



財訊傳媒集團有限公司  
SEEK MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)  
(stock code : 205)

Interim  
Report  
2015



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

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 30 June 2015

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

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company									Attributable to non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Warrant reserve	Statutory reserve	Exchange translation reserve	Share options reserve	(Accumulated losses) retained profits	Subtotal		
	HK\$'000	HK\$'000	HK\$'000 (note a)	HK\$'000 (note b)	HK\$'000 (note c)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015 (audited)	176,726	69,233	13,092	47,197	8,407	61,721	10,278	(11,822)	374,832	(2,888)	371,944
Loss for the period	-	-	-	-	-	-	-	(11,886)	(11,886)	(1,476)	(13,362)
Exchange differences arising on translation	-	-	-	-	-	207	-	-	207	-	207
Share of exchange differences of a joint venture	-	-	-	-	-	17	-	-	17	-	17
Total comprehensive expense for the period	-	-	-	-	-	224	-	(11,886)	(11,662)	(1,476)	(13,138)
Exercise of share options	1,025	1,988	-	-	-	-	-	-	3,013	-	3,013
Exercise of warrants	34,700	251,927	-	(47,197)	-	-	-	-	239,430	-	239,430
At 30 June 2015 (unaudited)	212,451	323,148	13,092	-	8,407	61,945	10,278	(23,708)	605,613	(4,364)	601,249

For the six months ended 30 June 2014

	Attributable to owners of the Company							Attributable to non-controlling interests		Total
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (note a)	Statutory reserve HK\$'000 (note c)	Exchange translation reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Subtotal HK\$'000	HK\$'000	
At 1 January 2014 (audited)	173,956	64,084	-	8,407	63,584	10,278	109,424	429,733	(3,203)	426,530
Loss for the period	-	-	-	-	-	-	(26,721)	(26,721)	(825)	(27,546)
Exchange differences arising on translation	-	-	-	-	(6,847)	-	-	(6,847)	-	(6,847)
Total comprehensive expense for the period	-	-	-	-	(6,847)	-	(26,721)	(33,568)	(825)	(34,393)
Capital injection from a non-controlling shareholder and deemed disposal of interest in a subsidiary	-	-	6,035	-	-	-	-	6,035	1,529	7,564
At 30 June 2014 (unaudited)	173,956	64,084	6,035	8,407	56,737	10,278	82,703	402,200	(2,499)	399,701

Note a: Capital reserve represented the difference between the fair value of the consideration paid by a new investor during the six months ended 30 June 2014 and amount to be adjusted on non-controlling interest's proportionate share of the carrying amount of the identifiable net assets of which is directly in equity attributable to the Group, given that no loss of control is resulted from the capital injection.

Note b: Warrant reserve arises from the issue of warrants less the expenses incurred pertaining to the warrants issue. Upon the exercise of the warrants, warrant reserve is transferred to share capital and share premium as an equity movement (Note 13).

Note c: According to the relevant laws and regulations in the People's Republic of China ("PRC") and the Articles of Association of the Company's subsidiaries in the PRC, those subsidiaries are required to set aside 10% of their profit after taxation to the statutory reserve (except where the reserve has reached 50% of the subsidiaries' registered capital). The profit after taxation is determined in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC. This reserve cannot be used for purposes other than those for which it is created and is not distributable as dividends without the prior approval by the owners under certain conditions.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2015

	(Unaudited)	
	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
<b>NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES</b>	3,000	3,700
Withdrawal of pledged bank deposits	–	6,494
Repayment from a joint venture	10,648	4,512
Deposits placed in brokerage accounts	(38,436)	–
Repayment from related companies	10,148	2,792
Purchase of held-for-trading investments	(32,564)	–
Purchase of property, plant and equipment	(200)	(553)
Advance to related companies	–	(4,057)
Other investing cash flows	1,836	1,052
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	(48,568)	10,240
Capital injection from a non-controlling shareholder of a subsidiary	–	7,564
(Repayment to) advance from a director	(2,000)	944
Repayment to related companies	(1,260)	(3,049)
Repayment of bank loan	–	(5,500)
Advance from a shareholder	60,000	–
Proceeds from exercise of warrants	239,430	–
Proceeds from exercise of share options	3,013	–
Other financing cash flows	–	(1,613)
<b>CASH FROM (USED IN) FINANCING ACTIVITIES</b>	299,183	(1,654)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	253,615	12,286
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	138,160	82,186
Effect of foreign exchange rate changes	201	(1,071)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD, represented by bank balances and cash</b>	391,976	93,401

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The condensed consolidated financial statements have been prepared on the historical cost basis. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

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

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

## 2. REVENUE AND SEGMENT INFORMATION

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

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

*Six months ended 30 June 2015*

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

*Six months ended 30 June 2014*

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

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



### 3. OTHER GAINS AND LOSSES

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

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

### 4. FINANCE COSTS

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

### 5. LOSS BEFORE TAXATION

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

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

## 6. TAXATION

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

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

## 7. DIVIDENDS

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

## 8. LOSS PER SHARE

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

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(11,886)	(26,721)
<i>Number of shares</i>	2015 (Note)	2014 (Note)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,887,806,515	1,739,565,172

