品牌中国
BRANDING CHINA

ANNUAL REPORT 2015

BRANDING CHINA GROUP LIMITED

(Incorporated in the Cayman Islands with Limited Liability)
Stock Code: 863

CONTENTS

CORPORATE INFORMATION

BRANDING CHINA GROUP LIMITED

Stock Code: 863

Authorised Representatives	Song Yijun (宋義俊) Tam Tak Kei, Raymond (譚德機), CPA

BOARD OF DIRECTORS

Executive Directors	Fang Bin (方彬) (chairman of the Board) Fan Youyuan (范幼元) (chief executive officer of the Company) Patrick Zheng Huang Wei (黃維) Song Yijun (宋義俊)
Independent Non-executive Directors	Zhou Ruijin (周瑞金) Lin Zhiming (林志明) Hsu Wai Man, Helen (徐慧敏)

BOARD COMMITTEES

Audit Committee	Hsu Wai Man, Helen (徐慧敏) (chairlady) Lin Zhiming (林志明) Zhou Ruijin (周瑞金)
Remuneration Committee	Zhou Ruijin (周瑞金) (chairman) Hsu Wai Man, Helen (徐慧敏) Lin Zhiming (林志明)
Nomination Committee	Zhou Ruijin (周瑞金) (chairman) Lin Zhiming (林志明) Hsu Wai Man, Helen (徐慧敏)
Risk Management Committee	Fan Youyuan (范幼元) (chairman) Lin Zhiming (林志明) Huo Zhongyan (霍中彥) (chief operating officer of the Company)
Registered office	Clifton House, 75 Fort Street, PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Company Secretary	Tam Tak Kei, Raymond (譚德機), CPA
Compliance Officer	Song Yijun (宋義俊)

Headquarters in the PRC	No. 54 Shaoxing Road Huangpu District Postal Code – 200020 Shanghai, China
Principal place of business in Hong Kong	Suites 2001–2006 20th Floor, Jardine House 1 Connaught Place Central, Hong Kong
Principal Share Registrar and Transfer Office	Appleby Trust (Cayman) Ltd. Clifton House, 75 Fort Street PO Box 1350, Grand Cayman KY1-1108 Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal Bankers	Industrial and Commercial Bank of China Limited RuijinEr Road Branch No. 118 RuijinEr Road Shanghai City China Bank of Shanghai Fumin Branch No. 360 Fengyang Road Shanghai City China
Legal Adviser as to Hong Kong Laws	Loong & Yeung Suites 2001–2006 20th Floor, Jardine House 1 Connaught Place Central, Hong Kong
Auditor	BDO Limited 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong

Compliance Adviser	Anglo Chinese Corporate Finance, Limited 40th Floor, Two Exchange Square 8 Connaught Place Central, Hong Kong
Website of the Company	www.brandingchinagroup.com

* *The English names of the PRC entities referred to in this annual report are translations from their Chinese names are for identification purpose only. If there is any inconsistency, the Chinese name shall prevail.*

CORPORATE PROFILE

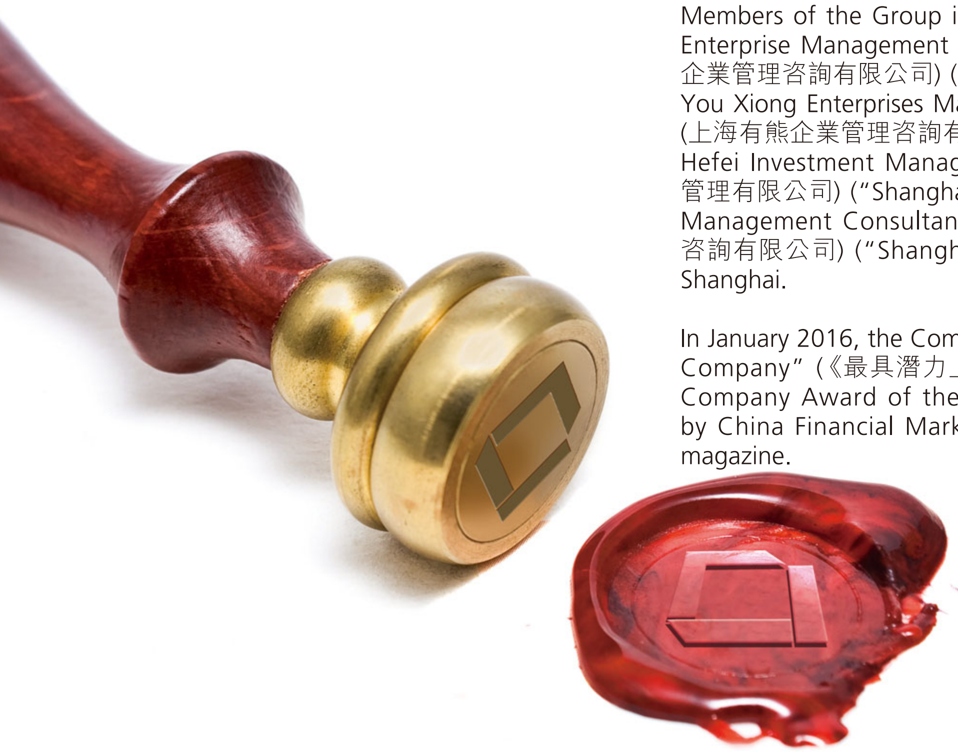
Branding China Group Limited ("Branding China" or the "Company", together with its subsidiaries, the "Group") is an integrated provider focusing on providing entrepreneurship and development services for corporations with an objective to cater the needs of our customers. The Company provides start-ups, developing and developed customers with corporate services, including park area services, corporate value-added services, equity investment services and integrated marketing communication services.

The Company was listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange" or the "Stock Exchange") (Stock Code: 8219.HK) on 27 April 2012 (the "Listing Date") and became the first corporate services provider in the People's Republic of China (the "PRC") which is listed overseas offering one-stop integrated marketing communications services.

On 8 September 2015, the Company successfully transferred its listing from the GEM to the Main Board of the Hong Kong Stock Exchange (the "Main Board") (Stock Code: 863.HK), and on 16 November in the same year, announced that, on the foundation of integrated marketing communication services, the Company would expand its provision of services for its corporate customers to park area services, equity investment services and corporate value-added services. Meanwhile, its target customers would be expanded to start-ups and developing corporations from developed brand corporations. This has made the Company the first Hong Kong-listed PRC corporation providing integrated entrepreneurship and development services, and also the first corporation engaged in entrepreneurship services among the listed companies in Hong Kong.

Members of the Group include, among others, Shanghai SumZone Enterprise Management Consultancy Company Limited* (上海三眾企業管理咨詢有限公司) ("Shanghai SumZone Enterprise"), Shanghai You Xiong Enterprises Management Consultancy Company Limited* (上海有熊企業管理咨詢有限公司) ("Shanghai Youxiong"), Shanghai Hefei Investment Management Company Limited* (上海和斐投資管理有限公司) ("Shanghai Hefei") and Shanghai Jingzhi Investment Management Consultancy Company Limited* (上海鯨致投資管理咨詢有限公司) ("Shanghai Jingzhi"), which are headquartered in Shanghai.

In January 2016, the Company was named the "Most Potential Listed Company" (《最具潛力上市公司》) in the election of the "Listed Company Award of the Year" (《年度上市公司大獎》) organised by China Financial Market (《中國融資》), a Hong Kong financial magazine.



* for identification purposes only

2011

- Establishment of Branding China Group Limited overseas

2012

- Listing of Branding China on the GEM of the Hong Kong Stock Exchange

2013

- Successful acquisition of a wireless marketing group

2015

- Successful transfer of listing from GEM to the Main Board of the Hong Kong Stock Exchange

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- New business development: The Group, on the foundation of integrated marketing communication services, has expanded its corporate customer services to park area services, equity investment services and corporate value-added services

FINANCIAL HIGHLIGHTS

RESULTS

	2015	2014	2013	2012	2011
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Revenue	**317,565,927**	303,903,121	271,275,660	146,939,781	132,026,503
Profit before tax	**51,671,735**	55,857,016	70,174,343	44,857,520	47,802,264
Income tax expense	**(14,314,909)**	(14,833,780)	(19,308,835)	(12,501,125)	(13,348,959)
Profit for the year	**37,356,826**	41,023,236	50,865,508	32,356,395	34,453,305
Exchange differences on translating foreign operations	**49,536**	145,992	(45,664)	(526,581)	(492,061)
Total comprehensive income for the year	**37,406,362**	41,169,228	50,819,844	31,829,814	33,961,244

SUMMARY OF ASSETS AND LIABILITIES

	2015	2014	2013	2012	2011
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Total non-current assets	**163,716,770**	163,122,871	163,740,218	35,087,949	1,833,520
Total current assets	**328,066,663**	350,132,170	298,405,167	199,688,198	116,300,202
Total current liabilities	**57,986,783**	116,600,008	95,416,358	47,277,036	31,317,927
Net current assets	**270,079,880**	233,532,162	202,988,809	152,411,162	84,982,275
Non-current liabilities	**639,800**	904,545	12,147,767	–	–
Net assets	**433,156,850**	395,750,488	354,581,260	187,499,111	86,815,795

CHAIRMAN'S STATEMENT

Executive Director and Chairman
Mr. Fang Bin

Given the downward condition of the Chinese real economy and the backdrop of "mass entrepreneurship and innovation" fully supported by the PRC, the Group explores innovative business model, expands the target clients and service scopes of corporate services, as well as optimising the management team and corporate governance framework by seizing the opportunity of the transfer of listing so as to secure a thorough foothold for the Group's development at a higher stage.

Dear Shareholders,

In 2015, given the increased downward pressure of the global economy and the backdrop of the PRC economy entering the New Normal state, the PRC economic growth, on one hand, had shifted away from high growth, high investment and high return due to factors from various aspects and the changing conditions both within and without the PRC. On the other hand, the economic structure is optimised continuously, industry structure is being upgraded and new driving force arises from innovative entrepreneurship. As different features keep rolling out as usual, the integration of innovative and traditional features produced the effect of "1+1>2". For one who keeps abreast with current trend and adapt proactively, there were risks but also opportunities embedded in such a flowery and thorny year.

SUCCESSFUL TRANSFER OF LISTING TO THE MAIN BOARD

In February 2015, the Company applied for the transfer of its listing from GEM to the Main Board of the Hong Kong Stock Exchange, and was successfully granted the approval in September in the same year to transfer its listing to the Main Board of the Hong Kong Stock Exchange. The success for the transfer of listing has brought the Company's capital platform to the next level. Not only did it benefit the realisation of future strategies of the Group, but it also created more values for the shareholders of the Company (the "Shareholders").

NEW BUSINESS LAYOUT

Under the guidance of the "mass entrepreneurship and innovation" policy, China's strongest start-ups boom in history has been aroused. As shown in the information of the State Administration for Industry and Commerce of the PRC, there are 9 new enterprises being set up every minute on average. With insightful and decisive strategic operations, the Group seized the market opportunities to adjust its business layout and optimise internal structure to strengthen its competition capabilities. For the existing integrated marketing communication services, the Group sustained the business with adjustments to adapt to the dynamic environment, while decisively expanding its target customers from brand owners to start-ups and developing enterprises. Accordingly, the Group expanded its contents of corporate services from integrated marketing communication services to park area services, equity investment services and corporate value-added services. The move has made the Company the first PRC company of integrated corporate entrepreneurship and developing service provider listed in Hong Kong. Meanwhile, the Company is also the first company engaged in entrepreneurship services among the companies listed in Hong Kong.

STRENGTHENED MANAGEMENT TEAM, IMPROVED GOVERNANCE STRUCTURE

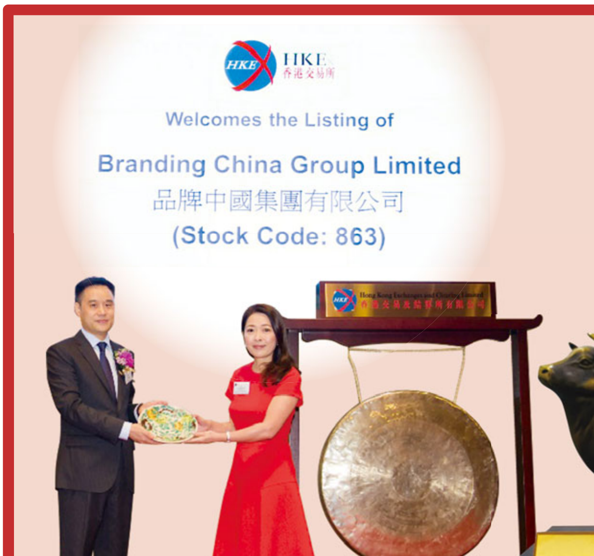
During 2015, the board of directors (the "Directors") of the Company (the "Board") had appointed competent talents as chief executive officer and chief executive, chief strategic officer and chief operating officer to strengthen the management team for achieving new business strategic goals. The move not only plays an active role in exploring new business for the Group, but it also further improved the Group's corporate governance structure.

INTRODUCING THIRD PARTY INVESTORS

On 16 November 2015, the Company entered into the subscription agreements (the "Subscription Agreements") with four third-party investors (the "Investors"), pursuant to which the Investors have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 49,362,038 subscription shares at the subscription price of HK$2.42 per subscription share.

