



Cinderella  
Media  
Group  
Limited

先傳媒集團有限公司

Stock Code: 550

Interim Report 2015

Management Discussion and Analysis	02
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	06
Condensed Consolidated Statement of Financial Position	08
Condensed Consolidated Statement of Cash Flows	09
Condensed Consolidated Statement of Changes in Equity (Unaudited)	10
Notes to the Condensed Consolidated Interim Financial Statements	12
Other Disclosures	26
Corporate Information	32



## Contents

# Management Discussion and Analysis

## BUSINESS REVIEW

### *Inflight Magazine*

As previously forecast by Management, the trading conditions of our inflight magazine business unit remained difficult. Because of the way our business model is structured, which is a combination of revenue sharing and guaranteed payment, the decline in sales turnover has had a disproportional impact on our net profit and loss. As a result, for the first time since the commencement of our operations, we suffered a trading loss of HK\$30.4 million in the first half of 2015, as compared to a profit of HK\$12.0 million in 2014. Going forward, we anticipate a further decline in the sales turnover which will affect our bottom line.

On 8 June 2015, we were informed by China Southern Air Media Co., Ltd. that our exclusive contracts for the sales and production of their two inflight magazines, Gateway and Nihao, will not be renewed when they expire in December 2015. For the past twelve month, these contracts have been loss making.

We are in the midst of negotiating with our principal at China Eastern Airlines Media Co., Ltd. to explore ways of restructuring our contract for the China Eastern Connection inflight magazine which will expire in December 2016. We expect the outcome will be known by mid-August 2015.

Our contract with China Airline will expire at the end of December 2015. We are in the final stage of negotiation with our principal on the renewal of the contract.

As a whole, this business unit will remain difficult in the near future.

### *Recruit Magazine and website*

Our Recruit business had a steady first half in 2015 with a 3% increase in sales turnover to HK\$31.4 million (2014:HK\$30.3 million). Though the revenue from placement advertisements in the Recruit magazine continued to decline, our Job Fair organizing unit and the Recruit.com.hk job board unit turned in satisfactory improvements.

Management is actively experimenting and launching new products to better serve our customers in their search for full-time and part-time employees. The latter will be a focus for our future growth.



## PROSPECTS

On 9 July 2015, we announced the proposal on the disposal of the entire inflight magazine business to our majority shareholder, ER2. This business unit has been making a loss since late 2014 and will remain difficult in the future. The disposal is subject to the clearance of the relevant regulatory body and the approval of our independent shareholders. Should it proceed, which is scheduled to take place in mid-August, 2015, the Group will be able to focus its resources on enhancing the Recruit business and exploring other related business opportunities.

On 1 June 2015, the Company was informed by ER2 and City Apex Limited, the major shareholders of the Company that they have entered into a conditional agreement to dispose of 55.015% interest in the Company to a group of independent investors. An Independent Financial Advisor has been appointed to advise the independent board committees consisting of independent non-executive directors on the transactions. The transaction is expected to close by September 2015. Shareholders are advised to exercise caution when dealing in the securities of the Company.

## FINANCIAL REVIEW

### *Continuing operations*

For the six months ended 30 June 2015, turnover from the continuing operations, namely the Recruit magazine advertising business and investment holding, was approximately HK\$31.4 million, representing an increase of 3.5% (2014: HK\$30.3 million). The increase in turnover was mainly attributable to the increase in sales attribution to online advertising. Gross profit margin increased slightly by 0.5% to 73.7%.

Other income increased by 53% to approximately HK\$2.2 million (2014: HK\$1.4 million). This was mainly attributable to the increase in rental income of HK\$0.5 million and gain on financial assets at fair value through profit and loss of HK\$0.2 million.

Selling and distribution expenses dropped by 3.6% from HK\$8.5 million to HK\$8.2 million. Administrative expenses amounted to HK\$7.6 million (2014: HK\$7.4 million). Other expenses, which mainly represented the bad debt provision made during the period, maintained at HK\$0.1 million. Finance costs for the period represented interest paid for the bank borrowing. The bank borrowing was fully repaid in May 2015.

Income tax expenses increased by 150% to HK\$1.5 million (2014: HK\$0.6 million). It was mainly due to higher taxable profits for the period.

As a result of the above, net profit for continuing operations increased by 12% to HK\$7.8 million (2014: HK\$7.0 million).

### *Discontinued operations*

The loss of HK\$30.4 million for the period from discontinued operations represented the loss from inflight magazines advertising business. The profit of HK\$88.7 million from discontinued operation recorded in the same period last year represented the profit of HK\$12.0 million from inflight magazines advertising business and HK\$76.7 million from printing operation.

For the six months ended 30 June 2015, turnover from the inflight magazines advertising business was approximately HK\$133.2 million, representing a decrease of 34.0% (2014: HK\$201.6 million). The inflight magazine business recorded a gross loss of HK\$3.5 million (2014: gross profit of HK\$31.1 million) because the fixed direct costs have not decreased correspondingly with the turnover.

