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 2013

FINANCIAL HIGHLIGHTS (UNAUDITED)

	Six months ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Turnover		
Advertising income	**208,437**	216,741
Circulation income	**38,538**	49,059
Digital business income	**8,627**	5,839
Provision of magazine content	**1,367**	1,116
	256,969	272,755
Gross profit	**91,650**	92,055
Profit for the period attributable to the owners of the Company	**17,266**	20,586
Earnings per share		
– Basic	**HK2.00 cents**	HK2.38 cents
– Diluted	**N/A**	HK2.38 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 2013 (the "Period") together with comparative figures for the corresponding period in 2012 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2013

		Six months ended 31 December	
		2013	2012
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*4*	**256,969**	272,755
Direct operating costs		**(165,319)**	(180,700)
Gross profit		**91,650**	92,055
Other income		**779**	1,066
Selling and distribution costs		**(37,097)**	(36,648)
Administrative expenses		**(35,088)**	(30,873)
Finance costs		**–**	(405)
Profit before taxation		**20,244**	25,195
Taxation charge	*6*	**(2,978)**	(4,609)
Profit and total comprehensive income for the Period		**17,266**	20,586
Earnings per share	*8*		
– Basic		**HK2.00 cents**	HK2.38 cents
– Diluted		**N/A**	HK2.38 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

		As at	
		31 December	30 June
		2013	2013
		(unaudited)	(audited)
	Notes	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment	*9*	**325,093**	331,406
Intangible assets		**–**	–
Goodwill		**695**	695
		325,788	332,101
Current assets			
Inventories		**207**	545
Trade and other receivables	*10*	**121,138**	114,366
Taxation recoverable		**–**	749
Bank balances and cash		**87,931**	66,837
		209,276	182,497
Current liabilities			
Trade and other payables	*11*	**64,063**	59,642
Taxation payable		**3,713**	1,161
		67,776	60,803
Net current assets		**141,500**	121,694
Total assets less current liabilities		**467,288**	453,795
Non-current liability			
Deferred taxation		**2,821**	3,138
		464,467	450,657
Capital and reserves			
Share capital		**8,640**	8,640
Reserves		**455,827**	442,017
		464,467	450,657

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2013

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 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2013.

In current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("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

The application of the 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 for generating incomes from advertising, circulation income, digital business and 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 31 December		**As at 31 December**	As at 30 June
	2013	2012	**2013**	2013
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**255,815**	272,491	**323,679**	331,830
People's Republic of China	**1,154**	264	**2,109**	271
	256,969	272,755	**325,788**	332,101

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	
	2013	2012
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Customer A	**38,056**	46,335
Customer B	**28,772**	29,215

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	
	2013	2012
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Advertising income	**208,437**	216,741
Circulation income	**38,538**	49,059
Digital business income	**8,627**	5,839
Provision of magazine content	**1,367**	1,116
	256,969	272,755

5. DEPRECIATION

During the Period, depreciation in respect of property, plant and equipment amounting to HK$12,370,000 (six months ended 31 December 2012: HK$11,595,000) were charged to profit or loss of the Group.

6. TAXATION CHARGE

	Six months ended 31 December	
	2013	2012
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profits for the Period	**3,295**	5,027
Deferred taxation credit	**(317)**	(418)
	2,978	4,609

7. DIVIDENDS

On 17 December 2013, a final dividend of HK0.4 cent per share amounted to HK$3,456,000 for the year ended 30 June 2013 (six months ended 31 December 2012: final dividend of HK0.4 cent per share amounted to HK$3,456,000) was paid to shareholders.

The Directors determined the payment of an interim dividend of HK0.25 cent (six months ended 31 December 2012: HK0.35 cent) per share to shareholders for the Period.

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$17,266,000 (six months ended 31 December 2012: HK$20,586,000) and the weighted average number of 864,000,000 shares (six months ended 31 December 2012: 864,000,000 shares) for the Period.

The computation of diluted earnings per share for the six months ended 31 December 2012 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 of the Company's shares during that period. No diluted earnings per share has been presented for the six months ended 31 December 2013 because there were no potential ordinary shares outstanding during the Period.

9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment amounting to approximately HK$6,125,000 (six months ended 31 December 2012: HK$4,451,000).

