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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 30 JUNE 2014

FINANCIAL SUMMARY

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

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 30 June 2014 (the “Year”) together with comparative figures for the corresponding year ended 30 June 2013 as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

| | <i>Notes</i> | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Turnover | 4 | 455,624 | 495,197 |
| Direct operating costs | | <u>(299,891)</u> | <u>(333,134)</u> |
| Gross profit | | 155,733 | 162,063 |
| Other income | | 2,068 | 3,123 |
| Selling and distribution costs | | (71,235) | (71,292) |
| Administrative expenses | | (73,652) | (65,751) |
| Finance costs | | <u>–</u> | <u>(710)</u> |
| Profit before taxation | | 12,914 | 27,433 |
| Taxation charge | 5 | <u>(1,895)</u> | <u>(5,158)</u> |
| Profit and total comprehensive income for the Year | 6 | <u>11,019</u> | <u>22,275</u> |
| Earnings per share – Basic and diluted | 8 | <u>HK1.28 cents</u> | <u>HK2.58 cents</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

| | <i>Notes</i> | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 319,389 | 331,406 |
| Intangible assets | | – | – |
| Goodwill | | 695 | 695 |
| | | <u>320,084</u> | <u>332,101</u> |
| Current assets | | | |
| Inventories | | – | 545 |
| Trade and other receivables | 9 | 101,916 | 114,366 |
| Income tax recoverable | | – | 749 |
| Bank balances and cash | | 90,238 | 66,837 |
| | | <u>192,154</u> | <u>182,497</u> |
| Current liabilities | | | |
| Trade and other payables | 10 | 50,720 | 59,642 |
| Income tax payable | | 2,883 | 1,161 |
| | | <u>53,603</u> | <u>60,803</u> |
| Net current assets | | <u>138,551</u> | <u>121,694</u> |
| Total assets less current liabilities | | <u>458,635</u> | <u>453,795</u> |
| Non-current liability | | | |
| Deferred taxation | | 2,575 | 3,138 |
| Net assets | | <u>456,060</u> | <u>450,657</u> |
| Capital and reserves | | | |
| Share capital | | 282,271 | 8,640 |
| Reserves | | 173,789 | 442,017 |
| Total equity | | <u>456,060</u> | <u>450,657</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2014

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 HKASs and HKFRSs, amendments and interpretations (“INTs”) (hereinafter collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA.

| | |
|--|---|
| Amendments to HKFRSs | Annual improvements to HKFRSs 2009 – 2011 cycle |
| Amendments to HKFRS 7 | Disclosures – Offsetting financial assets and financial liabilities |
| Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 | Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance |
| HKFRS 10 | Consolidated financial statements |
| HKFRS 11 | Joint arrangements |
| HKFRS 12 | Disclosure of interests in other entities |
| HKFRS 13 | Fair value measurement |
| HKAS 19 (as revised in 2011) | Employee benefits |
| HKAS 27 (as revised in 2011) | Separate financial statements |
| HKAS 28 (as revised in 2011) | Investments in associates and joint ventures |
| HK(IFRIC*) – INT 20 | Stripping costs in the production phase of a surface mine |

* IFRIC represents the International Financial Reporting Interpretations Committee.

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

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

Impact of the application of HKFRS 10

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

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

Impact of the application of HKFRS 12

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

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

| | |
|--|---|
| Amendments to HKFRS 9 and HKFRS 7 | Mandatory effective date of HKFRS 9 and transition disclosures ³ |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 | Investment entities ¹ |
| Amendments to HKFRS 11 | Accounting for acquisitions of interests in joint operations ⁵ |
| Amendments to HKAS 16 and HKAS 38 | Clarification of acceptable methods of depreciation and amortisation ⁵ |
| Amendments to HKAS 19 | Defined benefit plans: Employee contributions ² |
| Amendments to HKAS 32 | Offsetting financial assets and financial liabilities ¹ |
| Amendments to HKAS 36 | Recoverable amount disclosures for non-financial assets ¹ |
| Amendments to HKAS 39 | Novation of derivatives and continuation of hedge accounting ¹ |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2010 – 2012 cycle ⁴ |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2011 – 2013 cycle ² |
| HKFRS 9 | Financial instruments: Hedge accounting ³ |
| HKFRS 15 | Revenue from contracts with customers ⁶ |
| HK(IFRIC) – INT 21 | Levies ¹ |

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

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

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

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

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

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

The Directors anticipate that the adoption of the new and revised HKFRSs 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 services on publication of advertisements, sales of magazines and books, digital business services and provision of magazine content.

The reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the chief operating decision makers ("CODM") who are the executive directors of the Group.

Segment revenue and results

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

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

Other segment information

Turnover from major products and services

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

Geographical information

For each of the year ended 30 June 2014 and 2013, the Group's operations are located in Hong Kong and the People's Republic of China ("PRC").

The Group's revenue from external customers based on the location where the sales occurred and information about its non-current assets by geographical location of the assets are detailed below:

| | Revenue from external customers | | Non-current assets | |
|-----------|--|--|-----------------------------------|-----------------------------------|
| | Year ended 30 June 2014 HK\$'000 | Year ended 30 June 2013 HK\$'000 | As at 30 June 2014 HK\$'000 | As at 30 June 2013 HK\$'000 |
| Hong Kong | 453,386 | 493,864 | 318,266 | 331,830 |
| PRC | 2,238 | 1,333 | 1,818 | 271 |
| | <u>455,624</u> | <u>495,197</u> | <u>320,084</u> | <u>332,101</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:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|------------|--------------------------------|-------------------------|
| Customer A | 70,264 | 86,993 |
| Customer B | 50,154 | 55,922 |

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

4. TURNOVER

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

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

5. TAXATION CHARGE

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

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

6. PROFIT FOR THE YEAR

| | 2014 | 2013 |
|--|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| <i>Profit for the year has been arrived at after charging:</i> | | |
| Depreciation of property, plant and equipment | 24,972 | 23,802 |
| <i>and after crediting:</i> | | |
| Gain on disposal of property, plant and equipment | 31 | 6 |
| Interest income | <u>1,457</u> | <u>606</u> |

7. DIVIDENDS

| | 2014 | 2013 |
|--|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| <i>Recognised as distribution:</i> | | |
| 2014 interim dividend of HK0.25 cent (2013: 2013 interim dividend of HK0.35 cent) per share | 2,160 | 3,024 |
| 2013 final dividend of HK0.4 cent (2013: 2012 final dividend of HK0.4 cent) per share | <u>3,456</u> | <u>3,456</u> |
| | <u>5,616</u> | <u>6,480</u> |

A final dividend of HK0.13 cent per share in respect of the Year (2013: final dividend of HK0.4 cent per share in respect of the year ended 30 June 2013) has been proposed by the Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

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

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Earnings | | |
| Earnings for the purposes of basic and diluted earnings per share | <u>11,019</u> | <u>22,275</u> |
| | 2014 | 2013 |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 864,000,000 | 864,000,000 |
| Effect of dilutive potential ordinary shares from the Pre-IPO Share Option Scheme | <u>N/A</u> | <u>–</u> |
| Weighted average number of shares for the purpose of diluted earnings per share | <u>864,000,000</u> | <u>864,000,000</u> |

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

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

9. TRADE AND OTHER RECEIVABLES

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Trade receivables from | | |
| – third parties | 91,072 | 100,082 |
| – related companies | <u>362</u> | <u>344</u> |
| | 91,434 | 100,426 |
| Other receivables, prepayments and deposits | <u>10,482</u> | <u>13,940</u> |
| | <u>101,916</u> | <u>114,366</u> |

The related companies are companies ultimately owned 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 Company within 10 days after the verification of the quantity of magazines sold. Credit limit and outstanding balance from advertising income will be reviewed by the management once a month. The following is an aged analysis of trade receivables based on the invoice date at the reporting date, which approximated the respective revenue recognition date:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--------------|--------------------------------|-------------------------|
| Age | | |
| 0 – 30 days | 60,721 | 35,118 |
| 31 – 90 days | 23,487 | 43,723 |
| Over 90 days | 7,226 | 21,585 |
| | 91,434 | 100,426 |

Included in the Group’s trade receivable balance are debtors with a carrying amount of approximately HK\$42,703,000 (2013: HK\$50,987,000), which are past due at the end of the reporting period for which the Group has not provided allowance as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable. For the remaining trade receivables that are neither past due nor impaired, the Group believes that the amounts are considered recoverable with reference to their historical payment records and business relationship. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| 1 to 90 days | 39,420 | 47,108 |
| 91 to 180 days | 2,598 | 3,879 |
| Over 180 days | 685 | – |
| | 42,703 | 50,987 |

10. TRADE AND OTHER PAYABLES

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|------------------------------------|--------------------------------|-------------------------|
| Trade payables to | | |
| – third parties | 25,894 | 33,802 |
| – related companies | 154 | 696 |
| | <hr/> | <hr/> |
| | 26,048 | 34,498 |
| Other payables and accrued charges | 24,672 | 25,144 |
| | <hr/> | <hr/> |
| | 50,720 | 59,642 |
| | <hr/> | <hr/> |