Selling and distribution expenses increased by 64.8% from HK\$6.0 million to HK\$10.0 million. It was mainly caused by the increase in sales staff costs. Administrative expenses amounted to HK\$9.3 million (2014: HK\$8.8 million). Other expenses, which mainly represented the bad debt provision made during the period, increased from HK\$2.7 million to HK\$7.4 million. Income tax dropped from HK\$6.4 million to HK\$3.4 million due to the decrease in assessable profit during the period.

Loss for the period attributable to the owners of the Company amounted to approximately HK\$22.6 million (2014: profit of HK\$79.9 million), which included the loss of HK\$30.4 million from discontinued operation.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group had net current assets of approximately HK\$98.6 million (31 December 2014: HK\$142.7 million). The Group's current ratio was approximately 2.2 (31 December 2014: 2.7). The financial position of the Group was healthy with total cash and bank deposits and held-to-maturity investments of approximately HK\$80.1 million (31 December 2014: HK\$151.6 million).

The Group generally finance its operations with internally generated cashflow. The Group did not have any bank borrowings as at 30 June 2015. In May 2015, the Group repaid its bank loans amounting to HK\$7.7 million.

The Group adopts centralized financing and treasury policies in order to ensure the group funding is utilized efficiently. Conservative approach is adopted on monitoring interest rate risk. The Group does not have material exposure to currency risk as most of the Group's transactions are carried out in HK\$ and RMB, which is the functional currency of the corresponding group entities.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITY

The Group had no capital commitment as at 30 June 2015 (31 December 2014: Nil). The Group had no significant contingent liability as at 30 June 2015.



The Board of Directors (the "Board") of Cinderella Media Group Limited (the "Company") presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2015 together with the comparative unaudited figures for the corresponding period in 2014 as follows:

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Notes	(Unaudited) Six months ended 30 June	
		2015	2014
		HK\$'000	HK\$'000
<b>Continuing operations</b>			
Turnover	3	31,378	30,310
Direct operating costs		(8,251)	(8,114)
Gross profit		23,127	22,196
Other income		2,166	1,413
Selling and distribution costs		(8,209)	(8,515)
Administrative expenses		(7,566)	(7,405)
Other expenses		(97)	(96)
Finance costs	4	(72)	-
Profit before income tax	5	9,349	7,593
Income tax expense	6	(1,524)	(609)
Profit for the period from continuing operations		7,825	6,984
<b>Discontinued operations</b>			
(Loss)/Profit for the period from discontinued operations	7	(30,396)	88,651
(Loss)/Profit for the period		(22,571)	95,635

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 June 2015

	Note	(Unaudited) Six months ended 30 June	
		2015	2014
		HK\$'000	HK\$'000
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of financial statements of foreign operations		–	(540)
Other comprehensive income for the period, net of tax		–	(540)
<b>Total comprehensive income for the period</b>		<b>(22,571)</b>	<b>95,095</b>
<b>(Loss)/Profit for the period attributable to:</b>			
Owners of the Company		(22,571)	79,913
Non-controlling interests		–	15,722
		(22,571)	95,635
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(22,571)	79,464
Non-controlling interests		–	15,631
		(22,571)	95,095
<b>(Loss)/Earnings per share for profit attributable to the owners of the Company during the period</b>	8		
From continuing and discontinued operations			
– Basic		HK(6.76) cents	HK23.99 cents
– Diluted		HK(6.76) cents	HK23.96 cents
From continuing operations			
– Basic		HK2.35 cents	HK2.10 cents
– Diluted		HK2.35 cents	HK2.09 cents



# Condensed Consolidated Statement of Financial Position

AS at 30 June 2015

	Notes	(Unaudited) At 30 June 2015 HK\$'000	(Audited) At 31 December 2014 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	3,718	4,704
Investment properties	10	29,266	29,706
Prepaid land lease payments	11	5,578	5,651
		38,562	40,061
<b>Current assets</b>			
Trade and other receivables and deposits	12	11,618	68,430
Financial assets at fair value through profit or loss		855	1,591
Tax recoverable		3,186	4,384
Cash and cash equivalents		80,100	151,615
		95,759	226,020
Assets classified as held for sale	7a	86,168	–
		181,927	226,020
<b>Current liabilities</b>			
Trade and other payables	13	5,793	69,740
Bank borrowings	14	–	7,672
Provision for taxation		3,887	5,888
		9,680	83,300
Liabilities directly associated with assets classified as held for sale	7a	73,636	–
		83,316	83,300
<b>Net current assets</b>		98,611	142,720
<b>Total assets less current liabilities</b>		137,173	182,781
<b>Non-current liabilities</b>			
Deferred tax liabilities		–	3,255
		–	3,255
<b>Net assets</b>		137,173	179,526
<b>EQUITY</b>			
Share capital	15	66,757	66,727
Reserves		70,416	112,799
<b>Equity attributable to owners of the Company</b>		137,173	179,526
<b>Total equity</b>		137,173	179,526

