INTERIM REPORT 2014

MODERN MEDIA HOLDINGS LIMITED
現代傳播控股有限公司

(Incorporated in the Cayman Islands with limited liability) Stock code: 72

現代傳播
Modern Media

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Shao Zhong *(Chairman)*
Mr. Wong Shing Fat
Mr. Li Jian
Mr. Mok Chun Ho, Neil
Mr. Cui Jianfeng

Non-executive Director

Mr. Cheng Chi Kong

Independent Non-executive Directors

Mr. Jiang Nanchun
Mr. Wang Shi
Mr. Au-Yeung Kwong Wah

AUDIT COMMITTEE

Mr. Au-Yeung Kwong Wah *(Chairman)*
Mr. Jiang Nanchun
Mr. Wang Shi

NOMINATION COMMITTEE

Mr. Wang Shi *(Chairman)*
Mr. Jiang Nanchun
Mr. Au-Yeung Kwong Wah

REMUNERATION COMMITTEE

Mr. Au-Yeung Kwong Wah *(Chairman)*
Mr. Wong Shing Fat
Mr. Jiang Nanchun

COMPANY SECRETARY

Mr. Mok Chun Ho, Neil *(FCPA (Practising), ATIHK, ACIS)*

AUTHORISED REPRESENTATIVES

Mr. Mok Chun Ho, Neil
Mr. Cui Jianfeng

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
22th Floor, Prince's Building
Central, Hong Kong

LEGAL ADVISERS AS TO HONG KONG

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Units A, B & C, 10/F, Exhibition Centre
No. 1 Software Park Road, Zhuhai City
Guangdong Province, the PRC

Corporate Information

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1101-03, 11/F
1063 King's Road, Quarry Bay
Hong Kong

PRINCIPAL BANKERS IN HONG KONG

Hang Seng Bank Limited
Wing Lung Bank Limited

PRINCIPAL BANKERS IN THE PRC

China Merchants Bank
(Shanghai Branch, Xujiahui Sub-branch)
The Bank of East Asia (China) Limited
(Guangzhou Branch)
China Minsheng Banking Corporation
(Beijing Guangan Men Sub-branch)

REGISTERED OFFICE

Floor 4
Willow House
Cricket Square
P.O. Box 2804
Grand Cayman KY1-1112
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

Stock Code: 72

WEBSITE

www.modernmedia.com.cn

Management Discussion and Analysis

RESULT SUMMARY

The world's economies still face many structural flaws and policy constraints that hinder investment and productivity growth. The global economic growth has not improved significantly during the Interim Period. The world's three largest economies are currently undergoing major transitions, for instance, the Federal Government of the United States of America begins to taper its stimulative quantitative easing policy and dollar liquidity drains from global markets, causing the structural problems and imbalance to resurface. Europe is struggling to preserve the public's confidence in its common currency and the creditability of its institutional issuers. China is moving from a growth model based on investments and exports to one led by internal demand. In the first half of 2014, the PRC government continues the implementation of policies on anti-corruption and advocating economisation, especially in luxury goods consumption which, therefore, the brand advertisers remain cautious and conservative in their advertising spending.

Despite the slowdown of the overall PRC advertising market, the Company and its subsidiaries (the "Group") only recorded a slight decrease in revenue while it maintained an increase of profit during the six months ended 30 June 2014 (the "Interim Period") as compared to the corresponding period in 2013. The Group's turnover in the Interim Period recorded a revenue of RMB265.6 million (2013: RMB271.4 million), of which the revenue of print advertising recorded a slight decrease while that of digital advertising recorded a growth of 110.8%. During the Interim Period, the Group reported a profit attributable to equity shareholders for the Interim Period of approximately RMB5.1 million (2013: RMB3.2 million) which represented a significant increase of approximately 60.0% as compared with the same period of year 2013.

The Group's ability to deliver a fair financial performance when compared with other competitors was mainly attributed to two reasons: (1) the income contributed by digital media has been significantly increased when compared to the same period of last year; and (2) the Group's effective implementation of a series of cost control measures. Although the Group might not achieve a brilliant financial result during the Interim Period, the Group successfully achieved a series of milestones in its development in multi-media expansions: (i) the Group completed the strategic disposal of an equity investment in a Japanese technology company following the growth of the Group's in-house technical team in Beijing which was technically capable of continuing the Group's research and development in the mobile digital media sector so that we can save costs by implementing the system development and content upgrade internally; and (ii) the Group has implemented the content upgrade of "iWeekly", "iBloomberg" and "iLady" and further attracted the advertising placement of those Apps.

RESULT SUMMARY (Continued)

Starting from 2011, the Group had strategically restructured its business into three business segments, namely print media, digital media, and TV. During the Interim Period, print media remained as the major income contributor of advertising revenue while digital media had picked up a rapid momentum in generating revenue. For the six months ended 30 June 2014, the segment results are as follows:

	Unaudited			
	Print Media	**Digital Media**	**Television**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended 2014				
Revenue segment revenue	230,982	33,053	3,496	267,531
Reportable segment profit/(loss)	14,457	2,126	(2,874)	13,709
Segment EBITDA	22,429	7,061	(1,676)	27,814
For the six months ended 2013				
Revenue segment revenue	255,222	15,683	3,946	274,851
Reportable segment profit/(loss)	21,153	(4,515)	(2,654)	13,984
Segment EBITDA	28,995	(442)	(1,443)	27,110

In regard to the segment results, the segment revenue for the print media in first half of 2014 suffered a decrease of 9.5% when compared with that of 2013. Whilst, the segment Earnings before Interest, tax, depreciation and amortisation ("EBITDA") recorded a decrease of 22.6% when compared with the last year's segment EBITDA. On the other hand, the digital media segment has reported a significant increase in segment revenue by 110.8% which became the major growth engine of the Group in the Interim Period. Since the new Apps were well-accepted and recognised by more brand advertisers, the digital media segment has regained momentum during the Interim Period. The management of the Group has confidence that the digital media will continue to contribute the positive returns to the Group in 2014 and in the future. The TV segment revenue has decreased in the Interim Period by 11.4% when compared with the corresponding period in 2013. However, the Group has reviewed the cost structure of its TV segment and implemented some cost saving procedures so that the segment EBITDA only decreased by an insignificant amount. The total segment EBITDA in those three segments of the Group had shown an increasing trend that our digital segment can gradually attract more advertising placements from branded customers in a moving trend from printed media to digital media.

Management Discussion and Analysis

(A) BUSINESS REVIEW

Advertising

During the Interim Period, print media still contributed dominant shares in our advertising revenue, while multi-media continues to generate incremental revenues.

Print Media

The Group commenced the year 2014 with two national weekly, one national bi-weekly, two local weekly, five monthly and two bi-monthly magazines in the PRC and Hong Kong. In March 2014, we changed the publication frequency of the "Bloomberg Businessweek" (Traditional Chinese edition) to be in line with the existing simplified Chinese edition of Bloomberg Businessweek. The adjustment of publication strategy resulted in the saving of operating costs and created content synergy. In June 2014, the Group also launched another high-end men's lifestyle and business magazine, namely "The Good Life" in both Hong Kong and the PRC market.

During the Interim Period, the Group's portfolio of magazine titles contributed the advertising revenue of approximately RMB223.1 million (2013: RMB246.6 million) recorded a decrease of approximately 9.5% as compared to the corresponding period in 2013.

The consumption in retail business in the PRC generally picked up the slow growth trend again the first half of 2014, in which the auto industry achieved a growth of 10.5% (First half of 2013: 8.8%), the fashion industry achieved a growth of 10.0% (First half of 2013:11.9%), and the cosmetics industry achieved a growth of 10.0% (First half of 2013: 12.7%) but the watch and jewelry industry suffered a decrease of 5.4% (First half of 2013: increase of 29.7%) The overall advertisement market in the PRC did not follow closely with the growth pace of retail market and only achieved a slight growth of 4.1% in first half of 2014 wherein the advertising market of newspaper and magazine category suffered a distinct decrease of 13.2% and 7.6% respectively.

**Remarks: Retail information in the above paragraph is extracted from Commodity Market Research produced by the National Bureau of Statistics of China; advertising information from this paragraph is extracted from Advertising Expenditure Report of First Half of 2014 produced by Meihua Information.*

Although the aforesaid advertising market of magazine category was very tough, our Group still made an effort to achieve a satisfactory performance in the Interim Period. The revenue of our flagship magazine, "Modern Weekly" was only slightly decreased when facing the industrial depression in the PRC market. It still ranked No. 1 in term of revenue in weekly magazine market according to audit report by Admango and continuously maintained the irreplaceable position by most of print media brand advertisers while the other print competitors were deeply suffered in this stagnant environment. Moreover, the issue of "The Art Newspaper", an international well-known art informative newspaper, further consolidated the contents of "Modern Weekly", which has attracted new advertising client portfolio including some international auction house and art galleries etc.

