SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 205)

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board of directors (the "Board") of SEEC Media Group Limited (the "Company") is pleased to present the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	Six months ended 30 June **2015** *HK$'000* (Unaudited)	2014 *HK$'000* (Unaudited)
Revenue	*2*	**151,135**	189,401
Cost of sales		**(71,123)**	(87,214)
Gross profit		**80,012**	102,187
Other income		**2,770**	2,151
Other gains and losses	*3*	**6,008**	(3,091)
Selling and distribution costs		**(81,683)**	(100,327)
Administrative expenses		**(26,570)**	(28,108)
Share of profit of a joint venture		**6,886**	6,081
Finance costs	*4*	**–**	(1,613)
Loss before taxation	*5*	**(12,577)**	(22,720)
Taxation	*6*	**(785)**	(4,826)
Loss for the period		**(13,362)**	(27,546)
Loss for the period attributable to:			
Owners of the Company		**(11,886)**	(26,721)
Non-controlling interests		**(1,476)**	(825)
Loss for the period		**(13,362)**	(27,546)
Other comprehensive expense for the period			
Item that will not be reclassified subsequently to profits or loss:			
Exchange differences arising on translation		**207**	(6,683)
Share of exchange differences of a joint venture		**17**	(164)
		224	(6,847)
Total comprehensive expense for the period		**(13,138)**	(34,393)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(11,662)**	(33,568)
Non-controlling interests		**(1,476)**	(825)
		(13,138)	(34,393)
Loss per share (HK cents)			
Basic	*8*	**(0.63)**	(1.54)
Diluted		**(0.63)**	(1.54)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	**As at 30 June 2015** ***HK$'000*** **(Unaudited)**	As at 31 December 2014 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**39,292**	41,790
Sole agency rights		**53,354**	56,692
Goodwill		**99,393**	99,393
Interests in joint ventures		**30,206**	23,303
Available-for-sale investment		**20,000**	20,000
Amount due from a joint venture		**13,525**	24,175
		255,770	265,353
Current assets			
Trade receivables	*9*	**144,561**	192,478
Held-for-trading investments	*10*	**38,471**	–
Amounts due from related companies		**2,668**	12,816
Other receivables and prepayments		**50,221**	14,066
Bank balances and cash		**391,976**	138,160
		627,897	357,520
Current liabilities			
Trade payables	*11*	**30,196**	29,969
Other payables and accruals		**120,390**	145,057
Amounts due to related companies		**6,056**	7,316
Amount due to a shareholder		**110,307**	50,307
Amount due to a joint venture		**192**	192
Amount due to a director		**2,017**	4,017
Tax payable		**13,018**	13,953
		282,176	250,811
Net current assets		**345,721**	106,709
Total assets less current liabilities		**601,491**	372,062
Non-current liability			
Receipt in advance		**242**	118
Net assets		**601,249**	371,944
Capital and reserves			
Share capital	*12*	**212,451**	176,726
Reserves		**393,162**	198,106
Equity attributable to owners of the Company		**605,613**	374,832
Non-controlling interests		**(4,364)**	(2,888)
Total equity		**601,249**	371,944

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

The directors of the Company consider that the application of the new and revised HKFRS in the current interim period has had no material effect on the amounts reported in the Group's condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

Information reported to the Company's executive directors, being the chief operating decision makers, for the purpose of allocating resources to segments and assessing their performance are organized on the basis of the revenue streams. The Group's operating and reporting segments are (a) advertising income from provision of agency services and organising conferences and events and (b) sale of books and magazines. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segment of the Group.