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	(Unaudited) Six months ended 30 June	
		2015	2014
		HK\$'000	HK\$'000
Net cash generated from operating activities		4,143	63,647
Investing activities			
Interest received		933	974
Decrease in pledged deposits		–	33,365
Increase in held-to-maturity investments		–	(139,509)
Purchase of property, plant and equipment		(243)	(3,625)
Proceeds from disposal of property, plant and equipment		–	132
Dividend income from listed equity securities		31	53
Distribution of interest in subsidiaries	19	–	(235,188)
Net cash generated from/(used in) investing activities		721	(343,798)
Financing activities			
Bank borrowings raised		–	40,000
Repayment of bank borrowings	14	(7,672)	(8,586)
Interest on bank borrowings paid		(72)	(636)
Interest element of finance lease payments		–	(1)
Capital element of finance lease liabilities paid		–	(526)
Proceeds from issue of new shares		241	2,084
Share issue expenses paid		(5)	(9)
Dividends paid to equity holders of the Company		(20,018)	(66,727)
Net cash used in financing activities		(27,526)	(34,401)
Net decrease in cash and cash equivalents		(22,662)	(314,552)
Cash and cash equivalents at the beginning of the period		151,615	382,522
Cash and cash equivalents at the end of the period		128,953	67,970
Analysis of balances of cash and cash equivalents			
Bank and cash balances		80,079	25,216
Cash at brokers		21	946
Short-term deposits		–	41,808
Cash included in assets held for sale		48,853	–
		128,953	67,970

# Condensed Consolidated Statement of Changes In Equity (Unaudited)

For the six months ended 30 June 2015

	Attributable to owners of the Company									Total equity
	Share capital	Share premium	Employee compensation reserve	Exchange reserve	Merger reserve	Contributed surplus	Statutory reserves	Proposed final and special dividends	Retained earnings	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2015 (Audited)	66,727	-	341	2,621	(43,897)	95,402	1,287	20,018	37,027	179,526
Exercise of share options	30	552	(341)	-	-	-	-	-	-	241
Share issue expenses	-	(5)	-	-	-	-	-	-	-	(5)
Final 2014 dividend paid (note 16)	-	-	-	-	-	-	-	(20,018)	-	(20,018)
Transactions with owners	30	547	(341)	-	-	-	-	(20,018)	-	(19,782)
Loss and total comprehensive income	-	-	-	-	-	-	-	-	(22,571)	(22,571)
Balance at 30 June 2015 (Unaudited)	66,757	547	-	2,621	(43,897)	95,402	1,287	-	14,456	137,173

# Condensed Consolidated Statement of Changes In Equity (Unaudited) (Continued)

For the six months ended 30 June 2015

	Attributable to owners of the Company											Non-controlling interests	Total equity	
	Share capital	Share premium	Employee compensation reserve	Exchange reserve	Merger reserve	Contributed surplus	Statutory reserves	Other reserve	Employee compensation reserve of subsidiary	Proposed final and special dividends	Retained earnings			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2014 (Audited)	66,482	116,022	538	4,771	(43,897)	2,371	2,341	(16,648)	589	66,488	445,093	644,150	262,784	906,934
Equity-settled share-based payment expense	-	-	-	-	-	-	-	-	1,677	-	-	1,677	1,103	2,780
Repurchase of vested shares and settlement of the award shares	-	-	-	-	-	-	-	-	(948)	-	-	(948)	(624)	(1,572)
Exercise of share options	245	2,036	(197)	-	-	-	-	-	-	-	-	2,084	-	2,084
Share issue expenses	-	(9)	-	-	-	-	-	-	-	-	-	(9)	-	(9)
Transfer of reserve	-	(118,049)	-	-	-	118,049	-	-	-	-	-	-	-	-
Final 2013 dividend paid (note 16)	-	-	-	-	-	-	-	-	-	(66,488)	(239)	(66,727)	-	(66,727)
Distribution of interest in subsidiaries (note 16)	-	-	-	-	-	(5,000)	-	-	-	-	(454,114)	(459,114)	-	(459,114)
Deemed disposal of subsidiaries on the Distribution (note 19)	-	-	-	(1,608)	-	-	-	16,648	(1,318)	-	(15,330)	(1,608)	(278,894)	(280,502)
Transactions with owners	245	(116,022)	(197)	(1,608)	-	113,049	-	16,648	(589)	(66,488)	(469,683)	(524,645)	(278,415)	(803,060)
Profit for the period	-	-	-	-	-	-	-	-	-	-	79,913	79,913	15,722	95,635
Other comprehensive income														
Currency translation	-	-	-	(449)	-	-	-	-	-	-	-	(449)	(91)	(540)
Total comprehensive income for the period	-	-	-	(449)	-	-	-	-	-	-	79,913	79,464	15,631	95,095
Balance at 30 June 2014 (Unaudited)	66,727	-	341	2,714	(43,897)	115,420	2,341	-	-	-	55,323	198,969	-	198,969

# Notes to the Condensed Consolidated Interim Financial Statements

## 1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair values. The condensed consolidated interim financial statements are unaudited but have been reviewed by the Company's audit committee.

## 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in preparing the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014 except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations as disclosed below.