(A) BUSINESS REVIEW (Continued)

Advertising (Continued)

Print Media (Continued)

The revenue of another flagship magazine of the Group, "Modern Lady Weekly", was also slightly affected under the downward trend of macro economic environment in the magazine market. In the second half of 2014, the Group will adjust its marketing strategy and organize a series of marketing events under an unified platform including "Modern Lady Weekly" and "iLady". The Group anticipates that the joint marketing activities will be more cost effective and also create synergy effect on the online and offline promotion of both printed magazine and digital App.

"Bloomberg Businessweek/China" (Simplified Chinese edition) has maintained almost the same advertising performance as compared to the corresponding period in 2013. By comparing with 40 other business and financial magazines, it ranked no. 5 in terms of the advertising revenue in all categories, versus no. 7 in year 2013. Since the operating result of "Bloomberg Businessweek/China" (Traditional Chinese edition) was not so desirable after its launch in June 2013, the Group changed the publication cycle of this magazine into bi-weekly starting from March 2014 in order to achieve greater cost and content synergy between the 2 versions. It is anticipated that through the rational initiatives, financial performance of "Bloomberg Businessweek/China" (Traditional Chinese edition) could have significant improvement in 2014.

Advertising revenues of other monthly magazines operated by the Group in the PRC and Hong Kong recorded different performances. Some titles, such as LOHAS and TOM Magazines etc., recorded better or similar revenue as compared to the same period of last year, whilst a majority of the monthly titles experienced revenue declines as per the general trend of the Group's print media business. The Group will continue to review such portfolio of monthly magazine and target to attain an optimal operating result in 2014 and onwards.

Digital Media

In contrast with the sluggish advertising environment in the printed media sector, the overall market sentiment of the digital sector was blooming. The advertising market of digital category achieved a significant increase of 50.6% in the first half of 2014. The total revenue contributed by the Group's digital media recorded a significant increase by 110.8% in the Interim Period of 2014 when compared with the same period of last year which has outperformed the general market average. The digital segment has enjoyed some synergy effect from similar client portfolio with print media for such a positive performance.

**Remarks:* *information in the above paragraph is extracted from Internet Advertising Market Report 2014 Q2 served by iResearch*

Management Discussion and Analysis

(A) BUSINESS REVIEW (Continued)

Advertising (Continued)

Digital Media (Continued)

As at the end of Interim Period, the "iWeekly" users on smartphones and tablets were approximately 7.9 million and 3.1 million, respectively, growing 40.6% and 8.7% from the same period of last year. "iWeekly" continuously upgraded its content by incorporating the selected contents from some famous international media brands, which will enrich its globalised contents and further enlarge the readers' base and increase their adherence. The advertising revenue of "iWeekly" during the Interim Period significantly increased by 87% when compared with that of last year. It continued to be recognised as one of the most successful Chinese media applications on Apple's and Android's operating platforms.

"iBloomberg" has successfully broadened its user base on smartphone and tablet PC by reaching approximately 3.1 million and 1.3 million respectively, growing 33.9% and 24.3% from the same period of last year, since its launch one and half years ago. Moreover, "iBloomberg" was awarded as one of the Best Apps for the year 2013 in Apple's AppStore, and the iPhone version maintained Top 2 in Newsstand Top Crossing List in AppStore. The advertising revenue of "iBloomberg" during the Interim Period was skyrocketed by 180.0% when compared with the corresponding period in 2013. It is firmly believed that "iBloomberg" will follow the successful footprint of "iWeekly" and become another income generator in our digital media business.

"iLady", a comprehensive informative platform for elite women, has accumulated more than 2.6 million users as at the end of the Interim Period after its launch of less than a year. By offering the "Ready-to-Buy" digital media experience to users, "iLady" was well-accepted by both the users and brand advertisers. Meanwhile, "iLady" has been gradually transformed into a vertical e-Commerce platform for fast fashion supported by mix-and-match themes. In the first half of 2014, "iLady" generated an income of more than RMB4.3 million which was higher than the total revenue in last year since its launch.

We are confident that the continuous growing downloads of our app products will make us a leading digital platform, and will further generate considerable revenue accordingly.

(A) BUSINESS REVIEW (Continued)

Advertising (Continued)

TV media

The TV media team created value-added series by focusing on the customised productions for its brand advertisers. TV media had already achieved a revenue of RMB3.5 million (2013: RMB3.9 million) during the Interim Period that represented a decrease of approximately 10.3% when compared with that of last year. The Group has reviewed the cost structure of TV segment and implemented some cost saving procedures so that the operating result is only recorded a slight loss in the Interim Period. As such, the Directors believed that TV media will improve its operating results and deliver optimal operating results in the second half of 2014.

(B) BUSINESS OUTLOOK

Business outlook of Modern Media

Modern Media is positioned as a platform for the media of Chinese elite culture with high grading, internationalisation and social responsibility as the core corporate values and "High Taste, High Touch, High Tech" as its core competitiveness. We provide information, community and service covering five channels, namely, Modern Lifestyle, Business & Finance, Culture & Arts, Creative Design and Healthy Life to Chinese elite groups, while providing integrated marketing solutions covering printed magazines, digital media, social community, offline activities, advertising as well as marketing creativity and strategies to high-end brands home and abroad.

We will focus on the Chinese public elites, female elites, business elites, cultural elites, art elites, creative elites, lohas elites and fashion elites. Based on different interests, consumption and preference of the eight elite groups, we will focus on the development of six sectors, namely, the publication of printed magazines, mobile digital publishing, film and television entertainment production, fashion and creative e-commerce, fashion and creative marketing as well as fashion, art and travel.

In this respect, we intend to gather the staff of ten regional companies and offices as well as international business partners to serve our customers and readers. By selling integrated resources value of various sectors of the Group, we provide brand dissemination services to customers regionally, nationally and internationally. For example, we provide customers with international media resources through renowned business partners in New York, London and Paris.

Management Discussion and Analysis

(B) BUSINESS OUTLOOK (Continued)

Business outlook of Modern Media (Continued)

Modern Media intends to develop both horizontally and vertically:

On one hand, the vertical development of media dissemination is expected to be in the form of "All Media Dissemination Ecology". Following the path of modern development, we expanded from print media to mobile and digital media, with a focus on the development of film and video media in the future. Since its launch in 1993, Modern Media has evolved itself to possess three weekly magazines and nine monthly magazines at present. In 2010, we shifted our business to mobile media and founded "iWeekly", the first mobile lifestyle APP in China. In 2012, we set up Modern TV, the online video media, and then in 2013, we launched various mobile digital products online such as iLady, iBloomberg, iLohas, iTom and iFashion, etc. Our specific vertical development strategies are as follows:

1. "Modern Weekly" intends to gather all resources of Modern Media to create an online media platform of Chinese elite culture. The new online platform will feature "Professional Generated Contents" and communities comprising key opinion leaders and small groups, and provide medium to high-end brands with scenarised, effective and measurable marketing solutions covering brand consulting, creative planning, advertising production and offline activities, etc.

2. Strengthening the film and television sector comprehensively. We intend to establish a production company and work internationally with important entertainment groups from Hollywood, to produce movies and TV shows focusing on Chinese elite culture. At the same time, Modern TV will develop in-depth cooperation with major domestic online video networks to exploit more online channels and gain access to a wider range of users.

(B) BUSINESS OUTLOOK (Continued)

Business outlook of Modern Media (Continued)

On the other hand, we intend to work on the vertical and horizontal development of subdivision of operation chain: "from information to service". Based on each elite group, we will be developed from "Winning by Content" to "Media Comes First". By capitalising on the strengths and resources of various media platforms, we will conduct vertical operation chain integration from the areas of information to service. We intend to also attempt diversifying business model covering shopping guide e-commerce, brand consulting, "Online to Offline" ("O2O") activities and experience, creative advertising and users value-adding so as to achieve strategic upgrade "from information to service" area. Our specific horizontal development strategies are as follows:

1. "iLady" intends to seek for connection with high-end e-commerce platforms in China and try to break through the industry value chain from media to e-commerce, devoting to become a "Ready-to-Buy" O2O fashion platform in China with an Info-ecommerce featuring quick fashion, international brands and brand products by exclusive designers. "Modern Lady Weekly" intends to organise "New Women Entrepreneurship Competition" to exploit entrepreneurship and investment services market of Chinese elite women, while introducing social platform products of online sharing and communication for Chinese high-end women as and when appropriate.

2. "Linkchic.com" intends to reposition as an online platform of independent designers and will integrate with "iLady" so as to develop its flagship store on large domestic e-commerce platforms.

