeting of the Company and such approval was obtained on 13 February 2015. The Property Disposal and 9.99% Share Disposal are also subject to the consent of the Securities and Futures Commission (“SFC”) under Rule 25 of the Takeovers Code. Such consent was given by the SFC on 5 February 2015.

For details of the above transactions, please refer to the aforesaid joint announcement dated 23 December 2014 (“Joint Announcement”) and the Circular dated 29 January 2015.

Possible Unconditional Mandatory Cash Offer

Immediately after the completion of the Share Transaction, the Offeror and the parties acting in concert with it will be interested in 647,950,000 Shares, representing approximately 74.99% of the total issued shares of the Company. The Offeror will then be required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code (the “Offer”). Subject to and upon the completion of the Share Transaction, Somerley Capital Limited will, on behalf of the Offeror and in compliance with the Takeovers Code, make the Offer on the terms to be set out in a composite document to be jointly issued by the Company and the Offeror in accordance with the Takeovers Code (“Composite Document”) on the following basis:

For every Offer Share HK\$1.467 in cash

The Offer Price of HK\$1.467 per Share under the Offer is determined with reference to the purchase price per New Media Sale Share held by New Media Group Investment Limited under the Share Purchase Agreement. For details of the Offer, please refer to the Joint Announcement and the Composite Document.

Outlook

The Group's dedicated and highly adaptive teams are staying at the forefront of the rapidly growing and constantly changing digital world, ensuring that novelty, quality, and variety are always incorporated in bundled and customized promotion packages readily available to marketers and advertising clients. With its well established digital presence and consolidated team efforts, the Group is already making great strides in the integrated environment.

Looking ahead, the Group will continue to build on and reinforce its rich brand portfolio, seeking new opportunities by catering to the different needs of both mass and niche markets. It will continue to draw on its experience, creativity and expertise to manage data gathered from digital footprints, analysing and generating insights on consumer behaviours and market trends to develop integrated digital and content marketing concepts to help clients communicate effectively with their targeting communities. Through its new role, the Group is confident that it can continue to seek out new and exciting opportunities to expand its business and stay competitive in this challenging and rapidly evolving industry.

OTHER ANALYSIS

Capital Structure, Liquidity and Financial Resources

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

As at 31 December 2014, the Group had no bank and other borrowings (30 June 2014: Nil).

As at 31 December 2014, the Group's gearing ratio was nil (30 June 2014: Nil) (calculated based on the basis of total bank borrowings over shareholders' equity).

The Group had limited exposure to fluctuation in exchange rates.

Employee and Share Option Scheme

As at 31 December 2014, the Group has 669 employees (30 June 2014: 705). Total staff costs (including Directors' remuneration) were approximately HK\$104.8 million (six months ended 31 December 2013: HK\$105.1 million). Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include contribution to retirement benefit scheme, medical insurance and other competitive fringe benefits.

To provide incentives or rewards to the staff and Directors, the Company adopted a share option scheme on 18 January 2008. No option was granted by the Company under such share option scheme since its adoption and up to 31 December 2014.

Charge on Assets

As at 31 December 2014, the Group's land and building with carrying value of approximately HK\$247.2 million (30 June 2014: HK\$251.0 million) was 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 Period. In the opinion of the Directors, resolution of such litigation and claims will not have a material adverse effect on the Group's financial position and no further provision for any potential liability in the condensed consolidated statement of financial position is considered necessary.

As at 31 December 2014, the Company did not have significant contingent liabilities.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the financial year ending 30 June 2015 (2013/2014: HK0.25 cent per share).

REVIEW OF INTERIM RESULTS

These condensed consolidated interim financial statements of the Group have not been audited, but have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu and the audit committee of the Company, which comprises the three Independent Non-executive Directors of the Company.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company had complied throughout the Period with all the code provisions of the Corporate Governance Code as set out in 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 the Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Period.

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

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

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The interim 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 interim report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 16 February 2015

As at the date hereof, the Board comprises:

Executive Directors:

Ms. Percy Hughes, Shirley

Mr. Lee Che Keung, Danny

Mr. Wong Chi Fai

Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors:

Ms. Hui Wai Man, Shirley

Ms. Kwan Shin Luen, Susanna

Ms. Chan Sim Ling, Irene