10. TRADE AND OTHER RECEIVABLES

	As at 31 December 2013 (unaudited) HK$'000	30 June 2013 (audited) HK$'000
Trade receivables from		
– third parties	**110,752**	100,082
– related companies	**485**	344
	111,237	100,426
Other receivables, prepayments and deposits	**9,901**	13,940
	121,138	114,366

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 invoice dates at the end of the reporting period:

	As at 31 December 2013 (unaudited) HK$'000	30 June 2013 (audited) HK$'000
Age		
0 – 30 days	**46,111**	35,118
31 – 90 days	**45,799**	43,723
Over 90 days	**19,327**	21,585
	111,237	100,426

11. TRADE AND OTHER PAYABLES

	As at	
	31 December	30 June
	2013	2013
	(unaudited)	(audited)
	HK$'000	*HK$'000*
Trade payables to		
– third parties	**29,513**	33,802
– related companies	**736**	696
	30,249	34,498
Other payables and accrued charges	**33,814**	25,144
	64,063	59,642

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	30 June
	2013	2013
	(unaudited)	(audited)
	HK$'000	*HK$'000*
Age		
0 – 90 days	**29,771**	32,139
91 – 180 days	**332**	1,900
Over 180 days	**146**	459
	30,249	34,498

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)*, *NM+ New Monday (NM+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. Apart from magazine publishing, the Group also engages in digital business and currently runs several thematic websites, including “imore.hk”, “gotrip.hk”, “beeweb.hk”, “meetu.hk”, “itrial.hk” and “tryit.hk”, as well as in developing mobile and tablet applications.

During the Period, due to a still sluggish global economy and consumer market, advertisers were still cautious in their spending. It was again a difficult year for the magazine industry worldwide, as advertising and circulation revenues of the print medium continued to drop. Although the digital business is still far from being able to balance out the differences, its related revenue is on the growing side. It is obvious to all players that successful conversion into the digital world is crucial and without doubt a lifeline to future business growth and success in the long-run.

Thanks to early prudent moves and strategic repositioning, the Group has already invested resources and manpower to explore and develop various multimedia content and social media platforms. Its team has already moved beyond the initial stage of experimentation, and is ready to intensify its efforts to further expand its magazines’ reach and readership online and through other social media channels. With its digital presence being well established, it will continue to work with advertisers and marketers to develop its existing and newly formed brands, creating innovative ways to connect, engage and retain the new generation of younger and more tech-savvy audience to bring in more advertising and subscription revenues.

Financial Review

With the onset of online media, publishing has evolved into a highly dynamic industry. Changes in user preferences have given rise to the popularity of digital publishing services, and at the same time, have hindered the growth of traditional publishing. Amid the ever-changing publishing industry landscape, the Group generated a turnover of HK$257.0 million (2012: HK$272.8 million) in the Period, representing a slight decline of 5.8% over the same period last year. To equip itself for a digital world, the Group expanded its digital team and strengthened both the content and market reaches of its digital platforms. As a result, digital business income achieved an impressive growth of 48.3% to HK$8.6 million (2012: HK$5.8 million), accounting for 3.4% of the Group's total revenue. The Group's gross profit stayed flat at HK$91.7 million (2012: HK$92.1 million). Profit for the Period attributable to the owners of the Company was HK$17.3 million (2012: HK$20.6 million). The decrease was primarily attributable to (i) an increase in maintenance and depreciation expenses resulting from the self-owned office premises and (ii) additional staff and equipment costs arising from the expansion of digital business. Basic earnings per share was HK2.00 cents (2012: HK2.38 cents). The Board of the Company has resolved to declare an interim dividend of HK0.25 cent per share (2012: HK0.35 cent per share).

Review of Operations

In the world of multimedia, technology and adaptability are critical foundations while creativity and ability to understand customer behaviours are competitive edges that draw in consumers and marketers. As an early adopter, the Group has already started to pave the way and got equipped with the tools and mindset needed to compete in such new business environment.

Leveraging its well-established flagship brandings, the Group has already extended its reach well into the multimedia platforms through online social media, e-versions of its magazines, as well as mobile and tablet applications. These are constantly updated and upgraded with new functions and useful features that allow easier access, better convenience, and ultimately greater loyalty and increased usage, which will in turn translate into new streams of revenue.

As a publisher and content provider, the Group's editorial team is ready to deliver its content in whatever form or mode the readers want them. Although the traditional print magazines still have their own group of conventional readers, convergence into the new digital age was nothing more than a natural progression. With the ever growing popularity of all sizes of tablets and smartphones, potentials to expand the magazines' readership base by reaching out to a new generation of tablet audience are clearly high. Added values and attractive features imbedded into the e-magazine versions will help to convert more users into paying subscribers, and the combined digital and print readership base will help keep the business gear towards a more competitive position.