In the current interim period, the Group has also applied, for the first time, the following new or revised standards and interpretations issued by the HKICPA:

*Amendments to HKFRS*

*Amendments to HKFRS*

*Amendments to HKAS 19*

*Annual Improvements to HKFRSs 2010-2012 Cycle*

*Annual Improvements to HKFRSs 2011-2013 Cycle*

*Defined Benefit Plans – Employee Contributions*

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

The Group has not early adopted the new HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these new HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's results of operations and financial position.

### 3. SEGMENT INFORMATION

The executive directors have identified that, the Group has only one reportable segment, which is the provision of advertising services.

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas.

	Revenue from external customers (Continuing operations)		Non-current assets	
	Six months ended 30 June		As at 30 June	As at 31 December
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PRC	–	–	8,393	9,099
Hong Kong (domicile)	31,378	30,310	30,169	30,943
Taiwan	–	–	–	19
	31,378	30,310	38,562	40,061

### 4. FINANCE COSTS

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Interest on bank borrowings, which contain a repayment on demand clause, wholly repayable within five years	72	–

## 5. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Amortisation of prepaid land lease payments	73	–
Depreciation	1,005	331
Employee benefit expense	8,885	8,840
Minimum lease payments paid under operating leases in respect of		
– Rented premises and production facilities	298	386
– Internet access line	78	74
Net foreign exchange loss	300	1,173
Gain on financial assets at fair value through profit or loss	(163)	(6)
Interest income	(933)	(819)

## 6. INCOME TAX EXPENSE

The amount of income tax expense charged to the condensed consolidated statement of profit and loss and other comprehensive income represents:

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
The charge comprises:		
Hong Kong profits tax		
– Current year	1,524	609

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the period.

## 7. DISCONTINUED OPERATIONS

The (loss)/profit for the period from discontinued operation is analysed as follows:

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
(Loss)/Profit for the period from inflight magazines advertising operation (note a)	(30,396)	11,977
Profit for the period from printing operation (note b)	–	76,674
	(30,396)	88,651

### (a) Disposal of CinMedia Inc ("CinMedia") and Easking Limited ("Easking")

On 1 June 2015, ER2 Holdings Limited ("ER2"), a substantial shareholder of the Company and Recruit (BVI) Limited ("Recruit (BVI)"), a wholly-owned subsidiary of the Company, entered into a disposal agreement (the "Disposal Agreement"), pursuant to which ER2 conditionally agreed to purchase and Recruit (BVI) conditionally agreed to sell the entire issued share capital in and the shareholders' loan(s) of each of CinMedia and Easking at an aggregate cash consideration of HK\$12,500,000 (the "Disposal"). The Disposal constitutes a connected transaction and a very substantial disposal for the Company under the Listing Rules.

Completion of the Disposal is conditional upon fulfillment of the passing of the necessary resolutions by the independent shareholders at the special general meeting approving the Disposal Agreement and the consent from the executive director of the Corporate Finance Division of the Securities and Futures Commission in respect of the Disposal Agreement and the transactions contemplated thereunder in accordance with all applicable requirements under The Hong Kong Code on Takeovers and Mergers.

The operations of CinMedia and Easking represented the entire operation of the inflight magazines advertising business. The Disposal, if completed, constitutes the discontinuation of the inflight magazine advertising business and is expected to be completed within twelve months. The assets and liabilities attributable to CinMedia and Easking have thereby been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position. The net proceeds of the Disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.



## 7. DISCONTINUED OPERATIONS (CONTINUED)

## (a) Disposal of CinMedia Inc ("CinMedia") and Easking Limited ("Easking") (Continued)

The results of the inflight magazine advertising business for the period, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
Turnover	133,158	201,613
Direct operating costs	(136,620)	(170,475)
Gross (loss)/profit	(3,462)	31,138
Other income	3,106	4,788
Selling and distribution costs	(9,959)	(6,044)
Administrative expenses	(9,329)	(8,847)
Other expenses	(7,362)	(2,665)
(Loss)/Profit before income tax	(27,006)	18,370
Income tax expense	(3,390)	(6,393)
(Loss)/Profit for the period	(30,396)	11,977

The major classes of assets and liabilities of CinMedia and Easking classified as held for sale are as follows:

	30 June 2015 (Unaudited)
	HK\$'000
Property, plant and equipment (note 9)	664
Trade and other receivables and deposits	35,470
Tax recoverable	1,181
Cash and cash equivalents	48,853
Total assets classified as held for sale	86,168
Trade and other payables	70,505
Provision for taxation	416
Deferred tax liabilities	2,715
Total liabilities classified as held for sale	73,636

## 7. DISCONTINUED OPERATIONS (CONTINUED)

*(b) Distribution in specie of shares of 1010 Printing Group Limited ("1010PGL")*

On 2 May 2014, the Group discontinued its operation in printing segment by distribution in specie of the shares in 1010PGL, a subsidiary of the Company to its shareholders on the basis of 139 shares in 1010PGL for every 100 ordinary shares of the Company held by the shareholders (the "Distribution"). Since then, 1010PGL ceased to be the subsidiary of the Company.