The following is an analysis of the Group's revenue and results by reportable segment for the period:

Six months ended 30 June 2015

	Provision of services *HK$'000*	**Sales of books and magazines** *HK$'000*	**Consolidated** *HK$'000*
REVENUE			
External sales	**141,144**	**9,991**	**151,135**
RESULT			
Segment (loss) profit	**(3,377)**	**1,807**	**(1,570)**
Other income			**2,770**
Unallocated other gains and losses			**5,907**
Unallocated administrative expenses			**(26,570)**
Share of profit of a joint venture			**6,886**
Loss before taxation			**(12,577)**

Six months ended 30 June 2014

	Provision of services *HK$'000*	Sale of books and magazines *HK$'000*	Consolidated *HK$'000*
REVENUE			
External sales	172,646	16,755	189,401
RESULT			
Segment (loss) profit	(2,375)	1,144	(1,231)
Other income			2,151
Unallocated administrative expenses			(28,108)
Share of profit of a joint venture			6,081
Finance costs			(1,613)
Loss before taxation			(22,720)

Segment result represents the (loss) profit from each segment without allocation of other income, unallocated administrative expenses, unallocated other gains and losses and finance costs. This is the measure reported to the chief operating decision makers for the purpose of resource allocation and performance assessment.

3. OTHER GAINS AND LOSSES

The Group's loss before taxation has been arrived at after charging (crediting):

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
(Reversal of) allowance for bad and doubtful debts	**(101)**	3,091
Gain on fair value change of held-for-trading investments	**(6,432)**	–
Realised loss on fair value change of held-for-trading investments	**525**	–
	(6,008)	3,091

4. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Interest on bank loan wholly repayable within five years	**–**	1,613

5. LOSS BEFORE TAXATION

The Group's loss before taxation has been arrived at after charging (crediting):

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Amortisation of sole agency rights (included in costs of sales)	**3,399**	5,357
(Reversal of) allowance for bad and doubtful debts	**(101)**	3,091
Gain on fair value change of held-for-trading investments	**(6,432)**	–
Depreciation of property, plant and equipment	**2,542**	2,727
Loss on disposal of property, plant and equipment	**103**	7
Bank interest income	**(1,786)**	(1,050)

6. TAXATION

No provision for Hong Kong Profits Tax has been made for both periods because the relevant group entity incurred a tax loss in Hong Kong.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries has been 25% from 1 January 2008 onwards.

7. DIVIDENDS

No dividends were paid, declared or proposed during the reported period. The directors do not recommend the payment of an interim dividend (2014: Nil).

8. LOSS PER SHARE

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

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(11,886)**	(26,721)

	2015	2014
Number of shares	***(Note)***	*(Note)*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,887,806,515**	1,739,565,172

Note: The computation of diluted loss per share for the both periods does not assume the exercise of outstanding warrants and share options of the Company since their assumed exercise would result in a decrease in loss per share.

9. TRADE RECEIVABLES

Credit period granted by the Group to customers for both provision of advertising agency services and sale of books and magazines are not more than three months from the date of recognition of the sale.

The ageing analysis of the Group's trade receivables, net of allowance for doubtful debts, presented based on date of magazines issued, which approximate the date of revenue recognition is as follow:

	As at 30 June 2015		As at 31 December 2014	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Less than three months	**76,631**	**53**	112,050	58
Three months to six months	**36,615**	**25**	51,647	27
Over six months to one year	**31,315**	**22**	28,781	15
	144,561	**100**	192,478	100

10. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments include:

	As at 30 June 2015	As at 31 December 2014
	HK$'000	*HK$'000*
Listed securities:		
– Equity securities listed in Hong Kong	**38,471**	–

Held-for-trading investments as at 30 June 2015 represent equity securities listed in Hong Kong. The fair values of the investments are determined based on the quoted market bid price available on the Stock Exchange of Hong Kong Limited. The fair value of held-for-trading investments was classified as Level 1 of the fair value hierarchy. Included in the held-for-trading investments is a listed equity amounted to HK$3,143,000 in which Mr. Zhou Hongtao, one of the executive directors of the Company, holds a senior management position of the investee as at 30 June 2015.