SUBSTANTIAL EVENTS IN 2015

Listed Company Award of 2015 – Most Potential Listed Company by China Financial Market



Transfer of Listing from the Growth Enterprise Market to the Main Board

FUTURE PROSPECTS

In 2016, the Group will continue to closely monitor the overall situation, and deepen and expand new business on the foundation of sustaining the current business in order to increase the new business weighting gradually. In addition, the Company, as a listed company, will also continue to comply with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") to optimise the corporate governance, strive to enhance the core competitiveness, seek for sustainable and long term development with a view to creating better value, for the Shareholders, staff and the society.

REPORT OF THE CHIEF EXECUTIVE

Executive Director and
Chief Executive
Mr. Fan Youyuan

In 2016, the Group will consistently follow the strategic direction for the development of new business. It will focus on deepening and expediting the expansion of the new business to create better values for the Shareholders and customers.

Dear Shareholders,

I am pleased to report the operating results of the Group for 2015 to you.

SUSTAINING CURRENT BUSINESSES, EXPANDING AND PURSUING NEW BUSINESSES, WITH STEADY ANNUAL FINANCIAL PERFORMANCE

It was a year of significant turning point for the development of the Group's business in 2015. After the successful completion of the transfer of listing in September, the Group studied very hard the trend of macro-economy and sub-segments in the industry. Integrating the favourable business experience and advantages in corporate services area and culture and media area, the Board formulated new directions of business development, namely "corporate entrepreneurship and development services", and announced the operating strategies of the new business development in November.

In 2015, the performances of each sub-segment in the culture and media industry had both ups and downs. On one hand, new media and new technologies were at the stage of rapid growth; on the other hand, the traditional media represented by print media was under a recession. Therefore, a change in operating strategies in response to the actual situation would be essential, and most importantly, such change must be made swiftly.

The Company focused on the current integrated marketing communication services, while committing to developing the digital marketing business segment. Such transformation was completed in 2015. The Group achieved a total revenue (after deducting cultural business development charge) of RMB317,565,927 (hereinafter, the same currency) for the year ended 31 December 2015 (the "Review Period"), representing an increase of 4.50% as compared with the corresponding period of last year. As the new business is still at its investment stage, no income had been incurred under the Review Period.

AIMING AT BEING THE PIONEER OF ENTREPRENEURSHIP SERVICES WITH INNOVATIVE AND INTEGRATED CORPORATE SERVICES SYSTEMS

In the context of the rise of the PRC economy, the direction of "culture first" is of great significance. The Ministry of Culture of the PRC and the secretary of the Ministry of Culture both issued the guidance opinions on the proactive promotion of construction of the demonstration zone of special cultural industry, and the experimental zone for the cooperation between the cultural industry and the financial industry, aiming at establishing a sound intermediary service system for culture and finance, exploring the establishment of a new mechanism connecting financial resources and cultural resources, and guiding and encouraging various capital to be engaged in innovation of culture and finance. The Group will enhance the financial support to the cooperation between culture and finance: Central finance will arrange special funds in the special development funds for the cultural industry; implementing "Supporting Plan for the Cultural and Financial Industries" (文化金融扶持計劃); continuously increasing the support to the cooperation between cultural industry and financial industry; supporting that more financial capital shall be utilised in the implementation of projects by cultural corporations; and realising the financial policies, and organic connection between industry policies and demands of cultural corporation.

As a listed corporation rooted in the cultural industry for over a decade, the Company grasps the opportunities in this era of "going global of Chinese culture"and "mass entrepreneurship and innovation". With accumulated experience in corporate services, resources in the cultural industry and practical experience in park areas of the Group's management, the Company has explored an innovative and integrated corporate service system that is most suitable for itself, providing corporate services contents including: park area services, equity investment services, corporate value-added services and the current integrated marketing communication services.

- **Park area services**
  Park area includes the existing parks which are operated, managed and promoted by the Group, and parks to be self-developed and operated by the Group when opportunities arise. Park area services provided by the Group include various types and flexible office space services, and services closely related to office space. The target customers are corporations from three stages, namely start-ups, developing and developed corporations. The park areas provide corporations of different stages with office space of their choice. Developed corporations may choose the office space in an entire building, while start-up corporations may choose an office unit with one desk. Meanwhile, a park area model integrating great cultural ideas and artistic environments, flexible business zones, auxiliary public space for exchanges, complemented commercial and residential facilities, mixing work and life and combining industry and community provides corporation users with high quality working space and working style. Moreover, as the park areas can also provide shared office space, including conference rooms, public communication areas and leisure entertaining areas, which bridges the communication among corporation users and brings more business opportunities.

- **Corporate value-added services**
  On one hand, park area services are the terminal of the Group's below-the-line (BTL) services, while on the other hand, the Group also offers above-the-line (ATL) corporate value-added services through mobile Internet devices and other tools along with the privileged policies of culture supports to provide general corporate value-added services in the areas of industrial and business registration, financial, tax, legal, human resources, information technology and strategic consultancy. The Group will also rely on the advantages of its current business to provide unique integrated marketing communication services to enterprise users. Park area services and corporate value-added services form an O2O business model of "gathering data from BTL park area, providing services in ATL platform".

- **Equity investment services**

  With the Group's experience in capital market, together with the BTL park area services, the Group not only offers operational supports to start-ups, but also promotes its development through establishing and managing funds like of angel and venture investment funds, growth funds and merger and acquisition funds, focusing on investing innovation and high-growth enterprises, in particular, the corporate users in the park areas, with its professional judgment.

  To date, approximately 160,000 square metres of the park area and a fund of RMB2 billion are managed under the Group and its non wholly-owned subsidiaries. With years of experience in corporate services and knowledge of the market, our investment projects covers various areas, including new media, intelligent hardware, SaaS enterprise collaboration software, new technologies in virtual infrastructure and mobile Internet terminals.

PROSPECTS FOR 2016

We are of the view that customer resources can be shared among park area services, equity investment services, corporate value-added services and the current integrated marketing communication services, which forms an in-depth synergies and comprised organic immersion of the overall business. Meanwhile, the move is consistent with the operating objective that the Group has long upheld: "provide corporations with the most fundamental needs".

These innovative and integrated corporate service system caters for the demand of the market, and is supported by relevant policy. Therefore, in 2016, the Group will greatly expand the new business, including independent operation and proactively commence mergers and acquisitions, in order to develop the Group into a more comprehensive, profound and professional corporate service provider. The Group will create more value for its Shareholders with the boom of the entrepreneurship in China.

BUSINESS REVIEW

Optimisation of Group Structure

The Group further optimised the integrated entnerprise services system by establishing specialised corporate bodies focusing on park area services and equity investment services during the Review Period.

Intensified transformation of integrated marketing communication services and speedily initiation of new business

As at 31 December 2015, the digital transformation for integrated marketing communication services of the Company was basically completed. During the Review Period, the Group realised a total revenue of RMB320,339,886, among which the digital media accounted for RMB195,787,055, representing 61.12% of the total income. The gross profit margin increased by 2.17 percentage points as compared with that of last year and maintained a steady growing trend.

	2015	2014	2013
Percentage of digital media income	**61.12%**	57.20%	44.86%

During the Review Period, the Group acquired 34% of the equity interest in Shanghai Lingang Cultural Industry Development Company Limited* ("Lingang Cultural") by entering into an acquisition agreement. Lingang Cultural is principally engaged in the operation of the cultural park management project of "Sheshan Cultural Oasis*" (佘山文化綠洲). The cultural park is located in Beilu (北麓) of Sheshan, a suburb scenic area in Shanghai, with a gross planned construction area of approximately 160,000 square metres. In the neighborhood of top grade villas, golf court and high-end business hotels, the cultural park is capitalised on four major resources, being the unique humanitarian environment of Sheshan, high profile elite residents, talent from the Songjiang University town and a pool of 15 million tourists. With a theme of innovation and entrepreneurship, cultural celebrities as the leaders, and cultural enterprises as the core, the park is to be built up as an integrated development platform for cultural industry, combining cultural work, cultural transaction, cultural exchange, cultural services and cultural leisure, as well as establishing a new benchmark for Chinese cultural and creative industry park. The cultural park adopts a unique operation model of "Base + Capital", as a result of which, Lingang cultural also manages a mergers and acquisitions fund which amounted to approximately RMB2 billion (equivalent to approximately HK$2.43 billion).

* For identification purposes only

Acquisitions

In June 2013, the Group successfully acquired Grand Rapids Mobile, which provides wireless marketing service for customers based on wireless advertising platform. Through this acquisition, the Group's industrial chain was horizontally expanded, further enhancing the overall service capability of the Group in digital media service sector.

On 19 April 2013, the Company entered into a Share Sale and Purchase Agreement with Always Bright Enterprises Limited ("Always Bright Enterprises") and Mr. Huang Wei, pursuant to which Always Bright Enterprises agreed to transfer its entire issued share capital in Grand Rapids Mobile to the Company, and the consideration would be paid by the Company by ways of cash and issue of consideration shares in several tranches (the "Acquisition"). The warranted profit and payment method pursuant to the agreement are as follows:

Year	Warranted Profit	Payment of Cash Consideration	Payment of Share Consideration
	RMB	*HKD*	*Shares*
Precedent conditions in the agreement were satisfied		27,841,366	
2013	18,000,000	13,920,683	6,018,454
2014	25,000,000	13,920,683	17,275,191
2015	32,000,000	0	23,516,550

As Always Bright Enterprises has fulfilled the profit guarantee obligations for the financial year ended 31 December 2013 and 31 December 2014, the Company has settled the cash consideration payment and has released the shares pursuant to the relevant agreement.

As at the date of this report, Always Bright Enterprises has fulfilled the profit guarantee obligations for the financial year ended 31 December 2015. As such, the Company will arrange the relevant share considerations as the payment of the fourth tranche of the consideration for the acquisition according to the relevant agreement.

To date, Always Bright Enterprises has fulfilled all the agreed profit guarantee under the Share Sale and Purchase Agreement.

FUTURE PROSPECTS

Currently, the position of corporate service industry in global economy development and international competitions is becoming more significant and its development in China will also enter the burgeoning phase. The market demand for such industry is growing. In the United States, for example, a considerable number of projects with risk investment in 2015 fell into this corporate service sector. Corporate services have become a new engine for economic growth. With the further development of the economic size of China and further enhancement of economic structure, corporate service industry will undoubtedly have a greater room for development.

Summing up the current situation, beginning with the three most fundamental needs of business, namely space, capital and ancillary services, leverage on the service experience for corporate customers accumulated and industry resources, and capitalising on the favourable policy of "mass entrepreneurship and innovation", the Group chose the new business models to expand the content and target of corporate services. We believe that it is the most suitable choice and it will be a great opportunity for the Group to enhance its brand.

For internal control, the Group will continue to optimise internal resources and optimise the corporate governance structure, as well as boldly innovating and actively introducing advanced international operations concepts. Furthermore, as a listed company, the Company will continue to comply with the Listing Rules, strive to enhance the core competitiveness, and seek for long-term and sustainable development with a view to creating a better value for the Shareholders, staff and the society.

FINANCIAL OVERVIEW

The Group recorded a total revenue (after deducting cultural business development charge) of approximately RMB317,565,927 for the year ended 31 December 2015, representing an increase of approximately 4.50% or RMB13,662,806 from RMB303,903,121 for the year ended 31 December 2014. The total gross profit of the Group was RMB93,619,716 for the year ended 31 December 2015, representing an increase of approximately 12.80% or RMB10,621,757 from RMB82,997,959 for the year ended 31 December 2014. The gross profit margin increased to approximately 29.48% in the year ended 31 December 2015 from 27.31% in the corresponding period of last year. The net profit of the Group for the year ended 31 December 2015 decreased from RMB41,023,236 for the corresponding period of last year to RMB37,356,826, while the net profit margin of the Group for the year ended 31 December 2015 decreased from 13.50% for the corresponding period of last year to 11.76%. Earnings per share of the Group for the year ended 31 December 2015 was RMB15.14 cents.

Revenue

The revenue (after deducting cultural business development charge) of the Group was RMB317,565,927 for the year ended 31 December 2015 (2014: RMB303,903,121), representing an increase of approximately 4.50% as compared with last year. The increase in revenue was mainly due to the increase in the overall revenue of the Group brought by the steady increase of the revenue of the digital media and event marketing businesses of the Group.

Cost of Sales and Gross Profit

As at 31 December 2015, the Group's cost of sales mainly comprised content production, printing and distribution costs of the self-operated publications, expenses for procuring advertising space, event organising and production costs as well as staff costs paid to business staff. The Group's cost of sales for the year ended 31 December 2015 amounted to RMB223,946,211, representing an increase of 1.38% or RMB3,041,049 as compared with RMB220,905,162 for the year ended 31 December 2014. The increase in cost of sales was mainly due to the increase in the cost concurrently incurred by the increase in the revenue of the digital media and event marketing businesses.

For the year ended 31 December 2015, the Group achieved a gross profit of RMB93,619,716, representing an increase of approximately 12.80% or RMB10,621,757 as compared to approximately RMB82,997,959 for the year ended 31 December 2014. For the year ended 31 December 2015, the Group's gross profit margin was 29.48% (gross profit margin for the year ended 31 December 2014: 27.31%), representing an increase of 2.17 percentage points in the gross profit margin. It was mainly due to: (i) the steady growth of gross profit margin as a result of the scale effect formed by the increase in business of digital media in 2015; and (ii) the reduction of labor cost by way of streamlining internal staff by the Group in an effort to reduce cost and increase efficiency, which contributed to the growth of the gross profit margin.