For marketers and advertisers, the ability to understand and track consumer behaviours is a key to boost sales. Users are now given a voice to share and comment on their purchase and first hand experience. With various forms of digital tools, demographic data and profiles can be analyzed, evaluated and used for justifying investments. This is a whole new game for the supply and demand market.

During the Period, the Group's team efforts had paid off with recognitions won by the "Discover Hong Kong - Travel Pack" tablet app project, creatively designed and tailor-made by the *NM+* team for the Hong Kong Tourism Board. In addition to being a compact photos and videos travel guidebook that contains local interests and tourists tips, the e-mag style interface also allows it to be packed with user friendly and interactive features, such as language switching, bookmarking, instant comment and sharing buttons etc. International awards won included:

Galaxy Awards 2013
Hong Kong Tourism Board – Discover Hong Kong • Travel Pack
– Bronze Award in "iPad App" category

Mob-Ex Awards 2013
Hong Kong Tourism Board – Discover Hong Kong • Travel Pack
– Gold Award in "Best Campaign for Tablet" category

Each of the Group's flagship brands has developed and launched its own digital products that extend into different channels and devices according to their particular audience needs and product nature. Marketing events and activities are being promoted across platforms and brandings, which is welcomed by users and advertisers alike since it would lead to information exchange between individual virtual communities and eventually the increase of click rates and exposure. Communities that provide free trials for newly launched products and experience sharing gatherings are also gaining popularity. Websites and apps such as for "iMore", "iMore Hairpro", "More美容比併" and "iTrial" have been created mainly for beauty and cosmetics products, while "Tryit" was launched by *Weekend Weekly* to encourage food and dining lovers to try out new food products and restaurants.

While editorial content in the print format provides long and well researched reading materials for conventional readers, news and information provided on these new platforms are meant to be short, eye-catching and up-to-the-moment. In this capacity, mobile devices can play a crucial role as well, since users nowadays spend more time using their devices while they commute. The Group has also been simultaneously developing mobile wap version of their websites to allow more user-friendly features.

Outlook

Keeping up with the ever changing new technologies will obviously bring in new synergies and opportunities, while maintaining the existing well established brands to build up extensions will be just as essential to greater success and business growth. Maximizing brands exposure, creating higher visibility, providing easier and quicker access, as well as designing more engaging features and layouts, etc, will continue to be the challenges ahead. The task is to better understand and manage the patterns and behaviours demonstrated by the new generation of users. The data and profiles are readily available and easy to be gathered, but the objective lies in deriving insights and making good use of them.

The Group has already recognized earlier on that it is no longer just a publishing business alone, and the Group's team has already matured into being a multimedia content provider, capable of providing a whole new set of products and services to a new age where the clients' needs have also transformed to suit the changing market as well. It has already fit into this new environment and is certain that it is on the right track for further development and growth. It will continue to work toward developing a much stronger foundation for the new business and is confident that with continuous efforts and hard work, it can deliver more products and offerings in its new business model and positioning.

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 2013, the Group had no bank and other borrowings (30 June 2013: Nil).

As at 31 December 2013, the Group's gearing ratio was nil (30 June 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 31 December 2013, the Group has 731 employees (30 June 2013: 709). Total staff costs (including Directors' remuneration) were approximately HK$105.1 million (six months ended 31 December 2012: HK$93.6 million). Employees' remuneration was determined in accordance with individual's responsibility performance and experience. Staff benefits include contribution to retirement benefit scheme, medical insurance and other 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 2013.

Charge on Assets

As at 31 December 2013, the Group's land and building with carrying value of approximately HK$254.7 million (30 June 2013: HK$258.4 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 2013, the Company did not have significant contingent liabilities.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK0.25 cent per share ("Interim Dividend") for the financial year ending 30 June 2014 (2012/2013: HK0.35 cent per share) amounting to HK$2,160,000 (2012/2013: HK$3,024,000). The Interim Dividend will be payable on 24 March 2014 (Monday) to shareholders whose names appear on the register of members of the Company at the close of business on 18 March 2014 (Tuesday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining shareholders' entitlement to the Interim Dividend, from 17 March 2014 (Monday) to 18 March 2014 (Tuesday), during which period no share transfer will be registered.

In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 14 March 2014 (Friday).

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, 25 February 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