11. TRADE PAYABLES

The ageing analysis of the Group's trade payables is as follows:

	As at 30 June 2015		As at 31 December 2014	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Less than three months	**25,642**	**85**	27,156	91
Three months to six months	**1,696**	**6**	660	2
Over six months to one year	**2,858**	**9**	2,153	7
	30,196	**100**	29,969	100

12. SHARE CAPITAL

	Number of shares	**Amount**
	'000	*HK$'000*
Authorised		
At 1 January 2014, 31 December 2014 and 30 June 2015		
– Ordinary shares of HK$0.1 each	3,000,000	300,000
Issued and fully paid		
At 1 January 2014	1,739,566	173,956
Exercise of share options under the Company's employee share option schemes *(note 14)*	27,700	2,770
At 31 December 2014	1,767,266	176,726
Exercise of share options under the Company's employee share option schemes *(note 14)*	10,250	1,025
Exercise of warrants *(note 13)*	347,000	34,700
At 30 June 2015	2,124,516	212,451

All the issued shares rank pari passu in all respects including all rights as to dividends, voting rights and return of capital.

13. WARRANTS

On 26 September 2014, the Company entered into a consultancy agreement with a consultancy service company, who is an independent third party, in relation to the issuance of 347,000,000 unlisted warrants (the “Warrants”), with subscription price of HK$0.001 per warrant, conferring rights to subscribe for up to 347,000,000 new ordinary shares of the Company for its service provided at an exercise price of HK$0.69 per share, which are exercisable immediately after the date of issue of the Warrants up to 18 November 2015. During the six months ended 30 June 2015, the consultancy service company has exercised its rights and subscribed 347,000,000 ordinary shares of the Company.

14. SHARE OPTIONS SCHEMES

The Company operates a share option scheme (the “Share Option Scheme”) adopted on 26 August 2002 and a new share option scheme (the “New Share Option Scheme”) adopted on 11 May 2012. No share option has been granted under the New Share Option Scheme since its adoption date to the date of this interim report.

Details of the movements in the number of share options under the Company’s Share Options Scheme during the period were as follows:

				Number of share options						
	Date of grant	Exercise Price *HK$*	Exercisable period	Outstanding at 1.1.2014	Exercised during the year	Forfeited during the year	Outstanding at 31.12.2014	Exercised during the period	Forfeited during the period	Outstanding at 30.6.2015
Executive Director										
Mr. Wang Boming	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	–	–	1,500,000	(1,500,000)	–	–
Mr. Zhang Zhifang	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	–	–	1,500,000	(1,500,000)	–	–
Mr. Dai Xiaojing	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	–	–	1,500,000	(1,500,000)	–	–
	16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	–	–	1,000,000	(1,000,000)	–	–
Mr. Li Shijie (resigned as executive director on 23 May 2014)	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	(1,000,000)	–	–	–	–	–
	29.10.2008	0.268	29.10.2011 to 28.10.2016	1,700,000	–	–	1,700,000	–	–	1,700,000
	16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	(1,000,000)	–	–	–	–	–
Other employees in aggregate	7.2.2007	0.330	7.2.2010 to 6.2.2015	14,950,000	(11,900,000)	(1,150,000)	1,900,000	(1,300,000)	(600,000)	–
	29.10.2008	0.268	29.10.2011 to 28.10.2016	300,000	(300,000)	–	–	–	–	–
	16.12.2009	0.247	16.12.2012 to 15.12.2017	22,200,000	(13,500,000)	(2,400,000)	6,300,000	(3,450,000)	(750,000)	2,100,000
				46,650,000	(27,700,000)	(3,550,000)	15,400,000	(10,250,000)	(1,350,000)	3,8000,000

(1) The share options granted on 7 February 2007, 29 October 2008 and 16 December 2009 would be fully vested on 7 February 2010, 29 October 2011 and 16 December 2012 respectively.

(2) As at 30 June 2015, the number of share option exercisable under the share option scheme was 3,800,000 (31 December 2014: 15,400,000).

(3) Share options forfeited upon staff resignation.

(4) The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK$0.442 for the six months ended 30 June 2015 (31 December 2014: HK$0.766)

(5) At the date of this interim report issued on 21 August 2015, the number of shares issuable under the share options granted under the Share Option Scheme was 3,800,000, and the number of shares issuable under the shares options which has not yet been granted under the New Share Option Scheme was 173,956,517 which represented approximately 0.18% and 8.19% respectively of the Company's issued shares of 2,124,515,172 shares as at the date of this interim report.