Selling and Distribution Expenses

Selling and distribution expenses increased by RMB618,350 from approximately RMB5,074,735 for the year ended 31 December 2014 to RMB5,693,085 for the year ended 31 December 2015. Such increase was due to: (i) the increase in leasing fee as compared to the corresponding period of last year as a result of addition of an office premise by the Group to better expand new businesses; and (ii) the increase in consultation fee as compared to the corresponding period of last year as a result of the expansion of the new businesses by the Group, namely park area services, equity investment services and corporate value-added services, and seeking for professional consultation service from professional bodies.

Administrative and Other Expenses

Administrative and other expenses for the year ended 31 December 2015 increased by RMB10,525,916 to RMB39,009,278 as compared to that of the year ended 31 December 2014. The increase in such expenses was mainly due to: (i) the recruitment of talents to enhance the senior management in order to cope with the business development of the Company, thus the remuneration level increased; (ii) the consultation fee incurred during the process of transferring the listing of shares of the Company from the GEM to the Main Board of the Stock Exchange, of which the application was lodged by the Company to the Stock Exchange during the Review Period; (iii) the increase in travel expenses and business hospitality expenses for the expansion of the new businesses owing to the Company's decision to expand its business on the basis of the current business to park area services, equity investment services and business value-added services.

Human Resources

The Group's remuneration policy is formulated based on industry practices and the performance of individual employees. During the year ended 31 December 2015, the total staff cost was approximately RMB17,067,303 (for the year ended 31 December 2014: approximately RMB25,929,764). The decrease in human resource costs was due to the reduction of labor cost by way of streamlining internal staff by the Group in an effort to reduce cost and increase efficiency.

Capital Resources and Liquidity

As at 31 December 2015, the total equity attributable to the Group's shareholders was approximately RMB433,156,850, including statutory reserves of RMB7,922,791. The Group continued to maintain a strong financial position with cash and bank balances amounting to RMB144,609,439. The Group's working capital was approximately RMB270,079,880. Based on the Group's steady cash inflow from operations, together with its existing cash and bank balances on hand, the Group has adequate financial resources to fund the working capital required for its development plan in the coming year.

The Group had settled its short-term borrowings of RMB5,000,000 and RMB1,500,000 on 8 April 2015 and 12 December 2015, respectively. As at 31 December 2015, there were not any borrowings for the Group.

During the year ended 31 December 2015, the Group's cash and bank balances were denominated in RMB or Hong Kong dollars, and were placed in reputable financial institutions as deposits with maturity dates falling within one year. This is in line with the Group's treasury policy to maintain liquidity of its funds, and will continue to contribute stable income to the Group.

Gearing Ratio

The gearing ratio of the Group was –0.17 and 0.02 as at 31 December 2015 and 31 December 2014, respectively. Gearing ratio was the ratio of total liabilities less cash and bank balances to total assets.

Financial Policies

It is the Group's treasury management policy not to engage in any investments or speculative derivative instruments with high risks. During the year ended 31 December 2015, the Group continued to adopt a conservative approach in financial risk management. Most of the assets, receipts and payments of the Group are denominated in RMB.

Charge on the Group's Assets

As at 31 December 2015, the Group had no assets pledged to any financial institutions.

Contingent Liabilities

As at 31 December 2015, the Group did not have any significant contingent liabilities.

Foreign Exchange Risk

The Group mainly operates in the PRC with most of its transactions settled in Renminbi. Some of the Group's bank deposits are denominated in Hong Kong dollars. The directors of the Company (the "Directors") are of the opinion that the Group's exposure to foreign exchange risk is insignificant. During the year ended 31 December 2015, the risks associated with foreign currency exchange rates have no significant impact on the business performance of the Group.

EXECUTIVE DIRECTORS

Mr. Fang Bin (方彬先生)

Mr. Fang Bin ("Mr. Fang"), aged 45, is currently an executive Director and the chairman of the Board. He entered into a director's service contract with the Company for a term of three years commencing from 27 April 2015.

Before founding the Group, Mr. Fang was the general manager of Shanghai Shenhai Advertisement Co. Ltd. (上海申海廣告有限公司) and the chief operating officer of Auto Weekly (汽車週刊) of Jiefang Daily (解放日報). With over 22 years of managerial experience in the media and advertising industries, Mr. Fang has extensive experience in business management and operation, in particular, in relation to the development of marketing and communications strategies and integration of media resources.

In September 2015, Mr. Fang was appointed as a vice-chairman by the Listed Companies Council, Hong Kong Chinese Enterprises Association.

Mr. Fang wholly owns Lapta International Limited and is its sole director. Lapta International Limited was incorporated in the British Virgin Islands and held 45.58% of the issued shares of the Company as at 31 December 2015.

Mr. Fang has not held any position in other listed companies in the last three years.

Mr. Fan Youyuan (范幼元先生)

Mr. Fan Youyuan ("Mr. Fan"), aged 55, was appointed as a non-executive Director of the Company in 2012 and redesignated as an executive Director of the Company in 2015 for a term of three years commencing from 16 November 2015. On the same date, Mr. Fan was appointed as the Chief Executive Officer of the Company.

Mr. Fan graduated from Fudan University with a bachelor's degree in Philosophy in 1983. He further obtained a master degree in Business Administration (International Programme) from the University of Hong Kong in 2004.

Mr. Fan has over 29 years of experience in media and advertising industries in the PRC. Before joining the Group, Mr. Fan held various positions in different entities, including general manager of Shanghai Jiefang Advertising Limited (上海解放廣告有限公司); supervisor of the advertising department of the Jiefang Daily; officer of the advertising department, research department and business development department of Jiefang Press Group (解放日報報業集團); executive deputy general manager of Shanghai Jiefang Media Investment Company Limited (上海解放傳媒投資有限公司); and a director and the chief executive of Shanghai Xinhua Media Co. Ltd. (上海新華傳媒股份有限公司) (600825.SH).

Mr. Fan wholly owns Whales Capital Holdings Limited ("Whales Capital") through his wholly owned company, Taocent International Holding Limited ("Taocent International"), and Whales Capital held 5.96% of the issued shares of the Company as at 31 December 2015. For the purpose of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong (the "SFO")), Mr. Fan is deemed to be interested in all the shares of the Company held by Whales Capital. Mr. Fan is a director of Taocent International and Whales Capital.

Save as disclosed above, Mr. Fan has not held any directorship in other listed public companies in the last three years.

Mr. Patrick Zheng (Patrick Zheng先生)

Mr. Patrick Zheng ("Mr. Zheng"), aged 45, was appointed as an executive Director for a term of three years commencing from 20 January 2015. Currently, he serves as the chief strategic officer and the alternate chief financial officer of the Company.

Mr. Zheng obtained a bachelor's degree in International Trade from Shenzhen University in 1991, and obtained a master degree in Business Administration (MBA) from The Bernard M. Baruch College of The City University of New York (CUNY) in 1994.

Mr. Zheng has accumulated over 21 years of experience in the financial and investment sectors. Since 1994, he has entered Chase Manhattan Bank New York, the US and engaged in banking and financial positions. Thereafter, Mr. Zheng served at several positions, including as the deputy president for the leveraged finance division of the headquarter in New York of Chase Manhattan Bank New York, the US; the managing director of Ortus Capital Management Ltd.; and Chief Advisor for a number of fund management companies in China. He possesses extensive market experience in acquisition and merger, syndicated facility, issuance of high yield bonds and PE investment and management.

Mr. Zheng has not held any directorship in other listed public companies in the last three years.

Mr. Huang Wei (黃維先生)

Mr. Huang Wei ("Mr. Huang"), aged 40, was appointed as an executive Director for a term of three years commencing from 20 January 2015.

Mr. Huang obtained a bachelor's degree in Journalism from Fudan University in July 1998 and served at several positions, including as the deputy general manager of Shanghai Jiefang Media Investment Company Limited (上海解放傳媒投資有限公司); director and deputy general manager of Shanghai Jiefang Huayun Cultural Communication Company Limited (上海解放華運文化傳播有限公司); and director of Shanghai Jiefang-FocusMedia Advertising Communication Company Limited (上海解放分眾廣告傳播有限公司). During that period, Mr. Huang was also the director and general manager of Shanghai National Business Daily Media Company Limited (上海每日經濟傳媒有限公司) and the chief editor of China Mobile 12580 Live Broadcast Magazine (中國移動12580生活播報). He has been the director and general manager of Ju Liu Information Technology Company Limited (上海巨流信息科技有限公司) ("Ju Liu Information"), a wholly-owned subsidiary of the Group, since 2011.

Mr. Huang beneficially owns the entire issued share capital of Always Bright Enterprises Limited (永光企業有限公司) ("Always Bright"), which in turn held 46,810,194 shares of the Company as at 31 December 2015. For the purposes of the SFO, Mr. Huang is deemed to be interested in all the shares of the Company held by Always Bright.

Mr. Huang has not held any directorship in other listed public companies in the last three years.

Mr. Song Yijun (宋義俊先生)

Mr. Song Yijun ("Mr. Song"), aged 43, is an executive Director and the deputy general manager of the Group. He entered into a director's service contract with the Company for a term of three years commencing from 27 April 2015.

Mr. Song graduated from Shanghai Jiao Tong University with a bachelor's degree in Biological and Medical Engineering and Equipment in 1995. He further obtained a master degree in business administration from Fudan University in 2008.

Mr. Song has over 20 years of experience in strategic operation and marketing management. Before joining the Group, Mr. Song was the general manager and deputy general manager of various companies of Haier Electrical Appliances Co., Ltd., the general manager of various companies, including Qingdao Yishang Trading Company Limited (青島億商貿易有限公司), Foshan Haishenglong Electrical Company Limited (佛山市海盛隆電器有限公司), and Oulida Electrical Company Limited. He also worked for Shanghai Xinhua Media Co. Ltd (上海新華傳媒股份有限公司), during which he served as the general manager of the sales department, the general manager of the wholesale department, the deputy chief officer of the strategic and development department; and the deputy chief officer of the strategic management department.

Mr. Song has not held any directorship in other listed public companies in the last three years.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Zhou Ruijin (周瑞金先生)

Mr. Zhou Ruijin ("Mr. Zhou"), aged 76, is an independent non-executive Director. He entered into a director's service agreement with the Company for a term of three years commencing from 27 April 2015. Mr. Zhou serves as the chairman of the Remuneration Committee and the Nomination Committee under the Board.

Mr. Zhou graduated from the Department of Journalism in Fudan University in 1962. Upon graduation, he served as the deputy officer, officer, member of the edit committee, assistant to editor-in-chief and deputy editor-in-chief of the commentary department of Jiefang Daily (解放日報); and the deputy editor-in-chief of People's Daily (人民日報).

Mr. Zhou possesses over 40 years of experience in media industry in the PRC and was a member of the standing committee of the Shanghai Journalism Association (上海市新聞學會) as well as the part-time professor of the Department of Journalism of Fudan University, the Department of Journalism and Human Sciences of Shanghai University of Technology and the Beijing Broadcasting Institute. In 1987, Mr. Zhou was selected as the senior editor by the National Journalism Senior Professional Duties Qualification Selection Committee (全國新聞高級專業職務資格評審委員會). In 1992, Mr. Zhou was selected by the State Council as an expert scholar with outstanding contribution being entitled to special subsidy from the government. In January 2001, Mr. Zhou was elected as the president of Shanghai Association of Productivity Science (上海生產力學會) and deputy president of the 13th Chinese Association of Productivity Science (全國生產力學會).

Between June 2000 and December 2009, Mr. Zhou was an independent director of China Eastern Airlines Corporation Limited (中國東方航空股份有限公司) (600115.SH, 00670.HK, NYSE: CEA). In 2013, Mr. Zhou has been served as independent director of China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司) (06881.HK). In 2014, Mr. Zhou has been served as independent director of Shanghai CIMIC Holdings Co., Ltd. (上海斯米克控股股份有限公司) (002162.SZ) (he has resigned from the position of independent director of the company).

Save as disclosed above, Mr. Zhou has not held any directorship in other listed public companies in the last three years.

Mr. Lin Zhiming (林志明先生)

Mr. Lin Zhiming ("Mr. Lin"), aged 57, is an independent non-executive Director. He entered into a director's service agreement with the Company for a term of three years commencing from 27 April 2015.

Mr. Lin completed the study of Library Science at College of Liberal Arts Shanghai University (上海大學文學院) (formerly known as the branch school of Fudan University (復旦大學分校)) in 1983. He is currently the deputy director of Sunage Sports Communications Research Institute, Shanghai University (上海大學三傑體育傳播研究所). He is also a specially engaged professor of School of Film and Television Arts and Technology, Shanghai University (上海大學影視藝術技術學院) and a tutor in Journalism and Communication for master's degree students at the graduate school of the university.

Mr. Lin has more than 23 years of experience in marketing and corporate image building and communications. Since 2005, Mr. Lin has been the chief executive officer of Shanghai Sunage Advertising Company Limited (上海三杰廣告有限公司) where he is primarily in charge of strategic planning, organisation and execution of sports events and related projects. Between 1992 and 2004, Mr. Lin was the general manager of Shanghai Idea CIS Design and Consulting Company (上海艾迪企業形象設計顧問公司) where he was responsible for assisting clients in corporate image design and planning, providing them with research and advisory services in, amongst other things, PR communications strategies as well as the daily operations and administration of the company.

Mr. Lin has not held any directorship in other listed public companies in the last three years.

Ms. Hsu Wai Man, Helen (徐慧敏女士)

Ms. Hsu Wai Man, Helen ("Ms. Hsu"), aged 46, is an independent non-executive Director. She entered into a director's service contract with the Company for a term of three years commencing from 27 April 2015. Ms. Hsu serves as the chairlady of the Audit Committee under the Board.