The results of the printing operation for the period before the Distribution, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	Six months ended 30 June 2014 (Unaudited)
	HK\$'000
Turnover	365,751
Direct operating costs	(262,944)
Gross profit	102,807
Other income	10,299
Selling and distribution costs	(50,635)
Administrative expenses	(11,801)
Other expenses	(1,422)
Finance costs	(637)
Profit before income tax	48,611
Income tax expense	(8,903)
Profit for the period	39,708
Gain on distribution of subsidiaries	36,966
	76,674

## 8. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
<b>For continuing and discontinued operations</b>		
(Loss)/Earnings for the purposes of basic and diluted earnings per share for the period	(22,571)	79,913

	Number of shares ('000)	
	2015	2014
Weighted average number of ordinary shares for the purposes of basic earnings per share	333,656	333,123
Effect of dilutive share options	–	364
Weighted average number of ordinary shares for the purpose of diluted earnings per share	333,656	333,487

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

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
<b>From continuing operations</b>		
(Loss)/Profit for the period attributable to the owners of the Company	(22,571)	79,913
Less: Loss/(Profit) for the period from discontinued operations attributable to the owners of the Company	30,396	(72,929)
Earnings for the purposes of calculating basic and diluted earnings per share from continuing operations	7,825	6,984

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

***From discontinued operations***

Basic loss per share from discontinued operations is HK9.11 cents per share (2014 basic earnings per share: HK21.89 cents) and diluted loss per share from discontinued operations is HK9.11 cents (2014 diluted earnings per share: HK21.87 cents), based on the loss for the period from discontinued operations attributable to owners of the Company of HK\$30,396,000 (2014: profit of HK\$72,929,000) and the denominators detailed above for both basic and diluted earnings per share.

## 9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Furniture and fixtures	Office equipment	Leasehold improve- ments	Computer equipment and systems	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015							
Cost	3,237	1,585	1,341	2,003	27,749	672	36,587
Accumulated depreciation	(386)	(1,225)	(1,182)	(1,421)	(27,219)	(450)	(31,883)
Net book amount	2,851	360	159	582	530	222	4,704
Period ended 30 June 2015							
Opening net book amount	2,851	360	159	582	530	222	4,704
Additions	–	129	–	33	81	–	243
Depreciation	(37)	(62)	(25)	(196)	(178)	(67)	(565)
Reclassified to assets held for sale (note 7a)	–	(165)	(54)	(403)	(31)	(11)	(664)
Closing net book amount	2,814	262	80	16	402	144	3,718
At 30 June 2015							
Cost	3,237	1,428	1,241	1,208	23,965	539	31,618
Accumulated depreciation	(423)	(1,166)	(1,161)	(1,192)	(23,563)	(395)	(27,900)
Net book amount	2,814	262	80	16	402	144	3,718

As at 30 June 2015, the Group's leasehold land and buildings were situated in the PRC and were held under medium-term leases.

## 10. INVESTMENT PROPERTIES

	HK\$'000
At 1 January 2015	
Cost	30,000
Accumulated depreciation	(294)
<b>Net book amount</b>	<b>29,706</b>
At 1 January 2015	
Depreciation	(440)
<b>Closing net book amount</b>	<b>29,266</b>
At 30 June 2015	
Cost	30,000
Accumulated depreciation	(734)
<b>Net book amount</b>	<b>29,266</b>

## 11. PREPAID LAND LEASE PAYMENTS

	HK\$'000
At 1 January 2015	
Cost	6,418
Accumulated amortisation	(767)
<b>Net book amount</b>	<b>5,651</b>
Opening net book amount	5,651
Amortisation	(73)
<b>Closing net book amount</b>	<b>5,578</b>
At 30 June 2015	
Cost	6,418
Accumulated amortisation	(840)
<b>Net book amount</b>	<b>5,578</b>

The Group's prepaid land lease payments represent upfront payments to acquire an interest in the usage of land situated in the Shanghai, which is held under a medium-term lease.

## 12. TRADE AND OTHER RECEIVABLES AND DEPOSITS

The Group allows a credit period from 7 days to 120 days to its trade customers.

Aging analysis of trade receivables as at 30 June 2015, based on invoice date and net of provisions, is as follows:

	At 30 June 2015 (Unaudited)	At 31 December 2014 (Audited)
	HK\$'000	HK\$'000
0 – 30 days	7,349	13,780
31 – 60 days	248	5,710
61 – 90 days	22	54
91 – 120 days	–	2,761
121 – 150 days	–	3,752
Over 150 days	–	6,078
Total trade receivables	7,619	32,135
Other receivables and deposits	3,999	36,295
	<b>11,618</b>	<b>68,430</b>

## 13. TRADE AND OTHER PAYABLES

As at 30 June 2015, the aging analysis of trade payables based on invoice date is as follows:

	At 30 June 2015 (Unaudited)	At 31 December 2014 (Audited)
	HK\$'000	HK\$'000
0 – 30 days	950	6,112
31 – 60 days	–	5,327
61 – 90 days	–	4,486
91 – 120 days	–	6,264
Over 120 days	–	11,837
Total trade payables	950	34,026
Other payables	4,843	35,714
	5,793	69,740

## 14. BANK BORROWINGS

During the six months ended 30 June 2015, repayments of bank loans amounted to HK\$7,672,000 (30 June 2014: HK\$8,586,000).