At the date of the Company's 2014 annual report issued on 27 March 2015, the number of shares issuable under the share options granted under the Share Option Scheme was 6,100,000, and the number of shares issuable under the shares options which has not yet been granted under the New Share Option Scheme was 173,956,517, which represented approximately 0.34% and 9.80% respectively of the Company's issued shares of 1,775,215,172 shares as at the date of the 2014 annual report.

The Company did not recognise expense (2014: Nil) in relation to share options during the six months ended 30 June 2015.

15. RELATED PARTY TRANSACTIONS

Apart from certain balances with related parties as disclosed in the condensed consolidated statement of financial position, during each of the six months ended 30 June 2015 and 2014 the Group had following related party transactions:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Compensation to key management personnel		
Fees and salaries and other benefits	**639**	711
Contributions to retirement benefits schemes	**98**	137
	737	848
Office rental expenses paid to a related party	**2,257**	2,245
Administrative service fee received from a related party	**–**	433
Magazine registration number charges received from a joint venture	**716**	715
Disposal of property, plant and equipment to a joint venture	**601**	686

16 EVENTS AFTER THE REPORTING PERIOD

As announced on 12 July 2015, Laberie Holdings Limited ("Laberie"), a wholly-owned subsidiary of the Company, has entered into a share subscription agreement with GreaterChina Professional Services Limited ("GC"), a company incorporated in the Cayman Islands with limited liability and listed on the Growth Enterprise Market of The Stock Exchange of Hong Long Limited (the "Stock Exchange") (Stock code: 8193). The principal activities of GC's subsidiaries are asset advisory services and asset appraisal, corporate services and consultancy, media advertising and financial services. Laberie subscribed 1,400,000,000 subscription shares, approximately 28.82% of the enlarged issued share capital of GC, at a cash consideration of HK$140 million (HK$0.1 per subscription share) subject to the conditions set out in the share subscription agreement being satisfied. The consideration was determined by GC and Laberie after arm's length negotiations and the net assets per share (approximately HK$0.16) of GC as at 31 March 2015, as well as the future prospects of GC's valuation and financial services business. In the event that any one of the conditions precedent to the subscription agreement is not fulfilled by GC or waived in writing by Laberie by 30 September 2015, or such later date as may be agreed in writing between GC and Laberie, the subscription agreement shall immediately terminate and all rights, obligations and liabilities of the parties in respect of or under the subscription agreement shall cease and terminate.

As announced on 17 July 2015, Laberie has entered into a placing agreement with China New Economy Fund Limited ("CNEF"), a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange (Stock code: 80), to subscribe 103,020,000 placing shares, approximately 16.67% of the enlarged issued share capital of CNEF, at a cash consideration of HK$39.66 million subject to the conditions set out in the placing agreement being satisfied. The placing price of HK$0.385 per placing share was determined after arm's length negotiation between CNEF and Laberie with reference to the net asset value of CNEF immediately upon completion and represents (i) the closing price of HK$0.385 per share as quoted on the Stock Exchange on 16 July 2015; and (ii) the average of the closing prices of HK$0.385 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding 16 July 2015. The principal investment objective of CNEF is to achieve long-term capital appreciation through investing globally in both private and public enterprises. The shares have been issued and allotted and the directors of the Company are still in the process of assessing the financial impact of the transaction.

As announced on 10 August 2015, Laberie has entered into a non-legal binding memorandum of understanding, pursuant to which Laberie intended to purchase and Pinnacle China Group Limited, a company incorporated in the British Virgin Islands with limited liability, intended to sell not less than 51% equity interest in Tech Field Holdings Limited ("Tech Field") which was incorporated in Hong Kong. Tech Field is principally engaged in the development and operation of e-commerce platform. The maximum amount of consideration for the proposed acquisition shall be HK$100 million.

As announced on 19 August 2015, the Company, among other things, proposed to increase the authorised capital of the Company and to raise fund by way of open offer on the basis of three (3) offer shares for every one (1) existing share held on the record date of the open offer at the subscription price of HK$0.1 per offer share.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (2014: Nil).