Ms. Hsu graduated from The Chinese University of Hong Kong with a bachelor's degree in Business Administration in 1992. Before joining the Group, Ms. Hsu was a partner of Ernst & Young.

With over 21 years of experience in accounting, Ms. Hsu is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.

Save for the aforesaid serving conditions in the Company, the positions held currently by Ms. Hsu are listed below: an independent non-executive Director of Perfect Shape (PRC) Holdings Limited (1830.HK) since December 2011; an independent non-executive Director of Richly Field China Development Limited (313.HK) since November 2013; an independent non-executive Director of TCL Display Technology Holdings Limited (334.HK) since June 2015; and an independent non-executive Director of Titan Petrochemicals Group Limited (1192.HK) since December 2015.

The positions held by Ms. Hsu in the past are listed below: an independent non-executive Director of China Forestry Holdings Co., Ltd. (930.HK) from June 2011 to June 2015; an independent non-executive Director of Fujian Nuoqi Co., Ltd. (1353.HK) from June 2013 to September 2015; an independent Director of SGOCO Group, Ltd (a company listed on the Nasdaq stock market, stock code: SGOC) from April 2013 to December 2015; and an independent non-executive Director of China Kingstone Mining Holdings Limited (1380.HK) from July 2015 to December 2015.

Save as disclosed above, Ms. Hsu has not held any directorship in other listed public companies in the last three years.

SENIOR MANAGEMENT

Mr. Fan Youyuan (范幼元先生)

Chief executive officer of the Company

For biographical details of Mr. Fan, please refer to the paragraphs under the section headed "Executive Directors" in this report.

Mr. Patrick Zheng *(Note 1)*

Chief strategic officer of the Company

For biographical details of Mr. Zheng, please refer to the paragraphs under the section headed "Executive Directors" in this report.

Mr. Huo Zhongyan (霍中彥先生) *(Note 2)*

Chief operating officer of the Company

Mr. Huo, aged 36, is the chief operating officer of the Company. He joined the Group in November 2015 and he entered into a service contract with the Company for a term of three years commencing from 16 November 2015. Mr. Huo has ample experiences in commercial and corporate management as well as acquisitions and equity investment. Mr. Huo served as an investment manager in Jiefang Press Group* (解放日報報業集團) and a director of the strategic investment department in Shanghai Xinhua Media Co., Ltd, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600825). Further, Mr. Huo has engaged in equity investment and capital services, led and participated in a number of investment projects regarding mergers and acquisitions, restructuring and start-ups since 2010.

Mr. Huang Wei (黃維先生) *(Note 3)*

General Manager of Ju Liu Information and Shanghai Ju Liu Software Company Limited (上海巨流軟件有限公司) ("Ju Liu Software")

For biographical details of Mr. Huang, please refer to the paragraphs under the section headed "Executive Directors" in this report.

Ms. He Weiqi (賀維琪女士) *(Note 4)*

General Manager of Shanghai SumZone Advertising Company Limited (上海三眾廣告有限公司) ("SumZone Advertising") and Shanghai SumZone Marketing Company Limited (上海三眾營銷策劃有限公司) ("SumZone Marketing")

Ms. He, aged 45, is the general manager of SumZone Advertising and SumZone Marketing. She joined the Group in April 2007 and served as the vice general manager. She acted as the executive Director of the Company in 2011 and resigned from the post on 20 January 2015. Before joining the Group, Ms. He worked as the finance officer of Shanghai Shenyan Advertising Co. Ltd (上海申燕廣告有限公司), a wholly-owned subsidiary of Shanghai Machine Tool Works Trading Co. Ltd (上海機床工具貿易集團有限公司) and the general manager of Shanghai Aojing Printing Company Limited (上海奧敬印務有限公司). Ms. He has 22 years of experience in finance and corporate management.

* For identification purposes only

Mr. Yu Dawei (于大衛先生)

Chief officer of automobile business of SumZone Advertising

Mr. Yu, aged 36, is the chief officer of automobile business of SumZone Advertising. He joined the Group in May 2003. Mr. Yu has solid practical experience in relation to media operation in the media industry, and is familiar with management of media operation and management of editorial work of magazines. Before joining the Group, Mr. Yu was the editor and the deputy officer of the editorial department of Auto Report Magazine, where he was responsible for editing various columns, liaising with authors of various special columns and maintenance of day-to-day public relations.

Ms. Sun Tian (孫田女士)

Chief officer of advertising business of SumZone Advertising

Ms. Sun, aged 35, is the chief officer of advertising business of SumZone Advertising. She joined the Group in July 2004. She has held various positions, including administrative and human resource manager, assistant to general manager and project manager. Ms. Sun has accumulated solid on-job experience in relation to advertising operation and management, and is familiar with the procedures in relation to media release, advertising agency and integration and marketing of brands. Ms. Sun also has solid experience in general operation management.

Ms. He Ni (何旎女士)

Chief officer of event marketing department of SumZone Advertising

Ms. He, aged 36, is the chief officer of the event marketing department of SumZone Advertising. She joined the Group in April 2007. Before joining the Group, Ms. He was the Office Manager of Shanghai Rushun Trading Co. Ltd. (上海如順貿易有限公司), responsible for issuing invoice for customers, goods inspection, logistics, collection of receivables, and office-related administrative work. She joined the Group in April 2007 and has held various positions, including assistant to operations director, officer of the general office and project manager. She is experienced in administrative affairs and business and management, in particular in relation to digital marketing, EPR and event marketing businesses.

Note 1: On 20 January 2015, Mr. Patrick Zheng was appointed as an executive Director and the chief strategic officer of the Group.

Note 2: On 16 November 2015, Mr. Huo Zhongyan was appointed as a chief operating officer of the Group. For further biographical details of Mr. Huo, please refer to the announcement of the Company dated 16 November 2015 in relation to, among other things, the appointment of chief operating officer.

Note 3: On 20 January 2015, Mr. Huang Wei was appointed as an executive Director of the Group.

Note 4: On 20 January 2015, Ms. He Weiqi resigned as an executive Director. On the same date, she was appointed as the general manager of SumZone Advertising and SumZone Marketing.

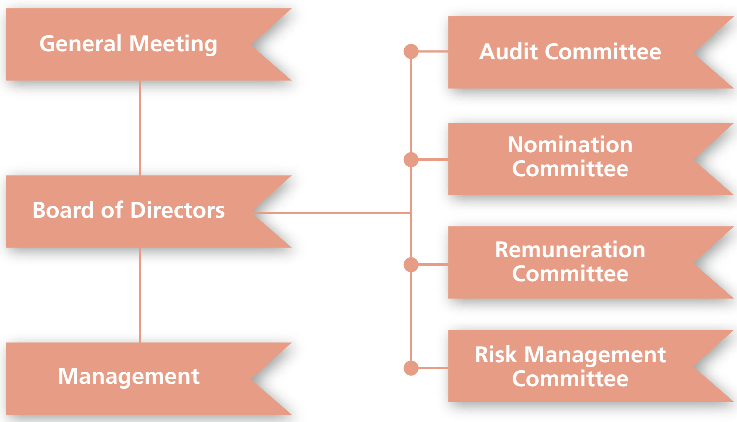
CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining sound corporate governance standards and procedures to ensure the timeliness, transparency and completeness of its information disclosure, and strives to achieve a more standardised operational and effective management, so as to safeguard investors' interests as a whole to the greatest extent.

The Board of the Company is responsible for performing the corporate governance duties, which includes formulation and review of the Company's policies and practices on corporate governance, review and monitor of the Company's policies and practices on compliance with legal and regulatory requirements, formulation, review and monitor of the code of conduct and Compliance Manual applicable to employees and directors, as well as review of the Company's compliance with the Corporate Governance Code in Appendix 14 to the Listing Rules ("the Corporate Governance Code") and disclosure in the Corporate Governance Report.

The Directors consider that the Company has continuously complied with all the code provisions of the Corporate Governance Code during the Review Period.

The Corporate Governance Structure of the Company for the year ended 31 December 2015 is as follows:



MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry with all the Directors, each of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the Review Period.

BOARD OF DIRECTORS

The Board has the responsibility of setting the general strategy of the Group, supervising the results of performance of the Group, approving operating plans and investment proposals. The Board has authorised the management or senior management who are responsible for various business and function to handle the daily operation and day-to-day management affairs of the Group and report to the Board from time to time.

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE

Mr. Fang Bin is the chairman of the Board of the Company and is responsible for leading the Board to operate effectively, ensuring the Board handles key affairs in a timely manner, as well as setting up the general business strategies for the Group.

Mr. Fan Youyuan is the chief executive of the Company and is authorised by the Board to be responsible for implementing the Group's business and formulating the day-to-day management strategies of the Group.

The Company considers that there is a clear division of the duties and responsibilities of the chairman of the Board and the chief executive. There is no relationship in respect of any financial, business, family or other material relevant aspects among members of the Board. All of them are free to exercise their independent judgment.

COMPOSITION OF THE BOARD

As at the date of this report, the Board comprised eight Directors, five of which are executive Directors (Mr. Fang Bin, Mr. Fan Youyuan, Mr. Patrick Zheng, Mr. Huang Wei and Mr. Song Yijun are the executive Directors) and three of which are independent non-executive Directors (Mr. Zhou Ruijin, Mr. Lin Zhiming and Ms. Hsu Wai Man, Helen). Mr. Fang Bin is the chairman of the Board and Mr. Fan Youyuan is the Chief Executive Officer of the Company.

Each of Mr. Zhou Ruijin, Mr. Lin Zhiming and Ms. Hsu Wai Man, Helen, all being independent non-executive Directors, has entered into a service contract with the Company for a term of three years commencing from 27 April 2015, subject to retirement and re-election at the annual general meeting of the Company.

All Directors (including independent non-executive Directors) have clear terms of appointment. The independent non-executive Directors are persons with academic and professional qualifications. The Company has received from each of the independent non-executive Directors an annual independence confirmation under Rule 3.13 of the Listing Rules, and considers that all the independent non-executive Directors are independent.

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 December 2015, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors regarding their financial reporting are set out in the independent auditor's report attached to this annual report.

BOARD MEETINGS AND GENERAL MEETING

The Company convenes meetings for the Board and board committees in accordance with the requirements of the Listing Rules and the articles of association of the Company. During the Review Period, the attendance of each Director in meetings for the Board, the board committees, and general meetings is as follows:

	Attendance/required attendance (times) for 2015				
	The Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
Executive Directors					
Fang Bin	5/5	/	/	/	1/1
Patrick Zheng(1)	4/4	/	/	/	1/1
Huang Wei(2)	4/4	/	/	/	1/1
Song Yijun	5/5	/	/	/	1/1
Fan Youyuan(3)	5/5	/	/	/	1/1
He Weiqi(4)	0/1	/	/	/	0/1
Independent non-executive Directors					
Zhou Ruijin	5/5	4/5	4/4	4/4	1/1
Lin Zhiming	5/5	5/5	4/4	4/4	1/1
Hsu Wai Man, Helen	5/5	5/5	4/4	4/4	1/1

Note (1) Mr. Patrick Zheng has been appointed as an executive Director of the Company on 20 January 2015.

Note (2) Mr. Huang Wei has been appointed as an executive Director of the Company on 20 January 2015.

Note (3) Mr. Fan Youyuan has been re-designated as an executive Director of the Company on 16 November 2015.

Note (4) Ms. He Weiqi has resigned as an executive Director of the Company on 20 January 2015.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

The Company regularly dispatches a Directors' management list which sets out the primary business and financial conditions of the Company to the Directors in each month, with a purpose of enhancing their comprehensive understanding of the Company. At the same time, the Company also continues to make announcements to the Directors regarding the updates of the Listing Rules and other relevant information about corporate governance and Directors' responsibilities, and arranges relevant trainings to ensure that the Directors have the knowledge in respect of their responsibilities under the relevant laws and regulations. The Company also encourages all Directors to participate in continuous professional development so that they would be able to develop and update their knowledge and skills, and thus ensure that their contribution to the Board is made under complete information and with relevance to their needs.

During the Review Period, the Directors were involved in several trainings including:

1. participation in trainings and/or seminars in respect of the industries, businesses, Directors' responsibilities and/or corporate governance related to the Company;

2. reading the materials in respect of the industries, businesses, Directors' responsibilities and/or corporate governance related to the Company; and/or reading the updated information issued by the Company regularly; and

3. participation in trainings and reading materials in relation to their respective professional knowledge and skills.

BOARD COMMITTEES

As an important component of sound corporate governance practices and to oversee the general affairs of the Company in each aspect as well as to assist the Board to perform its duties, the Board had set up four board committees, which are Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee. The members of Audit Committee, Remuneration Committee and Nomination Committee are independent non-executive Directors to ensure that independent and objective opinions could be sufficiently expressed and serve the role of inspection and supervision.

The list of members and terms of reference of each of the board committees are disclosed on the websites of the Company and the Stock Exchange.

AUDIT COMMITTEE

The Audit Committee has 3 members, comprising Ms. Hsu Wai Man, Helen, Mr. Lin Zhiming and Mr. Zhou Ruijin (all being independent non-executive Directors). This committee is chaired by Ms. Hsu Wai Man, Helen.

The primary duties of the Audit Committee are, among others: to monitor, review the financial reports and give advice on matters in respect of financial reporting; to make recommendations to the Board on the appointment, reappointment and removal of external auditors; and to oversee internal control procedures of the Company.