3. Bloomberg Businessweek intends to cooperate with domestic internet finance corporations to develop new areas of entrepreneurship and public fund raising. It intends to also launch new content and products such as wealth management as and when appropriate.

4. "LOHAS" intends to conduct vertical integration for LOHAS properties to create a all-rounded LOHAS media communication platform composing of magazines, websites, videos, activities, publication and clubs. "LOHAS" intends to launch a new website platform online assembling key opinion leaders of LOHAS industry to set up a community platform for users to share, communicate, experience and shop online and offline. It intends to also provide services such as e-commerce platform, offline experience and salon, LOHAS fair as well as LOHAS brand consulting for brands in the field of LOHAS.

Management Discussion and Analysis

(B) BUSINESS OUTLOOK (Continued)

Business outlook of Modern Media (Continued)

5. "iArt" intends to make itself the most international art media platform in China. Expanding from art information to e-commerce platform, we intend to work with art platforms such as renowned galleries both home and abroad, exclusively distribute artworks in video and picture forms and launch iArtfair — the e-commerce platform online. At the same time, we intend to explore art marketing and brand consulting business, work on art brand journeys with international luxury goods companies, cooperate with private banks as corporate art collection advisors and conduct art charity activities and charity auctions for corporations.

6. Focusing on the elite group, we opt to enter new development fields: firstly, we intend to establish a digital art education platform jointly with domestic fine arts publishing house which owns exclusive textbook copyrights; secondly, as to tourism sector, we intend to conduct in-depth cooperation with domestic and foreign online reservation platforms of high-end tours and hotels; thirdly, we intend to work with internet companies such as domestic portal websites to provide content outputs associated with lifestyle for them.

The management believes that above-mentioned strategies will ensure a sustainable and healthy development of Modern Media. In the short-term, the business and operating results of the Company is expected to regain a strong growth momentum. In the medium and long term, Modern Media is expected to maintain its leading position in the mobile and digital era with its specialised positioning of elite media.

DIVIDEND

To preserve more financial resources in response to the imminent economic downturn, the Directors do not recommend the payment of any interim dividend (2013: Nil). The Directors will consider the final dividend after evaluating the full-year financial performance of 2014.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

Net cash flows for the Group's operating and unsecured banking facilities

The Group finances its operations principally with cash flow generating by its operating activities and, to a lesser extent, bank facilities provided by its principal bankers.

During the Interim Period, the Group recorded the net cash outflow in operating activities of RMB15.1 million (2013: net cash inflow: RMB13.5 million). The net cash outflow in operating activities was largely due to tax payments of RMB18.4 million (2013: RMB21.4 million). The group recorded the net cash outflow in investing activities of RMB15.7 million for the Interim Period largely due to the partial payment on acquisition of office property in Hong Kong of RMB8.1 million (2013: Nil) and the purchase of furniture, fixtures and equipment for the Digital Media and Television operation.

As of 30 June 2014, the Group had available banking facilities approximately RMB165.2 million and of which RMB121.8 million had been utilized. All its bank borrowings bear interest at floating rates. There is no seasonality for its borrowing requirements. The Group's bank borrowings are denominated in Hong Kong Dollars (HK$) and Renminbi (RMB).

Net cash and gearing

As at 30 June 2014, the Group's net borrowing was approximately RMB22.8 million which was made up of bank borrowings of approximately RMB121.8 million and bank deposits and cash of approximately RMB99.0 million. The gearing ratio as at 30 June 2014 was 18.9% (31 December 2013: 9.0%), which was calculated based on the total debts divided by total assets.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

Net cash and gearing (Continued)

As at 30 June 2014, the total borrowings of the Group were repayable as follows:

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Within 1 year or on demand	**70,871**	46,791
After 1 year but within 2 years	**4,646**	2,010
After 2 years but within 5 years	**14,501**	6,971
After 5 years	**31,732**	500
	50,879	9,481
	121,750	56,272

Capital expenditure and commitment

Capital expenditures of the Group for the Interim Period include expenditures on fixed assets, software development in progress and non-current prepayment of approximately RMB18.8 million (corresponding period of 2013: RMB29.6 million).

At 30 June 2014, the Group did not have any capital commitment.

DISPOSAL OF INVESTMENTS

In March 2014, the Group announced that it had entered into an agreement to dispose of the Group's 20% equity interests in Rakuraku Technologies Inc. ("Rakuraku") for a consideration of JPY45 million. The disposal of Rakuraku was completed before the end of March 2014 and, following which, the Group ceased to have any interest in Rakuraku.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2014, the Group did not have any material contingent liability or guarantees other than disclosed below.

As at 30 June 2014, the Group's bank loan of RMB10.4 million was secured by a mortgage over the Group's property in Beijing, the PRC, guarantees from Shanghai Gezhi Advertising Co., Ltd. and Yazhimei Information Consultation (Shenzhen) Co., Ltd, the subsidiaries of the Group. The Group's bank loan of RMB29.9 million and loan from developer of RMB15.0 million were secured by a mortgage over the Group's newly purchased property in Hong Kong, the loan from developer was guaranteed by Mr Shao, the controlling shareholder of the Company, and Ms Zhong Yuanhong, a member of senior management in the Group. In addition, the Group's bank loan of RMB6.6 million was secured by pledged deposit.

As at 30 June 2014, the Group's printing credit line in an amount of approximately RMB20.8 million was secured by corporate guarantee given by the Company.

FOREIGN EXCHANGE RISKS

As most of the Group's monetary assets and liabilities are denominated in Renminbi and the Group conducts its business transactions principally in Renminbi and Hong Kong dollars, the exchange rate risk of the Group is not significant. The Group did not enter into any foreign exchange hedging instruments during the Interim Period.

EMPLOYEES

As at 30 June 2014, the Group had a total of 1,070 staff (as at 31 December 2013: 1,076 staff), whose remunerations and benefits are determined based on market rates, State policies and individual performance. The decrease in the number of employees was mainly due to the rationalisation of the organisation structure of the Group.

By Order of the Board
Modern Media Holdings Limited
Shao Zhong
Chairman

19 August 2014

Corporate Governance and Other Information

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the Directors and chief executive of the Company had the following interests or short positions in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") or as otherwise notified to the Company.

Long Positions in the Company

Name of Director	Company/Name of Group member	Capacity/ Nature of interest	Number of ordinary shares of the Company held	Approximate % of issued share capital
Shao Zhong ("Mr. Shao")	The Company	Beneficial owner	272,898,000	62.33%
Wong Shing Fat	The Company	Beneficial owner	2,452,000	0.56%
Li Jian	The Company	Beneficial owner	3,336,000	0.76%
Mok Chun Ho, Neil	The Company	Beneficial owner	2,164,000	0.49%
Cui Jianfeng	The Company	Beneficial owner	2,312,000	0.53%

Long Positions in the associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Approximate % of equity interest
Mr. Shao	北京現代雅格廣告有限公司 (Beijing Modern Yage Advertising Co., Ltd.*, "Beijing Yage")	Interest of controlled corporations *(Note 2)*	100%

* denotes English translation of the name of a Chinese company or entity is provided for identification purposes only

Name of Director	Name of associated corporation	Capacity	Approximate % of equity interest
Mr. Shao	北京雅格致美廣告傳播有限公司 (Beijing Yage Zhimei Advertising Media Co., Ltd.*, "Beijing Yage Zhimei")	Interest of controlled corporations *(Note 3)*	100%
Mr. Shao	廣州現代資訊傳播有限公司 (Guangzhou Modern Information Media Co., Ltd.*, "Guangzhou Modern Information")	Beneficial owner	100%
Mr. Shao	廣州現代圖書有限公司 (Guangzhou Modern Books Co., Ltd.*, "Guangzhou Modern Books")	Beneficial owner	90%
Mr. Shao	Guangzhou Modern Books	Interest of controlled corporations *(Note 4)*	10%
Mr. Shao	上海格致廣告有限公司 (Shanghai Gezhi Advertising Co., Ltd.*, "Shanghai Gezhi")	Interest of controlled corporations *(Note 5)*	100%
Mr. Shao	上海雅格廣告有限公司 (Shanghai Yage Advertising Co., Ltd.*, "Shanghai Yage")	Interest of controlled corporations *(Note 6)*	100%
Mr. Shao	深圳雅格致美資訊傳播有限公司 (Shenzhen Yage Zhimei Information Media Co., Ltd. *, "Shenzhen Yage Zhimei')	Interest of controlled corporations *(Note 7)*	100%
Mr. Shao	珠海現代致美文化傳播有限公司 (Zhuhai Modern Zhimei Culture Media Co., Ltd.*, "Zhuhai Modern Zhimei")	Interest of controlled corporations *(Note 8)*	100%

* denotes English translation of the name of a Chinese company or entity is provided for identification purposes only