BUSINESS REVIEW

During the first half of 2015, China lost its strength to keep its macro-economic acceleration: there have been massive upheavals in the stock market and a significant downturn in the economy. Further, the Group was undergoing a transformation from traditional media advertising business to internet+media, the overall operating results have also declined. Operating revenue of traditional advertising business dropped approximately 20.2% to approximately HK$151.1 million. Loss for the period attributable to the owners of the Company was approximately HK$11.9 million, representing a decrease of loss attributable to the owners of the Company at approximately HK$14.8 million or 55.4% when compared with the same period of last year.

Caijing Magazine, the market's leading financial publication, is still our flagship magazine. Impacted by the mobile internet media streaming, the operating revenue of Caijing Magazine dropped 20.1% during the first half of 2015; while China Auto Pictorial, one of the largest auto magazines in China, also came across a similar situation that its operating revenue dropped 35.1% when compared with the same period of last year.

CapitalWeek, our publication targeted for stock market investors and participants, captured commercial opportunities to increase its operating revenue by 64.2% during the good time of the stock market in the first half of the year; while VMarketing China magazine also recorded a favorable result with an increase of 23.3% in operating revenue. Grazia magazine, a joint publication with the Italian Mondadori Group, recorded a growth despite the adverse market environment of print media advertising business in China. The share of profit from Mondadori-SEEC (Beijing) Advertising Co. Ltd., a joint venture for the operation of Grazia magazine in China, was HK$6.9 million (2014: HK$6.1 million). The operating revenue of Real Estate magazine remained stable with no significant change over the first half of 2015.

The traditional publications, which the Group holds exclusive advertising rights, were greatly impacted by the growing mobile internet media streaming. The Board decided to speed up the transformation of the Group and to diversify its business profile into other areas.

Upon completion of the unlisted warrant subscription with funds raised in May 2015, the Board started to deploy the financial resources of the Group and to take a more active approach in diversifying the Group's business sector, including securities trading and other financial investment.

OUTLOOK AND PROSPECTS

Under the impact of internet in our traditional advertising business, the Group believes that exploration of new businesses is essential. The Group is currently applying to the Securities and Futures Commission for a license to carry out Type 1 (Dealing in Securities) regulated activities with the intention to solidify the Group's securities investment and trading business. The Board is confident to achieve the business transformation to become a group with diversified businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group encountered a very difficult operating environment in the print media advertising business in China during the first half of 2015. To broaden its income stream and to capture new opportunities, the Group also started to trade securities in Hong Kong during the period.

During the first half of the year of 2015, revenue of the Group was approximately HK$151.1 million as compared to approximately HK$189.4 million in same period of 2014, representing a decrease of 20.2%. The gross profit for the first half of the year of 2015 was approximately 52.9% which was decreased by around 1% as compared to that of the same period in 2014 of 54.0% because of the significant decrease in revenue and increase in event activities costs during the current period.

The selling and distribution cost decreased by 18.6% to HK$81.7 million which was roughly in line with the decrease in revenue. The decrease in selling and distribution cost was mainly attributed to tight cost reduction programme such as cessation of non-profitable magazines and decrease in headcount of related sales staff.

The administrative expense was decreased slightly by HK$1.5 million to HK$26.6 million resulted from mixed effect of i) a decrease in provision of legal expenses; ii) a decrease of staff cost from reduced number of employees in China; and iii) an increase of expenses for the trading of securities in Hong Kong during the current period.

The Group had held-for-trading investments of approximately $38.5 million as at 30 June 2015 (2014: Nil).

Other gains and losses in current period represented mainly gains of HK$6.4 million on fair value change of held-for-trading trading investments while last year's other losses of HK$3.1 million was allowance for bad and doubtful debt.

The loss attributable to the shareholders of the Company was approximately HK$11.9 million for the first six-month period of 2015, while the loss attributable to the shareholders of the Company was approximately HK$26.7 million in the same period of last year.