During the Review Period, the Audit Committee had held 5 meetings to review the 2014 annual results and report, the 2015 first quarterly results announcement and report, the 2015 interim results announcement and report, internal control and to meet with external auditors.

The Audit Committee had reviewed the audited financial statements, annual results announcement and report of the Group for the year ended 31 December 2015 and had submitted the same to the Board for approval. Members of the Audit Committee were of the opinion that the preparation of such results announcement and report complied with the applicable accounting standards, the Listing Rules and that adequate disclosure had been made.

REMUNERATION COMMITTEE

The Remuneration Committee has 3 members, comprising Mr. Zhou Ruijin, Ms. Hsu Wai Man, Helen and Mr. Lin Zhiming (all being independent non-executive Directors). This committee is chaired by Mr. Zhou Ruijin.

The main duties of the Remuneration Committee are, among others: to make recommendations to the Board on the remuneration package of individual executive Directors and senior management of the Company; and to ensure none of the Directors determines his/her own remuneration.

The goal of developing staff remuneration packages is to enable the Company to motivate the executive Directors and senior management by linking their remuneration to the Company's operating results, individual performances and comparable market rates.

The Remuneration Committee had held 4 meetings during the Review Period, and reviewed the following matters:

(1) the overall remuneration policy and structure relating to Directors and senior management of the Company;

(2) considered the remuneration package of the Directors who renewed their contract during the year;

(3) considered the remuneration package of the chief executive and the chief operating officer; and

(4) considered the remuneration package for newly appointed directors.

NOMINATION COMMITTEE

The Nomination Committee has 3 members, comprising Mr. Zhou Ruijin, Mr. Lin Zhiming and Ms. Hsu Wai Man, Helen (all being independent non-executive Directors). This committee is chaired by Mr. Zhou Ruijin.

The primary function of the Nomination Committee is to make recommendations to the Board regarding the appointment of Directors and candidates to fill vacancies of the Board.

The Nomination Committee had held 4 meetings during the Review Period, and reviewed the following matters:

(1) reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board, assessed the independence of the independent non-executive Directors and reviewed the qualifications of the proposed Directors to be re-elected at the annual general meetings of the Company;

(2) considered the proposal of the Director whose contract is subject to renewal during the year;

(3) considered the proposal on the appointment of the chief executive and the chief operating officer; and

(4) considered the proposal on the appointment of new directors.

Furthermore, the Group has developed policies in relation to the diversity of the members of the Board and the summary of those policies is as follows:

(1) selection of Board members will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and

(2) the Nomination Committee will monitor the implementation of the diversity policy from time to time to ensure the effectiveness of the diversity policy.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee has 3 members, comprising Mr. Fan Youyuan (being the executive Director), Mr. Lin Zhiming (being the independent non-executive Director) and Mr. Huo Zhongyan (being the chief operating officer of the Company). This committee is chaired by Mr. Fan Youyuan.

The main duties of the Risk Management Committee are, among others: to advise the Board on the overall risk preference/tolerance and risk management strategies of the Group, and to monitor the implementation of those strategies by the senior management that are established and approved by the Board, and aligned with the Company's overall business objectives.

The Risk Management Committee was established on 28 December 2015 and did not hold any meeting during the Review Period.

SENIOR MANAGEMENT'S REMUNERATION

The remuneration payment of the senior management of the Group (excluding the Directors) in the year ended 31 December 2015 falls within the following band:

Remuneration amount	Number of individual
RMB60,000–RMB542,000	5

Note: As Mr. Huo Zhongyan joined the Group as senior management in November 2015, the amount of his remuneration recorded for the year ended 31 December 2015 was relatively low.

AUDITOR'S REMUNERATION

During the Review Period, the fees payable to the Company's external auditor, BDO Limited, for the audit and non-audit services of HK$1,680,000 are set out as follows:

Services rendered	Fees paid/payable *HKD*
Auditing service	1,430,000
Non-audit services (services relating to the Company's transfer of listing)	250,000

INTERNAL CONTROLS

The Board of the Company is solely responsible for maintaining sound and effective internal controls of the Group so as to safeguard the assets of the Group against unauthorised use or disposal, keep appropriate accounting records for the provision of reliable financial information to be used or published within the scope of business, and ensure the compliance with applicable laws and requirements.

The Board had reviewed the internal control system for the year ended 31 December 2015 through the Audit Committee, the management of the Company, the internal audit department of the Company and external auditors. Such review covers all the important aspects of controls, including financial control, operating control, compliance control and functions of risk management, and the primary control measures adopted are summarised as follows:

1. further optimising guidelines for corporate governance. Such guidelines are a combination of the actual situation of the Company, detailed scopes, authority and procedures of governance so as to further standardise the decisions made by the Company;

2. optimising guidelines for management of parent-subsidiary companies; and

3. reinforcing the rectification to and supervision on identified issues.

COMPANY SECRETARY

Mr. Tam Tak Kei, Raymond (CPA) was appointed as the secretary of the Company. Mr. Tam Tak Kei, Raymond has satisfied the requirements in respect of receiving professional training under Rule 3.29 of the Listing Rules.

INVESTORS RELATIONS

The Company endeavours to develop and maintains continuing relationships and effective communications with the shareholders and investors of the Company. From the Listing date to the year ended 31 December 2015, there was no material change in the articles of association of the Company.

INVESTORS RELATIONS ACTIVITIES

The Company conveys information to shareholders and investment community primarily through the financial reports of the Company, annual general meetings and other general meetings that may be held, as well as the provision of all discloseable information which had been submitted to the Stock Exchange and other information published on the Company's website.

The last shareholders' meeting was the annual general meeting held on 12 June 2015 at No.188-15, South Longshui Road, Xuhui District, Shanghai, PRC for approval of, among other things, the general mandates to issue and purchase shares of the Company and the re-election and re-appointment of Directors. All proposed ordinary resolutions were passed by way of poll at the meeting.

In addition, during the Review Period, the management of the Company conducted effective meetings and communications with analysts and investors through organizing and participating in press conferences, road shows, one-on-one meetings and press releases.

INFORMATION DISCLOSURE

The Company asserts that not only does information disclosure be the duties and obligations that shall be performed by listed companies in accordance with the regulatory requirements to protect the interests of investors, but also be an important means for the capital market to acquire understanding towards the Company with an aim of enhancing the transparency of the Company.

In 2015, the Company disclosed the relevant results, operating conditions, financial information, poll results of general meetings and voluntary disclosures of the Company objectively and in detail through publication of corporate information, including announcements and circulars.

During the Review Period, the Company mainly set out the following information on the websites of the Stock Exchange and the Company pursuant to the Listing Rules and the voluntary disclosure:

9 February	Proposed Transfer of Listing from the GEM to the Main Board of the Stock Exchange of Hong Kong Limited
30 March	2014 Annual Report
30 March	Notice of Annual General Meeting
8 May	First Quarterly Report 2015
12 June	Poll Results of the 2014 Annual General Meeting and Re-Election of Retiring Directors
9 August	Further Announcement on the Proposed Transfer of Listing from the GEM to the Main Board of the Stock Exchange of Hong Kong Limited
13 August	Interim Report 2015
26 August	Transfer of Listing from the GEM to the Main Board of the Stock Exchange of Hong Kong Limited
16 November	Voluntary Announcement in Relation to New Business Development; Memorandum of Understanding Relating to the Proposed Acquisition; Memorandum of Understanding Relating to the Proposed Subscription; Appointment of Management; and Subscription of New Shares Under General Mandate Subscription of New Shares Under General Mandate Appointment of Chief Executive Officer and Re-Designation of Executive Director and Appointment of Chief Operating Officer
28 December	Establishment of Risk Management Committee
30 December	Voluntary Announcement in Relation to the Acquisition of 34% Equity Interest in Shanghai Lingang Cultural Industry Development Company Limited (上海臨港文化產業發展有限公司)

SHAREHOLDERS' RIGHTS

Convening extraordinary general meetings

Pursuant to Article 64 of the articles of association of the Company, any shareholders, at the date of deposit of the requisition, holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene such meeting shall be reimbursed to the requisitionist(s) by the Company.

Procedures for putting forward proposals at general meetings by shareholders

Pursuant to article 113 of the articles of association of the Company, no person (other than a retiring Director) shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The procedures for shareholders of the Company to propose a person for election as a Director are posted on the website of the Company.

Enquiries to the Board

Shareholders could direct their questions about their shareholdings to the Company's share registrar in Hong Kong, Tricor Investor Services Limited. The investment community may at any time make a request for the Company's information to the extent such information is publicly available and we would provide designated contact person, email addresses and hotline of the Company in order to enable them to make any query in respect of the Company.

Shareholders and potential investors are welcome to communicate with the Company by emailing to ir@brandingchinagroup.com or telephone at +8621 64861277. Shareholders may also put forward their written enquiries to the Board at No. 54 Shaoxing Road, Huangpu District, Shanghai 200020, PRC, to the attention of the Board of Directors.

The Directors hereby present their report and the audited financial statements for the year ended 31 December 2015 (the "Financial Statements").

GROUP REORGANISATION

The Company was incorporated as an exempted company in the Cayman Islands on 15 March 2011 under the Companies Laws of Cayman Islands. Through a group reorganisation as fully explained in the prospectus of the Company dated 17 April 2012 (the "Prospectus"), the Company has since 26 August 2011 become the holding company of the Group. The Company has completed its placing on 27 April 2012 and the shares of the Company were listed on the GEM of the Stock Exchange. The Company entered into an agreement for acquisition on 19 April 2013. As a result of the acquisition, the Group acquired Grand Rapids Mobile and indirectly held the entire equity interests of Ju Liu Information. The listing of shares of the Company (the "Shares") was transferred from the GEM to the Main Board of the Stock Exchange on 8 September 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 1 to the financial statements. During the year ended 31 December 2015, business activities of the Group have been expanded from provision of advertising, public relation and event marketing services to park area services, equity investment services and corporate value-added services.

An analysis of the Group's results for the year ended 31 December 2015 by segments is set out in the Financial Statements on pages 55 to 60.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2015 is set out in the section headed "Management Discussion and Analysis" on pages 14 to 18 of this annual report.

RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 December 2015 and the state of affairs of the Company and the Group as at that date are set out in the consolidated statement of changes in equity. The Board does not recommend the payment of any dividend for the year ended 31 December 2015.

SUMMARY OF FINANCIAL INFORMATION

The summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 7.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in note 14 to the Financial Statements.

SHARE CAPITAL AND SHARE OPTION

Details of the movements in the Company's share capital during the year ended 31 December 2015 are set out in note 26 to the Financial Statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2015 are set out in note 27 to the Financial Statements and the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's reserves available for distribution amounted to RMB178,885,210 as computed in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

MAJOR CLIENTS AND SUPPLIERS

The percentages of sales and purchases for the year ended 31 December 2015 attributable to the Group's major clients and suppliers were as follows:

(1) The aggregate amount of revenue attributable to the Group's five largest clients represented approximately 41.46% of the Group's total revenue. The amount of revenue from the Group's largest client represented approximately 12.33% of the Group's total revenue.

(2) The aggregate amount of purchases attributable to the Group's five largest suppliers represented approximately 47.22% of the Group's total purchases. The amount of purchases from the Group's largest supplier represented approximately 17.42% of the Group's total purchases.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest clients and/or five largest suppliers.

DIRECTORS

The Directors as at the date of this report were as follows:

Executive Directors:

Mr. Fang Bin
Mr. Fan Youyuan (being redesignated as an executive director of the Company on 16 November 2015)
Mr. Patrick Zheng (being appointed as an executive director of the Company on 21 January 2015)
Mr. Huang Wei (being appointed as an executive director of the Company on 21 January 2015)
Mr. Song Yijun

Independent non-executive Directors:

Mr. Zhou Ruijin
Mr. Lin Zhiming
Ms. Hsu Wai Man, Helen

In accordance with Article 112 of the Company's article of association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and any Director appointed by the Board as an additional Director shall hold office only until the next following annual general meeting of the Company. Pursuant to Article 108(a) of the articles of the association of the Company, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation, whereby Mr. Fan Youyuan, Ms. Hsu Wai Man, Helen and Mr. Fang Bin will retire from office as Directors at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and other senior management are disclosed in the section headed "Biographical Details of Directors and Senior Management" on pages 19 to 24 in this report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the section headed "Continuing Connected Transactions" in this report, no Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party subsisting during the year ended 31 December 2015 or as at 31 December 2015. Please refer to the section headed "Continuing Connected Transactions" in this report for the particulars of the contract of significance between member of the Group and the controlling shareholder of the Company.

MANAGEMENT CONTRACTS

Save as the Structured Contracts (details of which are set out in the section headed "Continuing Connected Transactions" below), no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2015.

REMUNERATION OF THE DIRECTORS

Details of the remuneration of the Directors are set out in note 9 to the Financial Statements in this annual report.

PERMITTED INDEMNITY

Pursuant to the Company's Articles of Association, the Directors, Managing Directors, alternate Directors, Auditors, Secretary and other officers for the time being of the Company shall be indemnified and secured harmless out of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or about the execution of their duty in their offices or in relation thereto.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. The remuneration of the Directors is determined with reference to the economic situation, the market conditions, the responsibilities and duties assumed by each Director as well as their individual performance.

The Company has adopted a share option scheme as incentive to Directors and eligible employees, details of which are set out in the section headed "Share Option Scheme" below. The Company has also adopted an employee's share award scheme, details of which are set out in the section headed "Employee's Share Award Scheme".