Corporate Governance and Other Information

Name of Director	Name of associated corporation	Capacity	Approximate % of equity interest
Mr. Shao	珠海銀弧廣告有限公司 (Zhuhai Yinhu Advertising Co., Ltd.*, "Zhuhai Yinhu")	Beneficial owner	90%
Mr. Shao	Zhuhai Yinhu	Interest of controlled corporations *(Note 9)*	10%
Mr. Shao	廣州摩登視頻傳媒有限公司 (Guangzhou Modern Video Media Co., Ltd.*, "Guangzhou Modern Video")	Interest of controlled corporations *(Note 10)*	100%
Mr. Shao	廣州現代移動數碼傳播有限公司 (Guangzhou Xiandai Yidong Shuma Chuanbo Company Limited*, "Guangzhou Mobile Digital")	Interest of controlled corporations *(Note 11)*	100%
Mr. Shao	上海森音信息技術有限公司 (Shanghai Senyin Information Technology Co., Ltd.*, "Shanghai Senyin")	Beneficial owner *(Note 12)*	100%
Mr. Shao	每城美客(北京)網絡科技有限公司 (Linkchic (Beijing) Network Technology Co. Ltd. (for identification purposes only), "Linkchic Beijing")	Interest of controlled corporations *(Note 13)*	100%
Mr. Shao	北京格意致移動科技有限公司 (Beijing Geyizhi Mobile Technology Co. Ltd.*, "Beijing Geyizhi")	Interest of controlled corporations *(Note 14)*	100%

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Notes:

1. The letter "L" denotes the Director's long position in the Shares.

2. Beijing Yage is held as to 80% by Guangzhou Modern Information and as to 20% by Guangzhou Modern Books. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Beijing Yage held by Guangzhou Modern Information and Guangzhou Modern Books, both of which are Mr. Shao's controlled corporations.

3. Beijing Yage Zhimei is held as to 100% by Zhuhai Modern Zhimei, the equity interest is wholly held by Zhuhai Yinhu, which in turn is held as to 90% by Mr. Shao and as to 10% by Guangzhou Modern Information. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Beijing Yage Zhimei held by Zhuhai Modern Zhimei which is Mr. Shao's indirect controlled corporation.

4. Guangzhou Modern Books is held as to 90% by Mr. Shao and as to 10% by Guangzhou Modern Information. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Guangzhou Modern Books held by Guangzhou Modern Information, which is Mr. Shao's controlled corporation.

5. Shanghai Gezhi is held as to 100% by Zhuhai Modern Zhimei, the equity interest of which is wholly held by Zhuhai Yinhu, which in turn is held as to 90% by Mr. Shao and as to 10% by by Guangzhou Modern Information. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Shanghai Gezhi held by Zhuhai Modern Zhimei, which is Mr. Shao's indirectly controlled corporation.

6. Shanghai Yage is held as to 90% by Guangzhou Modern Information and as to 10% by Guangzhou Modern Books. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Shanghai Yage held by Guangzhou Modern Information and Guangzhou Modern Books, both of which are Mr. Shao's controlled corporation.

7. Shenzhen Yage Zhimei is held as to 100% by Zhuhai Modern Zhimei, the equity interest of which is wholly held by Zhuhai Yinhu, which in turn is held as to 90% by Mr. Shao and as to 10% by by Guangzhou Modern Information. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Shenzhen Yage Zhimei held by Zhuhai Modern Zhimei, which is Mr. Shao's indirectly controlled corporation.

8. Zhuhai Modern Zhimei is held as to 100% by Zhuhai Yinhu, the equity interest of which is held as to 90% by Mr. Shao and as to 10% by Guangzhou Modern Information. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Zhuhai Modern Zhimei held by Guangzhou Modern Information, which is Mr. Shao's controlled corporation.

9. Zhuhai Yinhu is held as to 90% by Mr. Shao and as to 10% by Guangzhou Modern Information. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Zhuhai Yinhu held by Guangzhou Modern Information which is Mr. Shao's controlled corporation.

10. Guangzhou Modern Video is held as to 90% by Guangzhou Modern Information and as to 10% by Guangzhou Modern Books. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Guangzhou Modern Video held by Guangzhou Modern Information and Guangzhou Modern Books of which are Mr. Shao's controlled corporation.

11. Guangzhou Mobile Digital is held as to 95% by Mr. Shao and as to 5% by Shanghai Senyin. Mr. Shao is accordingly deemed by the SFO to be interested in the 5% equity interest in Guangzhou Mobile Digital held by Shanghai Senyin which is Mr. Shao's controlled corporation.

12. Shanghai Senyin is held as to 95% by Mr. Shao and 5% by Ms. Zhong Yuanhong, an employee of the Group, on trust for Mr. Shao.

13. Linkchic Beijing is held as to 100% by Guangzhou Mobile Digital, the equity interest of which is held as to 95% by Mr. Shao and as to 5% by Shanghai Senyin. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Linkchic Beijing held by Shanghai Senyin, which is Mr. Shao's controlled corporation.

14. Beijing Geyizhi is held 100% by Guangzhou Mobile Digital, the equity interest of which is held as to 95% by Mr. Shao and as to 5% by Shanghai Senyin. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest on Beijing Geyizhi held by Shanghai Senyin, which is Mr. Shao's controlled corporation.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS AND PERSONS WHO HAVE AN INTEREST OR SHORT POSITIONS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that as at 30 June 2014, the Company had been notified of the following shareholder other than Directors having interests in shares representing 5% or more of the Company's issued share capital:

Name of Shareholder	Capacity	Number of ordinary shares held	Percentage of issued ordinary shares as at 30 June 2014
Madam Zhou Shao-min *(Note 1)*	Interest of spouse	272,898,000	62.33%
FIL Limited	Beneficial owner	34,948,000	7.98%
Harmony Master Fund *(Note 2)*	Beneficial owner	24,924,000	5.69%
United Achievement Limited *(Note 3)*	Beneficial owner	25,020,000	5.71%
Warburg Pincus & Co. *(Note 3)*	Interest of corporation controlled by the substantial shareholder	25,020,000	5.71%
Warburg Pincus Partners LLC *(Note 3)*	Interest of corporation controlled by the substantial shareholder	25,020,000	5.71%
Warburg Pincus Private Equity X, L.P. *(Note 3)*	Interest of corporation controlled by the substantial shareholder	25,020,000	5.71%
Warburg Pincus X, L.P. *(Note 3)*	Interest of corporation controlled by the substantial shareholder	25,020,000	5.71%
Warburg Pincus X, LLC *(Note 3)*	Interest of corporation controlled by the substantial shareholder	25,020,000	5.71%

Corporate Governance and Other Information

*Notes:

1. Madam. Zhou Shao-min is the spouse of Mr. Shao Zhong, under the SFO, she is deemed to be interested in the Shares held by Mr .Shao.

2. Harmony Master Fund ("Harmony Fund") is a long-only equity fund registered in the Cayman Islands. Harmony Fund is managed by DM Fund Management Limited, a company registered in the Cayman Islands and a subsidiary of DM Capital Limited, a company incorporated in the British Virgin Islands. Harmony Fund primarily holds long equity positions in small capitalization stocks that derive a majority of their revenues within the Greater China region. The fund adopts a fundamentals-driven bottom-up approach to stock selection focusing on high growth, high quality and under-reported investment opportunities that are attractively valued. Upon building an investment position, the fund will exercise a "Friendly Activist" approach seeking to constructively engage portfolio companies and add value through guiding improvements in fundamental characteristics such as corporate governance and company strategy. The figure shown in the above table is based on a confirmation recently received from Harmony Fund (and according to the relevant DI Notice in connection with the Company available on www.hkex.com.hk as at 30 June 2014, the number of Shares as reported in such notice to be held by the relevant shareholder was 22,244,000).

3. According to the corporate substantial shareholder notice of Warburg Pincus & Co. dated 23 May 2011, United Achievement Limited is 96.9% controlled by Warburg Pincus Private Equity X, L.P., which is ultimately wholly controlled by Warburg Pincus & Co. through Warburg Pincus Partners LLC, Warburg Pincus X, LLC and Warburg Pincus X, L.P., all being directly and indirectly wholly controlled by Warburg Pincus & Co.. For the purpose of the SFO, each of Warburg Pincus & Co., Warburg Pincus Partners LLC, Warburg Pincus X, L.P. and Warburg Pincus Private Equity X, L.P. is deemed to be interested in the shares beneficially owned by United Achievement Limited.

SHARE AWARD SCHEME

Details of the Share Award Scheme adopted by the Company and the Awards made up to 30 June 2014 are set out in note 16(c) to the unaudited consolidated interim results of the Group in this report.