## 15. SHARE CAPITAL

	No. of shares (‘000)	HK\$'000
Authorised:		
Ordinary shares of HK\$0.20 each	500,000	100,000
Issued and fully paid:		
At 1 January 2015	333,634	66,727
Shares issued upon exercise of share options	150	30
<b>At 30 June 2015</b>	<b>333,784</b>	<b>66,757</b>

## 16. DIVIDENDS AND DISTRIBUTION

*(a) Dividends and distribution attributable to the previous financial year, approved and paid during the interim period*

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the year ended 31 December 2014, approved and paid during the period, of HK\$0.06 per share (2013: HK\$0.2)	20,018	66,727
Distribution of shares in a subsidiary	–	459,114
	20,018	525,841

*(b) Dividends attributable to the interim period*

	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
Interim dividend – Nil (2014: HK\$0.055) per share	–	18,350

## Notes:

- (i) On 3 March 2015, the Directors proposed a final dividend of HK\$0.06 per share. The final dividend was paid on 15 May 2015.
- (ii) No interim dividend was declared during the six months ended 30 June 2015 (2014: HK\$0.055).

## 17. CAPITAL COMMITMENTS

As at 30 June 2015, there were no capital commitment contracted but not provided for in respect of the acquisition of property, plant and equipment (31 December 2014: Nil).

## 18. RELATED PARTY TRANSACTIONS

*(a) Related party transactions*

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties for the six months ended 30 June 2015 are disclosed as follows:

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
Rental income received from a related company	330	80

In the opinion of the directors, the related party transactions were conducted in the ordinary and usual course of business and on normal commercial terms. The above related party transactions also constitute exempted connected transactions as defined in Chapter 14A of the Listing Rules.

*(b) Compensation of key management personnel*

The directors of the Company were considered to be key management personnel of the Group. The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	1,200	1,140
Post-employment benefit	18	16
	1,218	1,156



## 19. DISTRIBUTION OF INTERESTS IN SUBSIDIARIES

As referred in note 7, on 2 May 2014, the Company discontinued its printing operation through distribution of the interest in shares in 1010PGL. The net assets of 1010PGL at the date of Distribution were as follows:

	HK\$'000
Property, plant and equipment	188,295
Investment properties	10,091
Intangible assets	65,993
Deferred tax assets	10,614
Inventories	114,209
Trade and other receivables and deposits	372,285
Held-to-maturity investments	46,386
Bank balances and cash	234,025
Trade and other payables	(237,424)
Financial liabilities at fair value through profit or loss	(1,107)
Bank borrowings	(95,906)
Provision for taxation	(4,335)
Deferred tax liabilities	(967)
	702,159
Less: Non-controlling interests	(278,894)
	423,265
Release of exchange reserve upon Distribution	(1,608)
Fair value of remaining shares of 1010PGL held by the Group after the Distribution, classified as financial asset at fair value through profit or loss	(672)
Gain from the Distribution	36,966
Total consideration	457,951

Total consideration consists of:

	HK\$'000
Fair value of the shares of 1010PGL distributed	459,114
Less: Cost incurred on the Distribution	(1,163)
Fair value (net of cost incurred) on the Distribution	457,951
Net cash outflow arising on the Distribution:	
Expenses incurred on disposal	(1,163)
Bank balances and cash disposed of	(234,025)
	(235,188)

## 20. CONTINGENT LIABILITIES

As at 30 June 2015, the Group had no significant contingent liabilities (31 December 2014: Nil).

## 21. FAIR VALUE MEASUREMENT

i. *Recurring fair value measurements*

	At 30 June 2015 (Unaudited) Level 1	At 31 December 2014 (Audited) Level 1
	HK\$'000	HK\$'000
<b>Held for trading</b>		
Equity securities, listed in Hong Kong	855	1,591
Fair value	855	1,591

ii. *Fair values of financial instruments carried at other than fair value*

Trade and other receivables, trade and other payables and bank borrowings are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2015 and 31 December 2014.

## Other Disclosures

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2015, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"), were as follows:

#### (a) Long Position in the shares of the Company

Name of Directors	Personal Interests (Shares)	Family Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	Percentage to the issued share capital of the Company (%)
Mr. Lau Chuk Kin (Note 1)	Nil	Nil	183,632,000	183,632,000	55.02
Ms. Lam Mei Lan	2,400,000	Nil	Nil	2,400,000	0.72
Mr. Lee Ching Ming, Adrian	150,500	Nil	Nil	150,500	0.05
Mr. Peter Stavros Patapios Christofis	670,500	Nil	Nil	670,500	0.20
Mr. Cheng Ping Kuen, Franco	120,000	Nil	Nil	120,000	0.04