PENSION SCHEMES

The employees of the Group's subsidiaries which operate in the PRC participate in the central pension schemes operated by the local government. Particulars of these central pension schemes are set out in note 3(l) to the Financial Statements.

NON-COMPETITION UNDERTAKING

In order to protect the Group's interest in its business activities, the Company, Lapta International Limited and Mr. Fang Bin (the controlling shareholders of the Company) and Mr. Song Yijun (an executive Director) (the "Covenantors") entered into the deed of non-competition (the "Deed") on 10 April 2012. Under the terms of the Deed, each of the Covenantors of the Company, among others, has irrevocably and unconditionally undertaken to the Company (for itself and for the benefit of each of its subsidiaries for the time being) that with effect from the date of listing of the Company on the Stock Exchange and for so long as he/it remains as a Director and/or a controlling shareholder of the Company or during the period when the Shares remain listed on the Stock Exchange, except for transactions contemplated under agreements (if any) entered or to be entered into with the Group, that he/it will not, and will procure his/its associates (other than the Group) not to compete directly or indirectly with the businesses of the Group.

Details of the Deed have been set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus. The Company has received a written confirmation from each of the Covenantors in respect of its/his compliance with the terms of the Deed during the year ended 31 December 2015 and up to the date of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 December 2015 and up to the date of this report, none of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2015.

EQUITY-LINKED AGREEMENTS

On 16 November 2015, the Company entered into the subscription agreements (the "Subscription Agreements") with four third-party investors (the "Subscribers"), pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, 49,362,038 ordinary shares (the "Subscription Shares") at the subscription price of HK$2.42 per Subscription Share (the "Subscription"). Completion of the Subscription Agreements is subject to the following conditions:

(i) each of the Subscribers having obtained the necessary approvals and consents in relation to the Subscription (including but not limited to (1) the internal approvals and authorisations of the shareholders of the Subscribers (if required); and (2) the approval and consent of the competent governmental and regulatory authorities in the PRC (including but not limited to the Commission of Commerce and the State Administration of Foreign Exchange) (if required));

(ii) a due diligence investigation on the Company having been completed to the reasonable satisfaction of the Subscribers;

(iii) the number of shares of the Company held by the public will not fall below 25% of the issued share capital of the Company after completion of the Subscription;

(iv) the Company having obtained the necessary approval and consents in relation to the Subscription; and

(v) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares.

Pursuant to the supplemental deeds to the Subscription Agreements entered into between the Company and the respective Subscribers, the latest time for fulfillment of the above conditions is 30 April 2016 (or at such other date and time as may be agreed between the respective parties to each of the Subscription Agreements).

The consideration for the Subscription Shares shall be a total of approximately HK$119.5 million which is payable by the Subscribers to the Company in cash upon completion of the Subscription.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a responsible corporation, the Group strives to ensure minimal environmental impacts by carefully managing our energy consumption, water usage and waste production. At office level, the Company has implemented green initiatives and encourage staff to join environmental related training.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board pays attention to the Group's policies and practices on compliance with legal and regulatory requirements. External compliance and legal advisers are engaged to ensure transactions and business performed by the Group are within the applicable law framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board considers that the demands on the integrated marketing communication services in the second half of the year are usually higher than those in the first half of the year for each financial year. The main reason is due to the increase in the expenses of advertising and public relation activities to facilitate the sales and in turn achieve the annual sales target of brand owners.

However, the Company may not be able to predict the changes of factors including seasonality and economical conditions in the PRC and other places worldwide in the future accurately due to the fact that any negative changes of such factors could results in the fluctuations of the Group's business directly or indirectly.

The Board also considers that factors including foreign exchange exposure (detailed in the section headed "Foreign Exchange Risk" under "Management Analysis and Discussion") and contractual arrangements (detailed in the section headed "Contractual Arrangements" under "Report of the Directors") could have the possibility to incur adverse impacts.

FUTURE DEVELOPMENT OF THE BUSINESS

In the coming year, the Group targets to develop an innovative business model and expand the target clients and scope of corporate services to include park area services, equity investment services and corporate value-added services.

AUDIT COMMITTEE

The Audit Committee together with the management have reviewed the accounting standards and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters in connection with the preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2015.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed public float under the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and the Listing Rules (as the case may be) since the Listing Date and up to the date of this report.

AUDITOR

BDO Limited has been appointed by the Directors as the first auditor of the Company since the Listing Date. BDO Limited will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company. The consolidated financial statements for the year ended 31 December 2015 of the Company have been audited by BDO Limited.

EMPLOYEES' SHARE AWARD SCHEME

On 29 September 2014, the Company has adopted an employees' share award scheme (the "Share Award Scheme"). The Share Award Scheme is to recognise the contributions by certain selected employees and to give incentives thereto in order to retain them for the continual operations and development of the Group and to attract suitable personnel for further development of the Group.

The Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary award scheme of the Company. For details of the Share Award Scheme, please refer to the announcement of the Company dated 29 September 2014.

No Share was awarded under the Share Award Scheme during the year ended 31 December 2015.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 10 April 2012.

Purpose

The purpose of the Share Option Scheme is to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group.

Participants

The Board are authorised, at their absolute discretion and subject to the terms of the Share Option Scheme, to grant options to subscribe the Shares to, inter alia, any employees (full-time or part-time), Directors, consultants, advisors, distributors, contractors, suppliers, agents, clients, business partners or service providers of the Group.

Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of the issued share capital of the Company as at the Listing Date (i.e. a total of 20,000,000 Shares, representing approximately 8.10% of the issued share capital of the Company as at the date of this report).

Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of options (including both exercised and outstanding options) by any participant under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue of the Company.

Term of subscription of Shares upon exercise of Share Options

An option may be exercised by the grantee in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant and subject to the provisions of early termination thereof.

Minimum period for which an option must be held before it can be exercised

The Board may in its absolute discretion set a minimum period for which an option must be held and performance targets must be achieved before an option can be exercised.

Term of acceptance and the amount payable on acceptance of the option

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer is made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

Basis of determining the subscription price

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares on the date of grant of the option.

Valid term for the Share Option Scheme

The Share Option Scheme became unconditional upon the Listing Date and shall be valid for a period of ten years commencing on 10 April 2012, subject to the early termination provisions contained in the Share Option Scheme.

The Company shall be entitled to grant options, provided that the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not exceed 10% of the Shares in issue on the Listing Date. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the Listing Rules, provided that the total number of shares which may be issued upon exercise of all outstanding options to be granted under the Share Option Scheme shall not exceed 30% of the then Shares of the Company in issue from time to time.

Up to the date of this report, no option under the Share Option Scheme has been granted by the Company.

THE INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2015, the interests and short positions of the directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules, were as follows:

Long positions in the Shares

Name of director	Personal interest	Family interest	Interest in controlled corporation	Total	Percentage
Mr. Fang Bin (方彬) *(note 1)*	–	–	112,500,000	112,500,000	45.58%
Mr. Huang Wei (黃維) *(note 2)*	–	–	46,810,194	46,810,194	18.97%
Mr. Fan Youyuan (范幼元) *(note 3)*	–	–	14,700,000	14,700,000	5.96%

Notes:

1. These Shares are owned by Lapta International Limited whose entire interests are beneficially owned by Mr. Fang Bin. Accordingly, under the SFO, Mr. Fang is deemed or taken to be interested in the 112,500,000 Shares held by Lapta International Limited.

2. These Shares are owned by Always Bright Enterprises Limited whose entire interests are beneficially owned by Mr. Huang Wei. For the purposes of the SFO, Mr. Huang is deemed or taken to be interested in the 46,810,194 Shares held by Always Bright Enterprises Limited is interested.

3. These Shares are owned by Whales Capital Holdings Limited which is wholly owned by Taocent International Holding Limited which is in turn wholly owned by Mr. Fan Youyuan. Accordingly, under the SFO, Mr. Fan is deemed or taken to be interested in the 14,700,000 Shares held by Whales Capital Holdings Limited.

Save as disclosed above, as at 31 December 2015, none of the directors and chief executive of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which he is taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, so far as the Directors are aware, without taking into account any Shares which will be issued pursuant to the options which may be granted under the Share Option Scheme, the interests or short positions owned by the following persons (other than the directors or chief executive of the Company) in the shares or underlying shares of the Company which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or which are required to be recorded in the register of the Company required to be kept under section 336 of the SFO are as follows:

Long positions in the Shares

Name	Capacity	Number of ordinary Shares	Approximate percentage of the issued share capital
Lapta International Limited	Beneficial owner	112,500,000	45.58%
Always Bright Enterprises Limited *(note 1)*	Beneficial owner	46,810,194	18.97%
Ms. Yuan Yuan (袁媛) *(note 1)*	Spouse's interest	46,810,194	18.97%
Whales Capital Holdings Limited *(note 2)*	Beneficial owner	14,700,000	5.96%
Taocent International Holding Limited *(note 2)*	Interest in controlled corporation	14,700,000	5.96%
Ms. Yin Rong (殷蓉) *(note 2)*	Spouse's interest	14,700,000	5.96%
Jolly Win Management Limited *(note 3)*	Beneficial owner	13,500,000	5.47%
Mr. Lin Kaiwen (林凱文) *(note 3)*	Interest in controlled corporation	13,500,000	5.47%
Ms. Chen Suzhen (陳素珍) *(note 3)*	Spouse's interest	13,500,000	5.47%

Notes:

1. Mr. Huang Wei beneficially owns the entire issued share capital of Always Bright Enterprises Limited, which in turn holds 46,810,194 Shares. For the purposes of the SFO, Mr. Huang Wei is deemed or taken to be interested in all the Shares in which Always Bright Enterprises Limited is interested. Ms. Yuan Yuan is the spouse of Mr. Huang Wei. For the purposes of the SFO, Ms. Yuan Yuan is deemed or taken to be interested in all the Shares in which Mr. Huang Wei is interested.

2. Mr. Fan Youyuan beneficially owns the entire issued share capital of Taocent International Holding Limited, which in turn wholly owns Whales Capital Holdings Limited. Accordingly, under the SFO, Mr. Fan is deemed or taken to be interested in the 14,700,000 Shares held by Whales Capital Holdings Limited. Ms. Yin Rong is the spouse of Mr. Fan Youyuan. For the purposes of SFO, Ms. Yin Rong is deemed or taken to be interested in all Shares in which Mr. Fan Youyuan is interested.

3. Mr. Lin Kaiwen beneficially owns the entire issued share capital of Jolly Win Management Limited, which in turn holds 13,500,000 Shares. For the purposes of the SFO, Mr. Lin Kaiwen is deemed to be interested in all the Shares held by Jolly Win Management Limited. Ms. Chen Suzhen is the spouse of Mr. Lin Kaiwen. For the purposes of the SFO, Ms. Chen Suzhen is deemed to or taken to be interested in all the Shares in which Mr. Lin Kaiwen is interested.

Save as disclosed above, as at 31 December 2015, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

RELATED PARTY TRANSACTIONS

The related party transactions of the Company during the year ended 31 December 2015 are set out in note 28 to the Financial Statements. The related party transactions in relation to the key management personnel remuneration as disclosed in note 28(b) to the Financial Statements include connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.73(6) of the Listing Rules. Save as the aforesaid, the Directors consider that all other related party transactions disclosed in note 28 to the Financial Statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) under Chapter 14A of the Listing Rules and are not required to comply with any of the reporting, annual review, announcement, or independent shareholders' approval requirements under the Listing Rules. The Company confirmed that it has complied with all applicable reporting, annual review, announcement or independent shareholders' approval requirements in accordance with Chapter 14A of the Listing Rules for all connected transactions and continuing connected transactions of the Group.

CONTINUING CONNECTED TRANSACTIONS

Non-exempt Continuing Connected Transactions

During the Review Period, the following transactions carried out by the Group and the connected persons of the Company constituted continuing connected transactions of the Company under the Listing Rules.

1. **Structured Contracts**

   For the reasons as disclosed in the section headed "Connected Transactions" in the Prospectus, a series of structured contracts (the "Structured Contracts") that were designed to provide Shanghai SumZone Enterprise Management Consultancy Company Limited ("Shanghai SumZone Enterprise"), a wholly-owned subsidiary of the Company, with effective control over the financial and operational policies of Shanghai SumZone Media Investment Management Company Limited ("SMU") and (to the extent permitted by PRC laws and regulations) the right to acquire the equity interests in SMU were entered into between or amongst SMU, Shanghai SumZone Enterprise, Mr. Fang Bin or Century Linker (Hong Kong) Limited ("Century Linker"), a wholly-owned subsidiary of the Company. As Mr. Fang is a substantial shareholder and an executive Director of the Company and therefore a connected person of the Company, and both SMU and Shanghai SumZone Enterprise are controlled by Mr. Fang, the transactions contemplated under the Structured Contracts constitute continuing connected transactions under the Listing Rules.

   (a) The exclusive consulting and service agreement dated 1 June 2011 was entered into between Shanghai SumZone Enterprise and SMU, pursuant to which Shanghai SumZone Enterprise shall, on an exclusive basis, provide consulting and other supporting services to SMU. In consideration of the provision of the aforesaid services by Shanghai SumZone Enterprise to SMU, SMU has agreed to pay to Shanghai SumZone Enterprise service fee on an annual basis. Service fee payable to Shanghai SumZone Enterprise will be equivalent to the audited revenue before income tax expenses after deducting, amongst other things, all the necessary costs, expenses and business tax expenses incurred from the business operation of SMU. Nevertheless, Shanghai SumZone Enterprise is entitled to adjust the basis of service fee according to the scale of service provided to SMU. The exclusive consulting and service agreement has become effective on 1 June 2011 and shall continue to be in full force and effect until it is terminated by Shanghai SumZone Enterprise by giving SMU a 30 days' prior written notice of termination. SMU shall have no right to terminate the exclusive consulting and service agreement in any event.