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

The Group normally receives credit terms of 60 days to 90 days from its suppliers. The following is an aged analysis of trade payables based on the invoice date at the reporting date:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---------------|--------------------------------|-------------------------|
| Age | | |
| 0 – 90 days | 25,638 | 32,139 |
| 91 – 180 days | 211 | 1,900 |
| Over 180 days | 199 | 459 |
| | <hr/> | <hr/> |
| | 26,048 | 34,498 |
| | <hr/> | <hr/> |

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 our consolidated strengths in the weeklies market, as well as our well established branding and advertising networks, we have expanded into the digital business in recent years, breaking regional boundaries and making ourselves one of the leading and most creative players in the new digital media landscape.

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

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

Financial Review

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

Review of Operations

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

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

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

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

Hong Kong Association of Interactive Marketing “Media Convergence Awards 2013”

NM+ New Monday

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

Mr. Ka Ki Chiu (NM+ New Monday)

- Digital Marketer 2013

Questar Awards 2014

Weekend Weekly “A Glance of Tainan”

- Silver Award in “Best e-Magazine” in e-Magazine category

Mob-Ex Awards 2013

Hong Kong Tourism Board – Discover Hong Kong • Travel Pack

- Gold Award in “Best Campaign for Tablet” category

Galaxy Awards 2013

Hong Kong Tourism Board – Discover Hong Kong • Travel Pack

- Bronze Award in “iPad App” category

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

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

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

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

Outlook

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

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

OTHER ANALYSIS

Capital Structure, Liquidity and Financial Resources

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

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

As at 30 June 2014, the Group's gearing ratio was nil (2013: Nil) (calculated based on the basis of total bank borrowings over shareholders' equity).

The Group had limited exposure to fluctuation in exchange rates.

Employee and Share Option Scheme

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

To provide incentives or rewards to the staff and Directors, the Company adopted a share option scheme on 18 January 2008. No option was granted by the Company under such share option scheme since its adoption and up to 30 June 2014.

Charge on Assets

As at 30 June 2014, the Group's land and building with carrying value of approximately HK\$251.0 million (2013: HK\$258.4 million) were pledged as security for banking facilities.

Contingent Liabilities

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

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

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK0.13 cent (2013: HK0.4 cent) per share (“Final Dividend”) for the Year, amounting to HK\$1,123,200 (2013: HK\$3,456,000). The Final Dividend, if being approved at the forthcoming annual general meeting of the Company (“AGM”), will be paid on 17 December 2014 (Wednesday) to shareholders whose names appear on the register of members of the Company on 8 December 2014 (Monday).

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders’ right to attend and vote at AGM

| | |
|--------------------------------|--|
| Latest time to lodge transfers | 4:30 p.m. on 14 November 2014 (Friday) |
| Book close date | 17 November 2014 (Monday) |
| Record date | 17 November 2014 (Monday) |
| AGM | 18 November 2014 (Tuesday) |

For ascertaining shareholders’ entitlement to the proposed Final Dividend

| | |
|--------------------------------|---------------------------------------|
| Latest time to lodge transfers | 4:30 p.m. on 5 December 2014 (Friday) |
| Book close date | 8 December 2014 (Monday) |
| Record date | 8 December 2014 (Monday) |
| Final Dividend payment date | 17 December 2014 (Wednesday) |

In order to qualify for the right to attend and vote at the AGM and 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration before the above latest time to lodge transfers.

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

Corporate Governance Code

During the Year, the Company had complied with all 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 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 ADOPTION OF NEW ARTICLES OF ASSOCIATION

In order to bring the Articles of Association in line with the new Companies Ordinance (Chapter 622 Laws of Hong Kong) (“New CO”), which came into effect on 3 March 2014, the Board has proposed the adoption of a new Articles of Association to replace the existing Memorandum and Articles of Association of the Company and will seek for the shareholders’ approval at the AGM. The new Articles of Association align with the new provisions/requirements under the New CO and certain amendments are proposed for administrative efficiency and housekeeping purposes, details of which and other business to be conducted at the 2014 AGM will be set out in the circular to shareholders of the Company and posted on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.nmg.com.hk>).

PUBLICATION OF THE AUDITED FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange and the Company. The annual report will also 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
Executive Director & Chief Executive Officer

Hong Kong, 18 September 2014

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