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

## 9. TRADE RECEIVABLES

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

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

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

## 10. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments include:

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

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

## 11. TRADE PAYABLES

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

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

## 12. SHARE CAPITAL

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

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

## 13. WARRANTS

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

#### 14. SHARE OPTIONS SCHEMES

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

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

	Date of grant	Date of grant HK\$	Exercisable period	Number of share options						
				Outstanding at 1.1.2014	Exercised during the year	Forfeited during the year	Outstanding at 31.12.2014	Exercised during the period	Forfeited during the period	Outstanding at 30.6.2015
<b>Executive Director</b>										
Mr. Wang Boming	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	-	-	1,500,000	(1,500,000)	-	-
Mr. Zhang Zhifang	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	-	-	1,500,000	(1,500,000)	-	-
Mr. Dai Xiaojing	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	-	-	1,500,000	(1,500,000)	-	-
	16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	-	-	1,000,000	(1,000,000)	-	-
Mr. Li Shijie (resigned as executive director on 23 May 2014)	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	(1,000,000)	-	-	-	-	-
	29.10.2008	0.268	29.10.2011 to 28.10.2016	1,700,000	-	-	1,700,000	-	-	1,700,000
	16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	(1,000,000)	-	-	-	-	-
Other employees in aggregate	7.2.2007	0.330	7.2.2010 to 6.2.2015	14,950,000	(11,900,000)	(1,150,000)	1,900,000	(1,300,000)	(600,000)	-
	29.10.2008	0.268	29.10.2011 to 28.10.2016	300,000	(300,000)	-	-	-	-	-
	16.12.2009	0.247	16.12.2012 to 15.12.2017	22,200,000	(13,500,000)	(2,400,000)	6,300,000	(3,450,000)	(750,000)	2,100,000
				46,650,000	(27,700,000)	(3,550,000)	15,400,000	(10,250,000)	(1,350,000)	3,800,000

- (1) The share options granted on 7 February 2007, 29 October 2008 and 16 December 2009 would be fully vested on 7 February 2010, 29 October 2011 and 16 December 2012 respectively.
- (2) As at 30 June 2015, the number of share option exercisable under the share option scheme was 3,800,000 (31 December 2014: 15,400,000).

- (3) Share options forfeited upon staff resignation.
- (4) The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$0.442 for the six months ended 30 June 2015 (31 December 2014: HK\$0.766)
- (5) At the date of this interim report issued on 21 August 2015, the number of shares issuable under the share options granted under the Share Option Scheme was 3,800,000, and the number of shares issuable under the shares options which has not yet been granted under the New Share Option Scheme was 173,956,517 which represented approximately 0.18% and 8.19% respectively of the Company's issued shares of 2,124,515,172 shares as at the date of this interim report.

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

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

## 15. RELATED PARTY TRANSACTIONS

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

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

## 16 EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

## INTERIM DIVIDEND

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

## BUSINESS REVIEW

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

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

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

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

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



## OUTLOOK AND PROSPECTS

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

## LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

## CHARGE ON ASSETS

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

## LEGAL CASE PROVISION

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

## COMMITMENTS

### (a) Operating lease commitments

*As lessee*

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

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

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

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

### (b) Other commitments

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

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

## FOREIGN CURRENCIES AND TREASURY POLICY

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

## EMPLOYEES

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

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2015, the interests of the Directors in the shares of the Company, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), were as follows:

Long position in ordinary shares of HK\$0.10 each of the Company

Name of Director	Nature of interest	Number of shares held	Percentage of number of issued shares of the Company at 30.6.2015 (Note)
Wang Boming	Beneficial owner	1,500,000	0.07%
Zhang Zhifang	Beneficial owner	1,500,000	0.07%
Dai Xiaojing	Beneficial owner	2,500,000	0.12%

Note: The percentage shareholding is calculated on the basis of the Company's issued share capital of 2,124,515,172 as at 30 June 2015.

All interests stated above represent long positions in the shares of the Company.

Save as disclosed above, as at 30 June 2015, none of the directors had any long or short positions in any shares, underlying shares or debentures of the Company.

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

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

## CORPORATE GOVERNANCE

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

### Code Provisions A.1.3 and A.7.1

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

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

### Code Provision A.2.1

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

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

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

#### Code Provision A.4.1

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

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

#### Code Provision A.6.7

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

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

#### Code Provision E.1.2

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

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

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

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## AUDIT COMMITTEE

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



## CHANGE OF DIRECTORS' INFORMATION

The change of Director's information during the period as required to be disclosed pursuant to Rule 13.51B of the Listing Rules are set out below:

Mr. Law Chi Hung and Ms. Wensy Ip have been appointed as independent non-executive Directors of the Company with effect from 15 June 2015.

Mr. Zhang Ke and Mr. Wang Xiangfei retired as independent non-executive Directors of the Company at the conclusion of the annual general meeting held on 11 May 2015.

Mr. Li Leong has been appointed as an executive director of the Company with effect from 11 February 2015.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

## MEMBERS OF THE BOARD OF DIRECTORS

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

*Executive Directors:*

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

*Independent Non-executive Directors:*

Mr. Ding Yu Cheng  
Mr. Law Chi Hung  
Ms. Wensy Ip

By Order of the Board  
**Wang Boming**  
*Chairman*

Hong Kong, 21 August 2015