(b) The share pledge agreement dated 1 June 2011 was entered into between Shanghai SumZone Enterprise and Mr. Fang, pursuant to which Mr. Fang agreed to pledge his entire equity interests in SMU to Shanghai SumZone Enterprise to secure the fees and other payables that SMU might be liable to pay to Shanghai SumZone Enterprise under the exclusive consulting and service agreement from time to time. Pursuant to the share pledge agreement, Mr. Fang has undertaken to Shanghai SumZone Enterprise, among other things, not to transfer the interest in his shares in SMU (save and except transfers of shares to Century Linker and/or other designated persons) and not to create or allow any pledge thereon that may affect the rights and interest of Shanghai SumZone Enterprise without the prior written consent from Shanghai SumZone Enterprise. The share pledge agreement shall remain in full force and effect until the termination of the exclusive consulting and service agreement and the discharge of all SMU's obligations under the exclusive consulting and service agreement.

(c) The exclusive business operating agreement dated 1 June 2011 was entered into amongst Shanghai SumZone Enterprise, SMU and Mr. Fang, pursuant to which (a) at the request of SMU and on condition that SMU has complied with the terms of the exclusive business operating agreement, Shanghai SumZone Enterprise may (but was not obliged to) act as a guarantor for SMU in its business-related agreements or transactions; (b) as a counter-guarantee, SMU agreed to pledge its trade receivables and all its assets to Shanghai SumZone Enterprise; (c) SMU should not, without the written approval of Shanghai SumZone Enterprise, conduct any transaction which might affect its assets, rights, obligations or operations; and (d) SMU should appoint a candidate nominated by Shanghai SumZone Enterprise as director(s) of SMU, and SMU should appoint a candidate nominated by Shanghai SumZone Enterprise to be a member of the senior management of SMU. In addition to the aforesaid, Mr. Fang shall transfer all distributable dividends, capital dividend and other asset receivable by him at nil consideration to Shanghai SumZone Enterprise as soon as practicable but in any event no later than three days upon receipt of the same by Mr. Fang. The exclusive business operating agreement shall remain in full force and effect until it is terminated by Shanghai SumZone Enterprise by giving each of SMU and Mr. Fang a 30 days' prior written notice of termination, Shanghai SumZone Enterprise is also entitled to but not obliged to terminate all agreements between itself and SMU if any agreement entered into between them is terminated or expired.

(d) The exclusive option agreement dated 1 June 2011 was entered into among Century Linker, Mr. Fang and SMU, pursuant to which Mr. Fang, being the sole equity holder of SMU, agreed to grant an irrevocable option to Century Linker to acquire from him all or any of the equity interests he held in SMU, on condition that such acquisition should comply with the PRC laws and regulations, at nil consideration or at nominal price if permissible under the PRC law and regulations. In addition, the consideration will be determined by the parties with reference to the valuation of SMU at the time of transfer. The exclusive option agreement shall continue to be in full force and effect until the transfer of all the equity interests in SMU by Mr. Fang to Century Linker or a transferee as designated by Century Linker (based on the date of registration of such transfer) or otherwise terminated by Century Linker unilaterally by written confirmation.

(e) The irrevocable power of attorney (the "Power of Attorney") dated 1 June 2011 was executed by Mr. Fang. The Power of Attorney enables Shanghai SumZone Enterprise to exercise all the powers of the shareholder of SMU through the chairman of its board of directors, and shall be in full force and effect during the term of the Structured Contracts *(note)*.

Note: on 24 August 2015, Mr. Fang Bin in his capacity as the attorney of the Power of Attorney executed a letter of assignment, pursuant to which Mr. Fang Bin assigned all his rights and obligations under the Power of Attorney to Mr. Song Yijun, a PRC citizen, a Director and the general manager of Shanghai SumZone Enterprise. The letter of assignment is irrevocable and will remain effective so far as Mr. Fang Bin is the chairman of Shanghai SumZone Enterprise.

Pursuant to Rule 20.42(3) of the GEM Listing Rules (new Rule 20.103)(Rule 14A.105 of the Listing Rules), the Company applied to the Stock Exchange, and the Stock Exchange has agreed to grant a waiver from strict compliance with (i) announcement and independent Shareholders' approval requirements as set out in Chapter 20 of the GEM Listing Rules (Chapter 14A of the Listing Rules) in respect of the transactions contemplated under the Structured Contracts; (ii) the requirement of setting a maximum aggregate annual value (i.e. an annual cap) for the fees payable to Shanghai SumZone Enterprise under the Structured Contracts; and (iii) the requirement of limiting the term of the Structured Contracts to three years or less, for so long as the Shares are listed on the Stock Exchange subject to certain conditions as set out in the section headed "Connected Transactions" in the Prospectus.

2. The SumZone Advertising Agreement and the SumZone Marketing Agreement

On the basis of the Structured Contracts and with a view to transferring the Group's Unrestricted Businesses (as defined in the Prospectus) to Shanghai SumZone Advertising Company Limited ("SumZone Advertising") and Shanghai SumZone Marketing Company Limited ("SumZone Marketing") in pursuance of the Group's long term strategic plans, SMU entered into the following agreements with SumZone Advertising and SumZone Marketing:

(a) An advertising agency agreement dated 1 September 2011 as supplemented by two supplemental agreements dated 21 November 2011 and 26 March 2012 respectively (together referred to as the "SumZone Advertising Agreement") entered into between SumZone Advertising and SMU in relation to, amongst other things, the transfer of advertising agency business derived from traditional media from SMU to SumZone Advertising and/or any other PRC subsidiaries of Shanghai SumZone Enterprise. The SumZone Advertising Agreement took effect from 1 September 2011 until the date of termination of the Structured Contracts, and during which, SMU has authorised SumZone Advertising as its exclusive advertising agency in relation to traditional media currently operated or to be operated by SMU. During the term of the SumZone Advertising Agreement, SumZone Advertising shall pay to SMU, on an annual basis, service charges which are equivalent to the operating costs of traditional media operated or to be operated by SMU. At the same time, SumZone Advertising will be entitled to the advertising income of the traditional media operated or to be operated by SMU (including the SMU publications) under the SumZone Advertising Agreement.

SumZone Advertising paid to SMU annual service charges of RMB1,552,833 for the operating costs of traditional media operated by SMU for the year ended 31 December 2015.

(b) An advertising agency agreement dated 1 September 2011 as supplemented by two supplemental agreements dated 21 November 2011 and 26 March 2012 respectively (together referred to as the "SumZone Marketing Agreement") entered into between SumZone Marketing and SMU in relation to, amongst other things, the transfer of advertising agency business derived from digital media from SMU to SumZone Marketing and/or any other PRC subsidiaries of Shanghai SumZone Enterprise. The SumZone Marketing Agreement took effect from 1 September 2011 until the date of termination of the Structured Contracts. Pursuant to the SumZone Marketing Agreement, SMU has authorised SumZone Marketing as its exclusive agency in relation to digital media operated by SMU currently (namely www.cnnauto.com) and in future. During the term of the SumZone Marketing Agreement, SumZone Marketing shall pay to SMU, on an annual basis, service charges which are equivalent to the operating costs of www.cnnauto.com and other digital media operated or to be operated by SMU. At the same time, SumZone Marketing will be entitled to the advertising income of www.cnnauto.com and other digital media operated or to be operated by SMU under the SumZone Marketing Agreement.

SumZone Marketing paid to SMU annual service charges of RMB9,544,790 for the operating costs of digital media operated by SMU for the year ended 31 December 2015.

The Company has applied to the Stock Exchange, and the Stock Exchange has agreed to grant a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules (Chapter 14A of the Listing Rules) in respect of the transactions contemplated under each of the SumZone Advertising Agreement and the SumZone Marketing Agreement; (ii) the requirement of setting a maximum aggregate annual value (i.e. an annual caps) for the service charges payable to SMU and the advertising income payable to SumZone Advertising and SumZone Marketing under the SumZone Advertising Agreement and the SumZone Marketing Agreement respectively; and (iii) the requirement of limiting the term of each of the SumZone Advertising Agreement and the SumZone Marketing Agreement to three years or less, for so long as the Shares are listed on the Stock Exchange subject to the conditions, where appropriate, applicable to the transactions contemplated under the Structured Contracts set out above.

Confirmation of independent non-executive Directors

The independent non-executive Directors have reviewed the Structured Contracts, the SumZone Advertising Agreement, the SumZone Marketing Agreement, the Advertising Agency Agreement and the PR and Event Cooperation Agreement (collectively referred to as the "Continuing Connected Transactions") and confirmed that during the year ended 31 December 2015:

(i) the transactions under the Structured Contracts were carried out in accordance with the relevant provisions of the Structured Contracts so that the revenue generated by SMU has been mainly retained by the Group;

(ii) no dividends or other distributions have been made by SMU to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group;

(iii) the terms of the Structured Contracts are fair and reasonable so far as the Company is concerned and in the interests of the Shareholders as a whole;

(iv) the Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the Company;

(v) the Continuing Connected Transactions are on normal commercial terms or, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(vi) the Continuing Connected Transactions have been entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole. Please refer to the Prospectus for further details of the Continuing Connected Transactions.

Confirmation of the Board

The Board confirms that no events have occurred that causes them to believe that the Continuing Connected Transactions:

(i) have not been approved by the board of Listed Issuer;

(ii) were not, in all material respects, in accordance with the pricing policies of the group of Listed Issuer if the transactions involves the provision of goods or service by the group of Listed Issuer;

(iii) were not entered into, in all material respects, in accordance with the relevant agreement(s) governing the transactions; and

(iv) have exceeded the cap amount.

Confirmation of auditors of the Company

BDO Limited, the Company's auditor, were engaged to report on the Group's Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. BDO Limited has issued its unqualified letter containing its findings and conclusions in respect of the aforesaid Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of such letter has been provided by the Company to the Hong Kong Stock Exchange.

CONTRACTUAL ARRANGEMENTS

Reasons for using contractual arrangements

As certain business activities of the Group carried out under SMU (a domestic company established in the PRC with limited liability and is directly wholly owned by Mr. Fang Bin) are subject to prohibition or restriction on foreign investment under the PRC laws (the "Restricted Businesses"), the Group could not have direct equity holding in SMU but maintained its effective control over the financial and operational policies of SMU through the Structured Contracts which effectively transfer the economic benefits and pass the risks associated with SMU to the Company. The contractual arrangements under the Structured Contracts are necessary under the current laws of the PRC and for operation of the Group.

A summary of the Structured Contracts is set out in the paragraphs under the section headed "Continuing Connected Transactions". Further details of the Structured Contracts including but not limited to its background, parties involved, major terms, measures to ensure the operation and compliance, effect and legality, manner of settlement in the event of dispute were set out in the sub-section "History, Reorganisation and Corporate Structure – Structured Contracts" in the Prospectus.

The risks associated with the contractual arrangements

Maintaining compliance with the Structured Contract may divert the attention of the management and SMU may incur losses and needs financial assistance from the Group

Maintaining the Structured Contracts and ensuring compliance with relevant PRC laws and regulations may result in the diversion of management attention and the incurrence of operating and production costs which could adversely affect the business, financial condition or results of operations of the Group. In addition, as a result of the Structured Contracts the economic benefits and the risks associated with SMU are passed on to the Group as if SMU was a wholly owned subsidiary. Should SMU incur any operational losses, such losses will be consolidated into the financial results of the Group and the Group may need to provide financial assistance to SMU as necessary.

The PRC government may determine that Structure Contracts do not comply with applicable PRC laws or regulations

The Company cannot guarantee that the interpretation of the Structured Contracts by the Group's PRC legal adviser (the "PRC Legal Adviser") is in line with the interpretation of the PRC governmental authorities and that the Structured Contracts will not be considered by such PRC governmental authorities to be in violation of the PRC laws or regulations. In addition, there can be no assurance that the General Administration of Press and Publication of the PRC or other PRC governmental authorities will not in future interpret or issue laws or regulations that will result in the Structured Contracts being deemed to be in violation of the then prevailing PRC laws. In the event that the Structured Contracts are deemed to be in violation of existing or future laws or regulations, the PRC governmental authorities will have discretion in actions taken against such violation, including but not limited to:

(i) discontinuing or restricting the Group's operations in the PRC;

(ii) requiring the Group to restructure the relevant ownership structure or operations;

(iii) imposing economic penalties, such as levying fines and confiscating the Group's income; and

(iv) taking other regulatory or enforcement actions that could adversely affect the financial condition and business of the Group.

Should any of the aforementioned action be taken by the relevant PRC governmental authorities against the Group, the Company may have to cease part of its PRC operations, effectively terminating the flow of economic benefits from SMU to the Group.