SHARE OPTIONS

A share option scheme ("Scheme") was conditionally adopted by a resolution in writing passed by the then sole shareholder of the Company on 24 August 2009. Under the Scheme, the Directors may grant options to subscribe for shares of the Company to eligible participants, including without limitation employees of the Group, directors of the Company and its subsidiaries.

No share option was granted, exercised, cancelled or had lapsed under the Scheme during the Interim Period. No share option was outstanding under the Scheme as at 30 June 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

Corporate Governance and Other Information

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews its corporate governance practices to meet the rising expectations of shareholders and to comply with increasingly stringent regulatory requirements. In the opinion of the Directors, the Company applied the principles and complied with the relevant code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the Interim Period.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors after Mr. Mao Xiaofeng ("Mr. Mao") resigned from the position of independent non-executive Director on 31 July 2014 ("Resignation"). The Chairman of the Audit Committee possesses appropriate professional qualification and experience in financial matters.

The Audit Committee has reviewed the unaudited interim financial information for the six months ended 30 June 2014 and has no disagreement with the accounting treatments adopted by the Company.

REMUNERATION COMMITTEE

The Remuneration Committee comprises one executive Director and two independent non-executive Directors following Mr. Mao's Resignation. Mr. Au-Yeung Kwong Wah was appointed as the Chairman upon the Resignation became effective. The committee is responsible for making recommendations to the Board on setting policy on the remuneration of the Directors and determine on behalf of the Board specific remuneration packages and conditions of employment for the Directors.

NOMINATION COMMITTEE

The Nomination Committee comprises three independent non-executive Directors following Mr. Mao's Resignation. The committee is responsible for reviewing the structure, size and composition of the Board at least annually, making recommendation on any proposed changes to the Board and the appointment or re-appointment of Directors.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Directors' Securities Transactions (the "Model Code") as its own code of conducts regarding directors' securities transaction. In response to a specific enquiry by the Company, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the Interim Period.

Report on Review of Condensed Consolidated Interim Financial Information

羅兵咸永道

TO THE BOARD OF DIRECTORS OF MODERN MEDIA HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial information set out on pages 24 to 56, which comprises the interim consolidated statement of financial position of Modern Media Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2014 and the related interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 'Interim Financial Reporting' issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 August 2014

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Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

Unaudited Six months ended 30 June 2014 HK$'000 (Note 2)		Notes	Unaudited Six months ended 30 June 2014 RMB'000	2013 RMB'000
334,641	Revenue	7	**265,622**	271,356
(151,346)	Cost of sales		**(120,131)**	(128,346)
183,295	**Gross profit**		**145,491**	143,010
12,384	Other gains	8	**9,830**	1,039
(951)	Other losses — net		**(756)**	(22)
(94,348)	Distribution costs		**(74,889)**	(62,948)
(87,682)	Administrative expenses		**(69,597)**	(74,238)
12,698	**Operating profit**		**10,079**	6,841
397	Finance income	9(a)	**315**	293
(2,235)	Finance costs	9(a)	**(1,774)**	(1,042)
(330)	Share of loss of associates		**(262)**	(151)
(94)	Share of (loss)/post-tax profits of a joint venture		**(74)**	3
10,436	**Profit before income tax**	9	**8,284**	5,944
(4,012)	Income tax expense	10	**(3,185)**	(2,756)
6,424	**Profit for the period**		**5,099**	3,188
	Other comprehensive income			
	Items that may be reclassified to profit or loss			
365	Share of other comprehensive income of an overseas associate		**290**	(220)
(85)	Exchange differences on translation of financial statements of overseas subsidiaries		**(68)**	(138)
6,704	**Total comprehensive income for the period**		**5,321**	2,830
6,424	**Profit attributable to equity holders of the Company**		**5,099**	3,188
6,704	**Total comprehensive income attributable to equity holders of the Company**		**5,321**	2,830
	Earnings per share for profit attributable to equity holders of the Company (in RMB per share)			
HK$0.015	— Basic earnings per share		**RMB0.012**	RMB0.007
HK$0.015	— Diluted earnings per share		**RMB0.012**	RMB0.007

The notes on pages 30 to 56 form an integral part of this condensed consolidated interim financial information. Detail of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 16(b).

Interim Consolidated Statement of Financial Position

As at 30 June 2014

Unaudited 30 June 2014 HK$'000 (Note 2)		Notes	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
	ASSETS			
	Non-current assets			
140,304	Property, plant and equipment	11	**111,367**	125,518
24,578	Intangible assets	11	**19,509**	24,334
37,835	Goodwill		**30,032**	30,032
6,717	Software development in progress		**5,332**	2,577
5,116	Interest in associates	12	**4,061**	7,517
1,955	Interest in a joint venture		**1,552**	1,625
10,280	Investments		**8,160**	8,160
104,825	Non-current prepayments	13	**83,203**	29,258
5,989	Deferred income tax assets		**4,754**	5,208
337,599			**267,970**	234,229
	Current assets			
247,730	Trade receivables	14	**196,635**	194,505
104,306	Other receivables and prepayments		**82,793**	64,385
124,680	Cash and cash equivalents and restricted cash	15	**98,965**	128,730
476,716			**378,393**	387,620
814,315	**Total assets**		**646,363**	621,849
	EQUITY			
4,851	Share capital	16	**3,851**	3,848
227,034	Reserves		**180,210**	179,459
306,291	Retained earnings		**243,118**	255,277
538,176	**Total equity**		**427,179**	438,584

Interim Consolidated Statement of Financial Position

As at 30 June 2014

Unaudited 30 June 2014 *HK$'000* (Note 2)		Notes	**Unaudited 30 June 2014 *RMB'000***	Audited 31 December 2013 *RMB'000*
	LIABILITIES			
	Current liabilities			
37,943	Trade payables	17	**30,117**	22,992
69,388	Other payables and accruals		**55,077**	75,980
–	Amount due to related parties		**–**	85
13,665	Current income tax liabilities		**10,846**	25,597
89,286	Borrowings and loans	18	**70,871**	46,791
210,282			**166,911**	171,445
	Non-current liabilities			
64,101	Borrowings and loans	18	**50,879**	9,481
1,756	Deferred income tax liabilities		**1,394**	2,339
65,857			**52,273**	11,820
276,139	**Total liabilities**		**219,184**	183,265
814,315	**Total equity and liabilities**		**646,363**	621,849
266,434	**Net current assets**		**211,482**	216,175
604,033	**Total assets less current liabilities**		**479,452**	450,404

The notes on pages 30 to 56 form an integral part of this condensed consolidated interim financial information.

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

		Unaudited								
	Notes	Share capital *RMB'000*	Shares held for Share Award Scheme *RMB'000*	Employee share-based compensation reserve *RMB'000*	Share Premium *RMB'000*	Other reserves *RMB'000*	Statutory surplus and general reserves *RMB'000*	Currency Exchange Differences *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
Balance at 1 January 2014		3,848	(2,508)	869	144,357	4,259	37,465	(4,983)	255,277	438,584
Total comprehensive income for the period		–	–	–	–	–	–	222	5,099	5,321
Total transactions with owners, recognised directly in equity:										
Employee share-based compensation		3	–	(218)	659	–	–	–	–	444
Employees share award scheme:										
— Dividends reinvested to the scheme	16	–	88	–	–	–	–	–	–	88
Dividends relating to 2013	16	–	–	–	–	–	–	–	(17,258)	(17,258)
Total transactions with owners, recognised directly in equity		3	88	(218)	659	–	–	–	(17,258)	(16,726)
Balance at 30 June 2014		3,851	(2,420)	651	145,016	4,259	37,465	(4,761)	243,118	427,179

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

		Unaudited								
	Notes	Share capital *RMB'000*	Shares held for Share Award Scheme *RMB'000*	Employee share-based compensation reserve *RMB'000*	Share Premium *RMB'000*	Other reserves *RMB'000*	Statutory surplus and general reserves *RMB'000*	Currency Exchange Differences *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
Balance at 1 January 2013		3,848	(6,124)	–	144,357	4,259	37,465	(2,447)	238,908	420,266
Total comprehensive income for the period		–	–	–	–	–	–	(358)	3,188	2,830
Total transactions with owners, recognised directly in equity:										
Employee share-based compensation		–	–	292	–	–	–	–	–	292
Employees share award scheme:		–	3,616	–	–	–	–	–	2,350	5,966
— Vested		–	3,384	–	–	–	–	–	2,350	5,734
— Dividends reinvested to the scheme	16	–	232	–	–	–	–	–	–	232
Dividends relating to 2012	16	–	–	–	–	–	–	–	(19,168)	(19,168)
Total transactions with owners, recognised directly in equity		–	3,616	292	–	–	–	–	(16,818)	(12,910)
Balance at 30 June 2013		3,848	(2,508)	292	144,357	4,259	37,465	(2,805)	225,278	410,186