## (b) Long Position in the shares of ER2 Holdings Limited ("ER2 Holdings"), an associated corporation of the Company

Name of Directors	Personal Interests (Shares)	Family Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	Percentage to the issued share capital of ER2 Holdings (%)
Mr. Lau Chuk Kin	8,375	Nil	Nil	8,375	67.00
Mr. Wan Siu Kau	1,500	Nil	Nil	1,500	12.00

## Note:

- Of 183,632,000 shares, 5,678,000 shares and 177,954,000 shares are beneficially owned by ER2 Holdings and City Apex Limited respectively. As at 30 June 2015, Mr. Lau Chuk Kin beneficially owned 67% of the issued share capital of ER2 Holdings, which is the ultimate holding company of City Apex Limited. Accordingly, Mr. Lau is deemed to be interested in the said shares pursuant to Part XV of the SFO.

Saved as disclosed above, as at 30 June 2015 to the knowledge of the Company, none of the directors or chief executive of the Company and their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE OPTION SCHEME

The Company has adopted a share option scheme approved by a resolution passed by the shareholders of the Company on 13 July 2007, under which it may grant options to directors, employees, any advisors and service providers of any member of the Group to subscribe for shares in the Company.

Details of the share options granted are as follows:

Date of grant	Number of options granted	Vesting period	Exercisable period	Exercise price per share (HK\$)
11.6.2010	2,190,000	11.6.2010 to 10.6.2011	11.6.2011 to 10.6.2015	1.60
11.6.2010	2,190,000	11.6.2010 to 10.6.2012	11.6.2012 to 10.6.2015	1.60
23.6.2010	4,860,000	23.6.2010 to 22.6.2011	23.6.2011 to 22.6.2015	1.636
23.6.2010	4,860,000	23.6.2010 to 22.6.2012	23.6.2012 to 22.6.2015	1.636
16.12.2011	250,000	16.12.2011 to 15.12.2012	16.12.2012 to 15.12.2016	2.000
16.12.2011	250,000	16.12.2011 to 15.12.2013	16.12.2013 to 15.12.2016	2.000

The following table discloses movements in the share options of the Company during the period:

	Number of share options				Outstanding at 30.6.2015
	Outstanding at 1.1.2015	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	
Employees	150,000	–	(150,000)	–	–
Total	150,000	–	(150,000)	–	–

There are no outstanding share options as at 30 June 2015.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, so far as was known to the directors and chief executive of the Company, the following persons (other than a director or chief executive of the Company) had or were deemed to have, interests or short positions in the shares or underlying shares of the Company, being 5% or more in the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Number of shares	Percentage to the issued share capital of the Company %
ER2 Holdings Limited (Note 1)	183,632,000	55.02
City Apex Limited (Note 1)	177,954,000	53.31
HSBC International Trustee Limited (Note 2)	21,638,000	6.48
Great Eagle Holdings Limited (Note 2)	21,638,000	6.48
Jolly Trend Limited (Note 2)	21,638,000	6.48
The Great Eagle Company, Limited (Note 3)	21,638,000	6.48
Dr. Lo Ka Shui (Note 4)	21,788,000	6.53
Chan Family Investment Corporation Limited (Note 5)	20,115,333	6.03
Tai Wah Investment Company Limited (Note 5)	18,000,000	5.40
FMR LLC	19,498,000	5.84
Upsky Global Limited (Note 6)	91,816,000	27.51
Chen JiaRong (Note 6)	91,816,000	27.51
Metro Victory Holdings Limited (Note 7)	45,908,000	13.75
Lau Kan Sum (Note 7)	45,908,000	13.75
Lau Chau In (Note 7)	45,908,000	13.75
Polaris Investment Management Limited (Note 8)	45,908,000	13.75
Gary Liu Wei (Note 8)	45,908,000	13.75

### Notes:

- Of the 183,632,000 shares, 5,678,000 shares are directly held by ER2 Holdings. City Apex Limited is owned as to 77% by ER2 Holdings and 23% by Wellsmart Assets Limited, an indirect wholly owned subsidiary of Great Eagle Holdings Limited. ER2 Holdings is deemed to be interested in the 177,954,000 shares owned by City Apex Limited.
- Each of HSBC International Trustee Limited, Great Eagle Holdings Limited and Jolly Trend Limited is deemed to be interested in the 21,638,000 shares owned by The Great Eagle Company, Limited.
- Of these shares, 21,638,000 shares are duplicated in the interest described in note 2, as The Great Eagle Company, Limited is a wholly-owned subsidiary of Great Eagle Holdings Limited.
- Dr. Lo Ka Shui is deemed to be interested in the 21,638,000 Shares owned by The Great Eagle Company, Limited. In addition, Dr. Lo Ka Shui has personal interest in 150,000 shares.
- Of these shares, 1,117,333 shares are directly owned by Chan Family Investment Corporation Limited, 998,000 shares and 18,000,000 shares are respectively held by Earnyear Limited and Tai Wah Investment Company Limited. Both Earnyear Limited and Tai Wah Investment Company Limited are wholly-owned subsidiaries of Chan Family Investment Corporation Limited.