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of an interim dividend for the period (2014: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operation activities were financed by internal resources. The Group's equity as at 30 June 2015 was approximately HK$601.2 million as compared to approximately HK$371.9 million as at 31 December 2014. The increase was mainly due to the capital injected from the exercise of the Company's unlisted warrants by the warrants holders during the period.

The Group had non-current liability of approximately HK$0.2 million as at 30 June 2015 as compared to approximately HK$0.1 million as at 31 December 2014 of receipt in advance. The gearing ratio, which was computed by total liabilities over total assets, was 32.0% as at 30 June 2015 as compared to 40.3% as at 31 December 2014. The decrease in the gearing ratio was due to the strengthening of capital base with fund injected from the exercise of the Company's warrants by the warrants holders.

As at 30 June 2015, the Group had cash and time deposits amounted to approximately HK$392.0 million as compared to approximately HK$138.2 million as at 31 December 2014. The increase was mainly due to the fund received from the exercise of the Company's warrants by warrants holders in May 2015.

CHARGE ON ASSETS

As at 30 June 2015, the Group had no charge on its assets (31 December 2014: Nil).

LEGAL CASE PROVISION

On 6 August 2010, Chau Hoi Shuen, Solina Holly ("Ms Chau") in a writ of summons filed claims against the Company for damages for distributing or publishing certain articles in a magazine, Caijing Magazine containing words defamatory of Ms. Chau. On 15 November 2012, the High Court of Hong Kong has issued a judgment in favour of Ms. Chau and adjudged that the Company needs to pay the damages to Ms. Chau and the related legal fee incurred by Ms. Chau. On 12 December 2012, the Company lodged an appeal (the "First Appeal") to the Court of Appeal and the First Appeal was heard in the Court of Appeal on 11 April 2014. On 25 April 2014, the judgment of the First Appeal was decided unfavourably against the Company. On 23 May 2014, the Company applied to the Court of Appeal for leave to appeal to the Court of Final Appeal (the "First Leave Application") and the Court of Appeal refused leave. On 4 November 2014, the Company has applied to the Court of Final Appeal for leave to appeal to the Court of Final Appeal (the "Second Leave Application"). The Court of Final Appeal granted leave to the Company on 30 March 2015 and the final appeal hearing would be held on 30 November 2015 at the Court of Final Appeal. The directors of the Company have provided for the damages and professional fee in relation to the case totalling approximately HK$8,100,000 (31 December 2014: HK$8,100,000) (included in accruals) based on their best estimates and advice from the legal counsel as of 30 June 2015. In the opinion of the legal counsel, the outcome of the final appeal hearing cannot presently be determined and the directors of the Company considered that the provision is adequate.

COMMITMENTS

(a) Operating lease commitments

As lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments which fall due as follows:

	As at 30 June 2015	As at 31 December 2014
	HK$'000	*HK$'000*
Within one year	**9,723**	13,027
In the second to fifth year inclusive	**5,367**	6,674
	15,090	19,701

Operating lease payments represent rentals payable by the Group for its office premises.

Leases are negotiated for a term ranging from nine months to 3 years.

(b) Other commitments

Pursuant to several agreements entered into between the Company and magazine publication companies, being independent third parties, the Company at the end of the reporting period had commitments to make payments to certain magazines publication companies for agency rights for advertising in their magazines which fall due as follows:

	As at 30 June 2015	As at 31 December 2014
	HK$'000	*HK$'000*
Within one year	**6,133**	3,686
In the second to fifth year inclusive	**8,970**	9,360
	15,103	13,046

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars or Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the period, apart from the bank borrowing, the Group did not have any fixed interest rate borrowings and had not engaged in any financial instruments for hedging or speculative activities.

EMPLOYEES

At as 30 June 2015, the Group had 552 (31 December 2014: 635) employees in Hong Kong and PRC. Salaries, bonus and benefits were decided in accordance with the market condition and performance of the respective employees.

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

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

CORPORATE GOVERNANCE

The Company has complied throughout the period with the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except the following major deviations:

Code Provisions A.1.3 and A.7.1

Code Provisions A.1.3 and A.7.1 stipulate that 14-day notice should be given for each regular board meeting and that in respect of regular meetings, and so far as practicable in all other cases, an agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or such other period as agreed).