The notes on pages 30 to 56 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

Unaudited Six months ended 30 June 2014 HK$'000 (Note 2)		Notes	Unaudited Six months ended 30 June 2014 RMB'000	2013 RMB'000
	Cash flows from operating activities			
4,254	Cash generated from operations		**3,377**	34,953
(23,215)	Income tax paid		**(18,427)**	(21,409)
(18,961)	**Net cash (used in)/generated from operating activities**		**(15,050)**	13,544
	Cash flows from investing activities			
(10,224)	Prepayment of property acquisition		**(8,115)**	–
(9,619)	Purchases of property, plant and equipment		**(7,635)**	(20,653)
(3,820)	Purchases of intangible assets and other assets		**(3,032)**	(8,969)
–	Acquisition of a subsidiary		**–**	(5,578)
3,408	Net proceeds on disposal of an associate		**2,705**	–
426	Other investing cash flow — net		**338**	(3,266)
(19,829)	**Net cash used in investing activities**	13	**(15,739)**	(38,466)
(92,779)	Repayments of borrowings		**(73,643)**	(23,780)
(21,631)	Dividends paid to equity holders		**(17,170)**	(18,936)
(2,235)	Interest paid		**(1,774)**	(1,042)
117,658	Proceeds from borrowings		**93,391**	20,569
1,013	**Net cash generated from/(used in) financing activities**	13	**804**	(23,189)
(37,777)	**Net decrease in cash and cash equivalents**		**(29,985)**	(48,111)
159,106	Cash and cash equivalents at beginning of the period	15	**126,290**	137,140
25	Exchange gains/(losses)		**20**	(60)
121,354	**Cash and cash equivalent at end of the period**	15	**96,325**	88,969

The notes on pages 30 to 56 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

1 GENERAL INFORMATION

Modern Media Holdings Limited (the "Company") was incorporated in the Cayman Islands on 8 March 2007 and registered as an exempted company with limited liability under the Company Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its principal places of business in the People's Republic of China (the "PRC") and Hong Kong are at Units A, B & C, 10/F, Exhibition Centre, No. 1 Software Park Road, Zhuhai City, Guangdong Province, the PRC and Suite 1101–03, 11/F., 1063 King's Road, Quarry Bay, Hong Kong respectively; and its registered office is at Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 9 September 2009.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the provision of multi-media advertising services, printing and distribution of magazines and provision of advertising-related services.

The interim consolidated statement of financial position as at 30 June 2014 and the related interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as the "Interim Financial Information") of the Group have been approved by the Board on 19 August 2014. The Interim Financial Information was presented in Renminbi thousand (RMB'000), unless otherwise stated.

This Interim Financial Information has been reviewed, not audited.

2 BASIS OF PREPARATION

The amounts in the Interim Financial Information are presented in RMB. The translation into Hong Kong dollars ("HK$") of the Interim Financial Information as of, and for the six months ended 30 June 2014 is for convenience only and has been made at the rate of HK$1.2598 to RMB1. This translation should not be construed as a representation that the RMB amounts actually represented have been, or could be, converted into Hong Kong dollars at this or any other rate.

The Interim Financial Information has been prepared in accordance with International Accounting Standard ("IAS") 34, 'Interim financial reporting'. The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) Amendments and interpretations to existing standards effective for accounting period beginning on or after 1 January 2014 have been adopted by the Group in 2014:

- Amendment to IAS 32 'Financial instruments: Presentation — Offsetting financial assets and financial liabilities' is to the application guidance in IAS 32 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The adoption of this amendment has no material impact on the unaudited condensed consolidated interim financial information.

- Amendments to IFRS 10, 12 and IAS 27 'Consolidation for investment entities' give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make. The adoption of this amendment has no material impact on the unaudited condensed consolidated interim financial information.

- Amendment to IAS 36 'Impairment of assets' on recoverable amount disclosures. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The adoption of this amendment has no material impact on the unaudited condensed consolidated interim financial information.

- IFRIC 21 'Levies' is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The adoption of this amendment has no material impact on the unaudited condensed consolidated interim financial information.

3 ACCOUNTING POLICIES (Continued)

(b) Amendment to existing standard effective for the accounting period beginning on or after 1 January 2014 but not relevant to the Group:

- Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' — 'Novation of derivatives'.

(c) New standards and amendments to existing standards that are effective for the annual periods beginning on or after 1 July 2014 and have not been early adopted by the Group:

- Amendment to IAS 19 'Employee benefits' on defined benefit plans, effective for the accounting period beginning on or after 1 July 2014.
- Annual improvements 2012, effective for the accounting period beginning on or after 1 July 2014.
- Annual improvements 2013, effective for the accounting period beginning on or after 1 July 2014.
- IFRS 14 'Regulatory Deferral Accounts', effective for the accounting period beginning on or after 1 January 2016.
- Amendment to IFRS 11 on accounting for acquisitions of interests in joint operation, effective for the accounting period beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 38 on clarification of acceptable methods of depreciation and amortisation, effective for the accounting period beginning on or after 1 January 2016.
- IFRS 15 'Revenue from contracts with customers', effective for the accounting period beginning on or after 1 January 2017.
- IFRS 9 'Financial Instruments', effective for the accounting period beginning on or after 1 January 2018.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

4 ESTIMATES

The preparation of Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013 with the exception of changes in estimates that are required in determining the provision for income taxes and disclosure of exception items.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

5.2 Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains adequate cash inflows from operations and sufficient reserves of cash to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its liquidity requirements in the short and longer term.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.2 Liquidity risk (Continued)

The table below analyses the Group's financial liabilities that will be settled into relevant maturity grouping based on the remaining period at the end of the period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Total contractual undiscounted cash flow	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 30 June 2014					
Trade and other payables	**45,192**	**45,192**	**–**	**–**	**–**
Borrowings and loans	**136,000**	**74,473**	**4,888**	**16,836**	**39,803**
	181,192	**119,665**	**4,888**	**16,836**	**39,803**
As at 31 December 2013					
Trade and other payables	39,388	39,388	–	–	–
Amount due to an associate	85	85	–	–	–
Borrowings and loans	59,870	49,130	2,110	8,069	561
	99,343	88,603	2,110	8,069	561

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.3 Fair value estimation

The financial instruments that are measured at fair value require disclosure of fair value measurements by level of the following fair value measurements hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying amounts of significant financial assets and liabilities of the Group approximate to their respective fair values as at 30 June 2014 and 31 December 2013.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

6 SEGMENT INFORMATION

The chief operating decision-makers mainly include the senior executive management of the Company. They review the Group's internal reports in order to determine the operating segments, assess performance and allocate resources based on these reports.

The Group has three (2013: three) reportable segments as described below, which are the Group's strategic business units. The chief operating decision-makers assess the performance of the operating segments mainly based on segment revenue and profit of each operating segment. Segment information below is presented in a manner consistent with the way in which information is reported internally for the purposes of resource allocation and performance assessment. The following describes the operations in each of the Group's reportable segments:

— Print media: this segment engages in the sale of advertising space in the publication of and the distribution of the Group's magazines.

— Digital media: this segment is a digital media platform in which the Group publishes multiple digital media products and sells advertising spaces.

— Television: this segment engages in the production of customized contents for brand advertisers.

Other operations include the Group's provision of management and consultancy services, and exhibition and event arrangement services to the Group's customers.

6 SEGMENT INFORMATION (Continued)

(a) Segment results and assets

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets include property, plant and equipment, intangible assets, goodwill, software development in progress and trade receivables arising from each of the reportable segments as the Group's senior executive management considers that the utilization of property, plant and equipment, intangible assets, goodwill and software development in progress and the recoverability of trade receivables have significant impact to the Group's actual performance, liquidity and credit risk. No segment liabilities analysis is presented as the Group monitors and manages its liabilities on a group basis.

Revenue and expenses are allocated to each of the reportable segments with reference to the income generated by those segments and the expenses incurred by those segments. Segment results do not include the Group's share of results arising from the activities of the Group's associates and joint venture as these investments do not form a significant part of the Group's operation.