## SUBSTANTIAL SHAREHOLDERS (CONTINUED)

6. On 1 June 2015, ER2 Holdings as one of the vendors; City Apex Limited as one of the vendors; Upsky Global Limited as one of the purchasers; Metro Victory Holdings Limited as one of the purchasers and Polaris Investment Management Limited as one of the purchasers entered into a conditional sale and purchase agreement (the "Sale and Purchase Agreement"). Pursuant to the Sale and Purchase Agreement, Upsky Global Limited agreed to acquire 91,816,000 shares from ER2 Holdings and City Apex Limited subject to fulfilment of certain conditions. As at 30 June 2015, the Sale and Purchase Agreement has not been completed. Upsky Global Limited is wholly owned by Mr. Chen JiaRong. Mr. Chen JiaRong is deemed to be interested in all the shares in which Upsky Global Limited is interested.
7. Pursuant to the Sale and Purchase Agreement, Metro Victory Holdings Limited agreed to acquire 45,908,000 shares from ER2 Holdings and City Apex Limited subject to fulfilment of certain conditions. As at 30 June 2015, the Sale and Purchase Agreement has not been completed. Metro Victory Holdings Limited is owned as to 55% by Mr. Lau Kan Sum and as to 45% by Ms. Lau Chau In. Mr. Lau Kan Sum and Ms. Lau Chau In are deemed to be interested in all the shares in which Metro Victory Holdings Limited is interested.
8. Pursuant to the Sale and Purchase Agreement, Polaris Investment Management Limited agreed to acquire 45,908,000 Shares from ER2 Holdings and City Apex Limited subject to fulfilment of certain conditions. As at 30 June 2015, the Sale and Purchase Agreement has not been completed. Polaris Investment Management Limited is wholly owned by Mr. Gary Liu Wei. Mr. Gary Liu Wei is deemed to be interested in all the Shares in which Polaris Investment Management Limited is interested.

Save as disclosed above, as at 30 June 2015, the Company had not been notified of any other person (other than a director or chief executive of the Company) who had an interest or short position in the shares, underlying shares or debentures of the Company and was required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code Provision") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2015.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by the directors throughout the six months ended 30 June 2015.

## EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2015, the Group had around 103 fulltime employees (30 June 2014: 116). The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Other employee benefits include provident fund, insurance and medical cover. Share options was granted to certain full-time employees and directors pursuant to the Company's share option scheme.

## AUDIT COMMITTEE

The audit committee has three members comprising the three independent non-executive directors, namely, Mrs. Ling Lee Ching Man, Eleanor, Mr. Cheng Ping Kuen, Franco and Mr. Ho David, with terms of reference in compliance with the Listing Rules. The audit committee review the Group's financial reporting, internal controls and make relevant recommendations to the Board.

The audit committee had met with the management to review the Company's interim report for the six months ended 30 June 2015 and had the opinion that such report has complied with the applicable accounting standards and adequate disclosures had been made.

By Order of the Board  
**Lau Chuk Kin**  
*Chairman*

Hong Kong, 22 July 2015



# Corporate Information

## BOARD OF DIRECTORS

### *Executive Directors*

Mr. Lau Chuk Kin (*Chairman*)

Ms. Lam Mei Lan

### *Non-Executive Directors*

Mr. Wan Siu Kau

Mr. Lee Ching Ming, Adrian

Mr. Peter Stavros Patapios Christofis

### *Independent Non-Executive Directors*

Mrs. Ling Lee Ching Man, Eleanor

Mr. Cheng Ping Kuen, Franco

Mr. Ho David

## COMPANY SECRETARY

Ms. Lam Mei Lan *FCCA, FCCA*

## COMPLIANCE OFFICER

Mr. Lau Chuk Kin

## AUTHORISED REPRESENTATIVES

Mr. Lau Chuk Kin

Ms. Lam Mei Lan

## AUDIT COMMITTEE

Mr. Ho David (*Chairman*)

Mrs. Ling Lee Ching Man, Eleanor

Mr. Cheng Ping Kuen, Franco

## REMUNERATION COMMITTEE

Mr. Cheng Ping Kuen, Franco (*Chairman*)

Mrs. Ling Lee Ching Man, Eleanor

Mr. Ho David

## NOMINATION COMMITTEE

Mr. Wan Siu Kau (*Chairman*)

Mr. Lau Chuk Kin

Mr. Ho David

Mrs. Ling Lee Ching Man, Eleanor

Mr. Cheng Ping Kuen, Franco

## WEBSITE

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Certified Public Accountants

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## LEGAL ADVISER

LF Legal

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135 Bonham Strand

Sheung Wan

Hong Kong

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

No. 1 Queen's Road Central

Hong Kong

## SHARE REGISTRARS AND TRANSFER OFFICES

### *Principal Registrar*

MUFG Fund Services (Bermuda) Limited

The Belvedere Building

69 Pitts Bay Road

Pembroke HM08

Bermuda

### *Hong Kong Branch Registrar*

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## REGISTERED OFFICE

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North Point

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## STOCK CODE

550



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