The Company agrees that sufficient time should be given to the directors in order to make a proper decision. In these respects, the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.

Code Provision A.2.1

This Code stipulates that the roles of chairman and managing director (or chief executive officer) should be separate and should not be performed by the same individual.

The Company does not presently have any officer with the title of "CEO" or "Managing Director". At present, Mr. Wang Boming, being the Chairman and an Executive Director of the Company, is assuming the role of the CEO of the Company and is responsible for the strategic planning and corporate policy of the Group.

The Directors consider that Mr. Wang Boming is the most appropriate person to assume the role of the CEO because he has considerable knowledge and experience in the advertising and publication businesses in the PRC and has leadership and corporate expertise in the Group. The Directors believe that vesting the roles of the chairman and CEO in the same person provides consistent and sustainable development of the Group, strong and consistent leadership in the Company's decision making and operational efficiency.

Code Provision A.4.1

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

The term of office for non-executive directors are the same as for all directors (i.e. no specific term and subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Company's Articles of Association). At each annual general meeting, one-third of the directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every director shall be subject to retirement by rotation at least once every three years.

Code Provision A.6.7

Code A.6.7 stipulates that independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

On 7 May 2015, Mr. Zhang Ke and Mr. Ding Yu Cheng, being the independent non-executive Directors at that time, did not attend the Company's annual general meeting due to their other business engagements.

Code Provision E.1.2

Code E.1.2 stipulates that the chairman of the board should attend the annual general meeting.

The chairman of the Board was absent from the annual general meeting held on 7 May 2015 due to his prior business engagement. Mr. Zhang Zhifang, an Executive Director and the elected chairman of that meeting, was available to answer questions in that meeting.

Compliance with Rules 3.10(1), 3.10(2), 3.10A and 3.21

Rules 3.10(1), 3.10A and 3.21 of the Listing Rules stipulate the required minimum number of independent non-executive Directors, the Audit Committee members, the Remuneration Committee members and the Nomination Committee members. In addition, Rule 3.10(2) of the Listing Rules stipulates that at least one of the independent non-executive directors must have appropriate accounting or related financial management qualification or expertise. Upon the retirement of Mr. Zhang Ke and Mr. Wang Xiangfei as independent non-executive Directors at the conclusion of the Company's annual general meeting held on 11 May 2015, the Company failed to compile with the aforesaid Rules. The Company has appointed Mr. Law Chi Hung as independent non-executive Director, chairman of Audit Committee and Remuneration Committee, and member of Nomination Committee; and Ms. Wensy Ip as independent non-executive Director and members of Audit Committee, Remuneration Committee and Nomination Committee with effect from 15 June 2015. Rules 3.10(1), 3.10(2), 3.10A and 3.21 of the Listing Rules have then been complied with.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three independent non-executive directors, namely Mr. Law Chi Hung being the chairman of the committee, Mr. Ding Yu Cheng and Ms. Wensy Ip.

NOMINATION COMMITTEE

The Nomination Committee comprises three independent non-executive directors, namely Mr. Ding Yu Cheng being the chairman of the committee, Mr. Law Chi Hung and Ms. Wensy Ip.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors. The Audit Committee is chaired by Mr. Law Chi Hung and comprising two other members, namely Mr. Ding Yu Cheng and Ms. Wensy Ip. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements for the six months ended 30 June 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company for the six months ended 30 June 2015.

MEMBERS OF THE BOARD OF DIRECTORS

As at the date hereof, the members of the Board are as follows:

Executive Directors:
Mr. Wang Boming *(Chairman)*
Mr. Zhang Zhifang
Mr. Dai Xiaojing
Mr. Suen Man Simon
Mr. Zhou Hongtao
Mr. Li Leong

Independent Non-executive Directors:
Mr. Ding Yu Cheng
Mr. Law Chi Hung
Ms. Wensy Ip

By Order of the Board
Wang Boming
Chairman

Hong Kong, 21 August 2015