The measure used for reporting segment profit or loss is profit or loss before tax, as included in the internal management reports that are reviewed by the Group's senior executive management. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to the budget of the respective segments, and other entities that operate within these industries.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

6 SEGMENT INFORMATION (Continued)

(a) Segment results and assets (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2014 and 2013 is set out below:

	Unaudited Six months ended 30 June 2014			
	Print media *RMB'000*	**Digital media** *RMB'000*	**Television** *RMB'000*	**Total** *RMB'000*
Reportable segment revenue	**230,982**	**33,053**	**3,496**	**267,531**
Reportable segment profit/(loss)	**14,457**	**2,126**	**(2,874)**	**13,709**
Depreciation for the period	**(7,435)**	**(716)**	**(1,114)**	**(9,265)**
Amortisation for the period	**(537)**	**(4,219)**	**(84)**	**(4,840)**
Total Depreciation and amortisation	**(7,972)**	**(4,935)**	**(1,198)**	**(14,105)**
Reportable segment assets as at 30 June 2014	**260,522**	**87,737**	**9,127**	**357,386**

6 SEGMENT INFORMATION (Continued)

(a) Segment results and assets (Continued)

	Unaudited Six months ended 30 June 2013			
	Print media *RMB'000*	Digital media *RMB'000*	Television *RMB'000*	Total *RMB'000*
Reportable segment revenue derived from the Group's external customers	255,222	14,789	3,946	273,957
Inter-segment revenue	–	894	–	894
Reportable segment revenue	255,222	15,683	3,946	274,851
Reportable segment profit/(loss)	21,153	(4,515)	(2,654)	13,984
Depreciation for the period	(7,617)	(438)	(1,211)	(9,266)
Amortisation for the period	(225)	(3,635)	–	(3,860)
Total Depreciation and amortisation	(7,842)	(4,073)	(1,211)	(13,126)
Reportable segment assets as at 31 December 2013	269,165	91,515	8,093	368,773

6 SEGMENT INFORMATION (Continued)

(b) Reconciliations of reportable segment revenues, profit and assets

	Unaudited Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue derived from the Group's external customers	**267,531**	273,957
Other revenue	**3,661**	6,249
Less: Sales taxes and other surcharges	**(5,570)**	(8,850)
Consolidated revenue	**265,622**	271,356

	Unaudited Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Profit		
Reportable segment profit derived from the Group's external customers	**13,709**	13,984
Other revenue	**3,661**	6,249
Share of loss of associates	**(262)**	(151)
Share of (loss)/post-tax profit of a joint venture	**(74)**	3
Unallocated head office and corporate expenses	**(8,750)**	(14,141)
Consolidated profit before taxation	**8,284**	5,944

6 SEGMENT INFORMATION (Continued)

(b) Reconciliations of reportable segment revenues, profit and assets (Continued)

	Unaudited 30 June 2014 *RMB'000*	Audited 31 December 2013 *RMB'000*
Assets		
Reportable segment assets	**357,386**	368,773
Corporate and unallocated assets	**5,489**	8,193
Interests in associates	**4,061**	7,517
Interest in a joint venture	**1,552**	1,625
Investments	**8,160**	8,160
Non-current prepayments	**83,203**	29,258
Deferred income tax assets	**4,754**	5,208
Other receivables and prepayments	**82,793**	64,385
Deposits and cash	**98,965**	128,730
Consolidated total assets	**646,363**	621,849

(c) Geographic information

The geographic location of the Group's property, plant and equipment, intangible assets, goodwill, software development in progress, investments and interests in associates and a joint venture ("specified non-current assets") were mainly in the PRC, Hong Kong and Taiwan as at 30 June 2014. Compared to the geographic information as at 31 December 2013, the main change was that the Group disposed of its equity interest in an associate located in Japan (Note 12).

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For the six months ended 30 June 2014

7 REVENUE

Total revenue represents the sales net of sales discounts, sales returns and sales taxes.

	Unaudited Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Advertising income	**241,144**	256,489
Circulation income	**7,452**	8,631
TV production, sponsorship, event and service income	**22,596**	15,086
	271,192	280,206
Less: Sales taxes and other surcharges	**(5,570)**	(8,850)
	265,622	271,356

8 OTHER GAINS

	Unaudited Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Gains on disposal of property, plant and equipment (Note 11)	**5,830**	–
PRC Government incentive (Note (i))	**4,000**	1,039
	9,830	1,039

Note:

(i) PRC government incentives represented the amounts received by various subsidiaries of the Group, which were computed based on a specified percentage of enterprise income tax, turnover tax, individual income tax and other tax levies paid in the prior year.

9 PROFIT BEFORE INCOME TAX

Profit before income tax was arrived at after charging/(crediting):

(a) Net finance costs

	Unaudited Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Finance cost- Interest charged on		
— Bank loans repayable within 5 years	**779**	588
— Bank loans repayable after 5 years	**995**	454
	1,774	1,042
Finance income	**(315)**	(293)
Net finance costs	**1,459**	749

(b) Other items

	Unaudited Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Depreciation of plant, property and equipment (Note 11)	**9,667**	10,162
Amortisation of intangible assets (Note 11)	**5,102**	4,074
Impairment losses on trade receivables, net (Note 14)	**52**	116
Operating lease charges in respect of properties	**13,076**	12,051
Net foreign exchange loss	**756**	13

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10 INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Current income tax		
— PRC Corporate income tax	**2,955**	3,006
— Under- provision in respect of prior years	**721**	3,008
Deferred income tax	**(491)**	(3,258)
Tax charged	**3,185**	2,756

Notes:

(i) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

(ii) The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable corporate tax rate on the estimated assessable profits based on existing legislations, interpretations and practices. The corporate income tax rate applicable to the Group's subsidiaries located in the PRC is 25%. Tax loss incurred can be carried forward against future taxable income for a period of five years.

(iii) The provision for Hong Kong Profits Tax for the six months ended 30 June 2014 and 2013 is calculated at 16.5% of the estimated assessable profits for the respective periods. No provision has been made on the subsidiaries in Hong Kong for Hong Kong Profits Tax as either the tax losses brought forward from previous years exceed the estimated assessable profits for the period or the subsidiaries have no estimated assessable profits in Hong Kong.

11 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Unaudited	
	Property, plant and equipment	**Intangible assets**
	RMB'000	*RMB'000*
Six months ended 30 June 2014		
Net book value		
Opening amount as at 1 January 2014	**125,518**	**24,334**
Additions	**7,635**	**277**
Disposals (Note (i))	**(12,136)**	**–**
Depreciation and amortisation (Note 9(b))	**(9,667)**	**(5,102)**
Exchange difference	**17**	**–**
Closing amount as at 30 June 2014	**111,367**	**19,509**
Six months ended 30 June 2013		
Net book value		
Opening amount as at 1 January 2013	113,131	15,749
Additions	20,702	8,376
Acquisition of subsidiary	157	3,590
Disposals	(19)	–
Depreciation and amortisation (Note 9(b))	(10,162)	(4,074)
Exchange difference	(49)	(72)
Closing amount as at 30 June 2013	123,760	23,569

Notes:

(i) During the six months ended 30 June 2014, the Group disposed items of property, plant and equipment with a carrying amount of RMB12,136,000 and realised a gain of RMB5,830,000 (Note 8).

(ii) As at 30 June 2014, certain properties with a carrying amount of RMB33,649,485 (31 December 2013: RMB34,048,319) were pledged as collaterals for the Group's borrowings (Note 18).

12 INTEREST IN ASSOCIATES

	Unaudited 30 June 2014	Audited 31 December 2013
	RMB'000	*RMB'000*
Investments in associates		
— Chongqing Yubao Culture Media Co., Ltd.	**4,061**	4,326
— Rakuraku Technologies Inc. ("Rakuraku")	**–**	3,191
	4,061	7,517

On 25 March 2014, the Group entered into share transfer agreements with Rakuraku and Mr. Xu Lele ("Mr. Xu"), being the controlling shareholder of Rakuraku and an independent third party, to dispose all of the Group's 20% equity interest in Rakuraku for an aggregate consideration of JPY45,000,000 (equivalent to RMB2,704,624).

13 NON-CURRENT PREPAYMENTS

	Unaudited 30 June 2014	Audited 31 December 2013
	RMB'000	*RMB'000*
Deposits paid for acquisition of properties	**82,671**	29,258
Others cost for acquisition of properties	**532**	–
	83,203	29,258

In November 2013, Modern Media Company Limited ("MMCL"), an indirect wholly-owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreements with an independent third party and pursuant to which MMCL has agreed to purchase the leasehold property in Hong Kong office building with a cash consideration of HK$96,459,920 (equivalent to RMB82,671,000).

As at 30 June 2014, full payment was made as deposit for the above arrangement, out of which RMB45,830,000 was paid to seller directly from the bank. MMCL inspected and accepted the property in July 2014 and obtained the ownership of the property.

14 TRADE RECEIVABLES

The ageing analysis of trade receivables as at 30 June 2014 and 31 December 2013 were as follows:

	Unaudited 30 June 2014 ***RMB'000***	Audited 31 December 2013 *RMB'000*
Within 30 days	**51,833**	70,246
31 days to 90 days	**78,547**	80,696
91 days to 180 days	**48,646**	30,416
More than 180 days	**19,445**	14,931
	198,471	196,289
Less: Allowance for doubtful debts	**(1,836)**	(1,784)
	196,635	194,505

The Group normally allows a credit period ranging from 30 to 180 days to its advertising and circulation customers with a certain limited number of customers granted a credit period of 270 days. Management expected all of the trade receivables to be recovered within one year.

15 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Unaudited 30 June 2014	Audited 31 December 2013
	RMB'000	*RMB'000*
Cash at bank held for specific use (Note (i))	**1,622**	1,530
Pledged deposits (Note 18(ii))	**2,640**	2,440
Cash at banks	**92,603**	122,804
Cash in hand	**2,100**	1,956
	97,343	127,200
Deposits and cash in the interim consolidated statement of financial position	**98,965**	128,730
Less: Pledged deposits	**(2,640)**	(2,440)
Cash and cash equivalents in the interim consolidated statement of cash flows	**96,325**	126,290

Note:

(i) Cash at bank held for specific use represented cash deposited at bank held by a controlled special purpose entity for the purpose of acquiring the Company's shares for awarding to the Group's employees (including Directors) under the share award scheme. Details of the share award scheme are set out in Note 16(c).

16 CAPITAL, DIVIDENDS AND RESERVES

(a) Details of the authorised and issued share capital of the Company are set out as follows:

The Company

	Unaudited 30 June 2014 *RMB'000*	Audited 31 December 2013 *RMB'000*
Authorised:		
8,000,000,000 shares of HK$0.01 each	**HK$80,000**	HK$80,000
Equivalent to	**RMB70,485**	RMB70,485

Ordinary shares issued and fully paid:

	Number of shares *(thousands)*	**Share capital** *RMB'000*
Opening balance 1 January 2014	437,850	3,848
Proceeds from shares issued		
— employee share award scheme (Note 16(c))	360	3
At 30 June 2014	438,210	3,851
Balance at 1 January 2013 and 30 June 2013	437,850	3,848

16 CAPITAL, DIVIDENDS AND RESERVES (Continued)

(b) Dividends

Dividends attributable to the previous financial year, approved and paid during the periods:

	Unaudited Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year of HK5.00 cents, equivalent to RMB4.00 cents per share (2013: HK5.50 cents, equivalent to RMB4.40 cents per share)	**17,258**	19,168

(c) Equity settled share-based transactions

During the year ended 31 December 2013, an aggregate of 1,076,000 shares of the Company were awarded to selected employees following the acquisition of 每城美客(北京)網絡科技有限公司 ("Linkchic"). These awarded shares do not constitute as part of the purchase consideration in respect of the acquisition and they were awarded to the selected employees for their continuing services in Linkchic, which are to be vested subject to vesting condition over service periods of one to three years from the date of award. On 13 May 2014, 360,000 new shares with issue price of HK$2.32 were vested to the selected employees for nil consideration.

Other than disclosed above, there were 716,000 outstanding unvested awarded shares at 30 June 2014 in respect to the acquisition of Linkchic (30 June 2013: 1,076,000).

Detailed terms of the agreement for the acquisition of Linkchic are set out in the Company's announcement dated 23 April 2013.

16 CAPITAL, DIVIDENDS AND RESERVES (Continued)

(c) Equity settled share-based transactions (Continued)

(i) The remaining vesting periods of the shares awarded under the Linkchic acquisition outstanding at 30 June 2014 are as follows:

	Unaudited 30 June 2014 Remaining vesting period	Unaudited 30 June 2014 Number of Awarded Shares outstanding
Shares awarded in		
— April 2013	**To 13 May 2015**	**360,000**
— April 2013	**To 13 May 2016**	**356,000**
		716,000

(ii) Movements in the number of shares under the Company's share award scheme are as follows:

	Unaudited 2014		Audited 2013	
	Number of shares held	**Value** *RMB'000*	Number of shares held	Value *RMB'000*
At 1 January	**2,215,000**	**2,508**	5,240,000	6,124
Dividend reinvested to the scheme	**–**	**(88)**	–	(232)
Shares vested during the period	**–**	**–**	(3,025,000)	(3,384)
At 30 June/31 December	**2,215,000**	**2,420**	2,215,000	2,508

17 TRADE PAYABLES

The ageing analysis of the trade payables as at 30 June 2014 and 31 December 2013 were as follows:

	Unaudited 30 June 2014	Audited 31 December 2013
	RMB'000	*RMB'000*
Within 30 days	**9,878**	5,896
31 days to 90 days	**12,397**	10,495
91 days to 180 days	**7,263**	6,601
More than 180 days	**579**	–
	30,117	22,992

18 BORROWINGS AND LOANS

	Unaudited 30 June 2014	Audited 31 December 2013
	RMB'000	*RMB'000*
Current loans		
— Unsecured (Note (i))	**59,813**	38,821
— Secured (Note (ii))	**11,058**	7,970
	70,871	46,791
Non-current loans		
— Secured (Note (ii))	**50,879**	9,481
	121,750	56,272

18 BORROWINGS AND LOANS (Continued)

Notes:

(i) As at 30 June 2014, the unsecured loans of RMB20,000,000 (31 December 2013: RMB10,000,000) were guaranteed by Mr. Shao, the controlling shareholder of the Company and Modern Media (Zhuhai) Technology Company Limited, an indirect wholly-owned subsidiary; the loans of RMB6,000,000 (31 December 2013: RMB6,000,000) and RMB10,000,000 (31 December 2013: Nil) were guaranteed by Mr. Shao, the controlling shareholder of the Company and Modern Media (Zhuhai) Technology Company Limited, an indirect wholly-owned subsidiary, respectively.

(ii) As at 30 June 2014, the secured bank loans of RMB55,337,460 (31 December 2013:RMB11,351,000) were secured by the land and buildings with a carrying amount of RMB33,649,485 (Note 11)(31 December 2013: RMB34,048,319) and the property acquired by MMCL of RMB 82,671,000 (Note 13), among which RMB14,998,262 (31 December 2013: Nil) were also guaranteed by Mr. Shao, the controlling shareholder of the Company, and Ms. Zhong Yuanhong , an employee of the Group and RMB10,432,194 (31 December 2013: RMB11,350,829) guaranteed by Shanghai Gezhi Advertising Company Limited and Shenzhen Yazhimei Information Media Company Limited, both are indirect wholly-owned subsidiaries. In addition, another secured bank loan of RMB6,600,000 (31 December 2013: RMB6,100,000) were secured by the pledged deposits of RMB2,640,000 (Note 15)(31 December 2013:RMB2,440,000), which was also guaranteed by Modern Media (Zhuhai) Technology Company Limited, an indirect wholly-owned subsidiary.

19 COMMITMENTS

(a) Capital commitments

At 30 June 2014, capital commitments outstanding but not provided for in the Interim Financial Information are as follows:

	Unaudited 30 June 2014	Audited 31 December 2013
	RMB'000	*RMB'000*
Contracted for	–	53,413

19 COMMITMENTS (Continued)

(b) Operating lease commitments

As at 30 June 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Unaudited 30 June 2014	Audited 31 December 2013
	RMB'000	*RMB'000*
Operating leases:		
— Within 1 year	**21,500**	24,347
— After 1 year but within 5 years	**13,954**	24,086
	35,454	48,433

(c) Other commitments

The Group entered into licensing agreements with the publishing partners to obtain the exclusive rights for the sale of advertising spaces in and the distribution of the magazines. As at 30 June 2014, the total future minimum payments under non-cancellable licensing agreements for international cooperation titles are as follows:

	Unaudited 30 June 2014	Audited 31 December 2013
	RMB'000	*RMB'000*
Licensing agreement:		
— Within 1 year	**30,264**	23,296
— After 1 year but within 5 years	**92,761**	83,980
— After 5 years	**38,164**	39,943
	161,189	147,219

20 RELATED PARTY TRANSACTIONS

(a) The Group entered into the following related party transactions during the six months ended 30 June 2014 and 2013:

	Unaudited Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Recurring		
Rental expenses (Note (i))	**6,932**	3,107
Non-recurring		
Advertising income (Note (ii))	**7,007**	5,246

Notes:

(i) This represented rental expenses payable to an entity controlled by a close family member of the Company's director for the lease of office premises in Shanghai. It is charged at a pre-determined rate mutually agreed, which is based on the market rent rates.

(ii) This represented advertising income received from entities controlled by a close family member of the Company's director for certain advertisement placements on the Group's media platforms. It is charged at a pre-determined rate mutually agreed, which based on the market rates of the related services rendered.

The Directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

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20 RELATED PARTY TRANSACTIONS (Continued)

(b) Key management personnel remuneration

	Unaudited Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Basic salaries, allowances and benefits in kind and share award scheme	**10,306**	8,078
Discretionary bonuses	**–**	309
Retirement scheme contributions	**371**	229
	10,677	8,616

21 CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no material contingent liability.