Substantial uncertainties exist in interpretation of the Draft Law

On 19 January 2015, the Ministry of Commerce of the PRC ("MOFCOM") issued a draft of the PRC Foreign Investment Law (the "Draft Law") for general public comment which has ended in February 2015. Upon the Draft Law becoming effective, contractual arrangements may be prohibited, subject to certain exceptions. For a brief summary of the Draft Law, please refer to the announcement of the Company dated 26 August 2015 in relation to the transfer of listing from GEM to the Main Board of the Stock Exchange. While MOFCOM solicited comments on the Draft Law in early 2016, there are substantial uncertainties with respect to its interpretation. The Draft Law has not taken a position on the treatment of the existing companies with contractual arrangements, although a few possible options were suggested at the comment solicitation stage. Even though Mr. Fang Bin, being a PRC citizen, has control over Shanghai SumZone Enterprise under the definition of control under the Draft Law as advised by the PRC Legal Adviser, it is uncertain as to whether the MOFCOM will adopt the same interpretation when the Draft Law comes into force. There is a possibility that the Group's contractual arrangements are not interpreted and treated as a domestic investment under the Draft Law by the MOFCOM. Furthermore, if the Group is required to make an application for entry permission under the Draft Law, it is uncertain as to whether the Group can continue to operate its business through contractual arrangements pending obtaining such entry permission. On the other hand, the Group faces uncertainties as to whether the entry permission can be obtained timely, or at all, and whether further actions are required to be taken for the application of entry permission when the Draft Law comes into force. Hence, the existence of uncertainties as to the interpretation of the Draft Law means it cannot be assured that the Group can retain its contractual arrangements upon enactment of the Draft Law. In the event that the Group's contractual arrangements cannot be retained, the flow of economic benefits from SMU to the Group may be terminated, affecting adversely the business and financial condition of the Group.

The Structure Contracts may not provide control as effective as direct ownership

The PRC Legal Adviser has advised that the Structured Contracts are in compliance with the PRC laws currently in force, are enforceable under the current PRC laws, and that in the event of any breach or default by Mr. Fang Bin or SMU, Shanghai SumZone Enterprise may take legal action against any one of them. However, the Structured Contracts do not give the Company the extent of control and security that direct legal and beneficial ownership over SMU provides and there is no assurance that Shanghai SumZone Enterprise would be able to reclaim any or all of the related interests in the event of any breach or default of the contractual terms by Mr. Fang Bin or SMU. The Company relies on the PRC legal system to enforce these arrangements, of which remedies may be less effective than those in other more established jurisdictions.

The controlling shareholder, Mr. Fang, may have potential conflicts of interests with us which may affect the Group's business

SMU is wholly owned by Mr. Fang Bin who is an executive Director. Accordingly, there may be conflicts of interest between the duties to SMU and the Group. The Group cannot ensure that when such conflicts arise, Mr. Fang will act in the Group's best interests or that such conflicts will be resolved in the Group's favour.

The Structure Contracts may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed

The Structured Contracts were entered into on 1 June 2011 pursuant to which all material business activities of SMU are instructed and supervised by Shanghai SumZone Enterprise and all economic benefits and risks arising from the business of SMU are transferred to the Group. These arrangements and transactions of the Structured Contracts are related party transactions which must be conducted on an arm's length basis under applicable PRC tax rules. In addition, under PRC laws and regulations, arrangements and transactions among related parties may generally be subject to audit or scrutiny by the PRC tax authorities within ten years after the taxable year when the arrangements or transactions are conducted. As a result, the determination of service fees and payments under the Structured Contracts may be challenged and deemed not in compliance with such tax rules. The contractual arrangements could face material and adverse tax consequences if the PRC tax authorities determine that the Structured Contracts were not entered into on an arm's length basis. As at the date of this report, the Company confirmed that it has not encountered any interference or encumbrance from any governing bodies in operating their business through SMU under the Structured Contracts. The Company has not purchased any insurance to cover the risks relating to the Structured Contracts.

Actions taken by the Company to mitigate the risks

To address the risk i n connection with the Draft Law and ensure the contractual arrangements can be preserved upon the relevant PRC foreign investment laws in relation to the Draft Law coming into force, Mr. Fang Bin has executed on 10 August 2015 an irrevocable undertaking in favour of the Company and the Company has agreed with the Stock Exchange to enforce the undertaking effective from the signing date of such undertaking and so far as the Company is required to comply with the requirements under relevant PRC foreign investment laws in relation to the Draft Law that may come into force from time to time in respect of the control by a Chinese investor that:

(i) in case of disposal of his interest in the Company to the effect that Shanghai SumZone Enterprise will ceased to be controlled (as defined under the Draft Law) by Mr. Fang Bin, such transfer shall only be made to a PRC citizen who upon completion of such transfer will have the same control over the Company and Shanghai SumZone Enterprise as Mr. Fang and such transferee will be required to make the same or similar undertaking;

(ii) he will appoint a PRC citizen as his successor or heir upon his death and such appointment will be made as soon as practicable and such successor or heir will be required to make the same or similar undertaking; and

(iii) as long as his PRC nationality will be material in determining whether Shanghai SumZone Enterprise is under actual control of a Chinese investor, he will maintain his PRC nationality and not acquire any other nationalities.

Interpretation and implementation of such undertakings shall be governed by the laws of the Hong Kong. Such undertakings shall only be terminated if Mr. Fang Bin is not required to comply with the relevant PRC foreign investment laws in relation to the Draft Law when it comes into force and Mr. Fang Bin has demonstrated to the satisfaction of the Company and the Stock Exchange that the Company is no longer required to comply with the relevant PRC foreign investment laws in relation to the Draft Law when it comes into force.

Mr. Fang Bin has also executed an undertaking on 9 April 2015, pursuant to which:

(1) should there be future marriage or divorce of Mr. Fang, the assets of SMU shall be determined as assets prior to marriage and there does not exist any risk of such assets being divided and shared;

(2) during the period which Mr. Fang remains the shareholder of SMU and in case of death, the successors and devisees of Mr. Fang shall continue to fulfill his obligations under the Structured Contracts; and

(3) being an executive Director, Mr. Fang Bin has undertaken to abstain from voting on any resolutions in relation to the Structured Contracts or all other relevant matters.

The Company will engage a PRC legal adviser to review the Structural Agreements as and when appropriate to mitigate the risk of any non-compliance of the Structured Contracts with all applicable laws and regulations of the PRC.

Revenue and assets subject to the Structured Contracts

Set out below are the revenue of the Group generated from the Restricted Business (Subject to the Structured Contracts):

	Year ended 31 December	
	2015	2014
	RMB	*RMB*
Restricted Businesses		
Public relation services income	**78,844,349**	81,157,838
Revenue (before deducting cultural business development charge)	**320,339,886**	307,852,551
Percentage of Restricted Businesses in revenue (before deducting cultural business development charge)	**24.61%**	26.36%
Other Restricted Businesses		
Income from issue and distribution of the Group's Publication	**–**	63,889
Total other income and gains	**3,700,618**	7,908,322
Percentage of Restricted Businesses in other income and gains	**0%**	1%

As shown in the table above, for the year ended 31 December 2015, the income from Restricted Businesses (Public relation services) was 24.61% (2014: approximately 26.36%), while the income from other Restricted Businesses (issue and distribution of the Group's Publication) was 0% (2014: approximately 1%).

No Material Change

There has been no material change in the Structured Contracts and/or the circumstances under which they were adopted since the Listing Date and up to the date of this report.

Note: The Company is unable to set out the data of the proportion of profits from Restricted Businesses. The reason includes: cost of sales of the Company included the costs incurred from the Group's three major business segments, namely advertising, PR and event marketing. As the Company provided integrated marketing communications services to brand owners and some of the media resources and costs of the Company were shared amongst the three major business segments, it is not feasible for the Company to further allocate the key components of cost of sales to individual business segment. Therefore, the data of profits for each business segment (including Restricted Businesses) cannot be obtained.

Unwinding of Structured Contracts

The Company expects that the Structured Contracts would be unwound to the extent that the Restricted Businesses which are currently, or will continue to be, operated by SMU are no longer subject to restriction or prohibition on foreign investment under the then prevailing PRC laws.

However, as at the date of this report, there is no unwinding of any of the Structured Contracts or failure to unwind when the restrictions that led to the adoption of the Structured Contracts are removed.

The Directors confirm that the Structured Contracts are legal and valid. However, there is no assurance that the PRC government or judicial authorities would agree that the arrangements under the Structured Contracts comply with PRC licensing, registration, other regulatory requirements or policies that may be adopted in the future.

Transfer of Business

The business of SMU involves Restricted Businesses (as defined in the Prospectus) and this prevents SMU from being consolidated into the Group directly. On the basis of the Structured Contract and having consulted the Group's PRC legal advisors, the Group is of the view that the operation of the SMU Publications and www.cnnauto.com, the Group's relevant advertising business relating to content design and production as well as its PR (including EPR) business are Restricted Businesses and they should continue to be operated by SMU after the Listing. On the other hand, the Group's advertising agency business, such as the SMU Publications, www.cnnauto.com and other advertising media channels and event marketing business are Unrestricted Businesses and they have been transferred to SumZone Advertising, SumZone Marketing or any PRC subsidiaries of Shanghai SumZone Enterprise pursuant to the Group's long-term strategic plans. As part of the business transfer process which has commenced in early September 2011, SumZone Advertising and SumZone Marketing have entered into business contracts with all the Group's newly developed clients relating to its Restricted Businesses. As at 31 December 2015, the application of trademarks transfer of the Group has been partially accepted by the Trademark Office under the State Administration for Industry and Commerce, and the transfer was completed, with the remaining part of the application still in progress. Save for this, the Group has transferred all the Unrestricted Businesses of SMU to SumZone Advertising and SumZone Marketing.

On Behalf of the Board
Fang Bin
Chairman

The PRC, 30 March 2016

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TO THE SHAREHOLDERS OF BRANDING CHINA GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Branding China Group Limited (the "Company") and its subsidiaries (hereafter referred to as the "Group") set out on pages 55 to 96, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the applicable disclosure requirements of Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Lee Ka Leung, Daniel
Practising Certificate Number P01220

Hong Kong, 30 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 December 2015

	Notes	2015 RMB	2014 RMB
Revenue	6	**317,565,927**	303,903,121
Cost of sales		**(223,946,211)**	(220,905,162)
Gross profit		**93,619,716**	82,997,959
Other income and gains	6	**3,700,618**	7,908,322
Selling and distribution expenses		**(5,693,085)**	(5,074,735)
Administrative and other expenses		**(39,009,278)**	(28,483,362)
Finance costs	7	**(994,193)**	(1,509,246)
Share of profits of an associate		**47,957**	18,078
Profit before income tax expense	8	**51,671,735**	55,857,016
Income tax expense	11	**(14,314,909)**	(14,833,780)
Profit for the year		**37,356,826**	41,023,236
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**49,536**	145,992
Total comprehensive income for the year		**37,406,362**	41,169,228
Earnings per share			
– Basic and diluted	13	**0.15**	0.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 December 2015

	Notes	2015 RMB	2014 RMB
Assets			
Non-current assets			
Property, plant and equipment	14	**3,487,450**	1,869,877
Goodwill	15	**156,293,197**	156,293,197
Intangible assets	16	**2,664,614**	3,736,245
Interests in an associate	18	**1,271,509**	1,223,552
Total non-current assets		**163,716,770**	163,122,871
Current assets			
Trade and bills receivables	19	**175,140,697**	137,828,977
Prepayments, deposits and other receivables	20	**8,316,527**	102,679,599
Cash and cash equivalents	21	**144,609,439**	109,623,594
Total current assets		**328,066,663**	350,132,170
Total assets		**491,783,433**	513,255,041
Liabilities			
Current liabilities			
Trade payables	22	**29,096,090**	53,471,136
Receipts in advance, other payables and accruals	23	**20,883,857**	37,254,085
Bank borrowings	24	**–**	20,000,000
Current tax liabilities		**8,006,836**	5,874,787
Total current liabilities		**57,986,783**	116,600,008
Net current assets		**270,079,880**	233,532,162
Total assets less current liabilities		**433,796,650**	396,655,033

As At 31 December 2015

	Notes	2015 RMB	2014 RMB
Non-current liabilities			
Deferred tax liabilities	25	**639,800**	904,545
Total non-current liabilities		**639,800**	904,545
Total liabilities		**58,626,583**	117,504,553
NET ASSETS		**433,156,850**	395,750,488
Equity attributable to owners of the Company			
Issued capital	26	**1,996,737**	1,996,737
Reserves		**431,160,113**	393,753,751
TOTAL EQUITY		**433,156,850**	395,750,488

On behalf of the directors

Director *Director*

Fang Bin **Patrick Zheng**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2015

	Issued capital *RMB*	Share premium* *RMB*	Surplus* *RMB*	Exchange reserve* *RMB*	Statutory reserve* *RMB* *(Note)*	Retained profits* *RMB*	Total equity *RMB*
At 1 January 2014	1,996,737	203,009,101	2,000,000	(1,064,306)	4,073,954	144,565,774	354,581,260
Profit for the year	–	–	–	–	–	41,023,236	41,023,236
Other comprehensive income	–	–	–	145,992	–	–	145,992
Total comprehensive income	–	–	–	145,992	–	41,023,236	41,169,228
Appropriation to statutory reserve *(note)*	–	–	–	–	2,582,444	(2,582,444)	–
At 31 December 2014 and 1 January 2015	1,996,737	203,009,101	2,000,000	(918,314)	6,656,398	183,006,566	395,750,488
Profit for the year	–	–	–	–	–	37,356,826	37,356,826
Other comprehensive income	–	–	–	49,536	–	–	49,536
Total comprehensive income	–	–	–	49,536	–	37,356,826	37,406,362
Appropriation to statutory reserve *(note)*	–	–	–	–	1,266,393	(1,266,393)	–
At 31 December 2015	1,996,737	203,009,101	2,000,000	(868,778)	7,922,791	219,096,999	433,156,850

* The aggregate of these reserve accounts are shown in the consolidated statements of financial position at the amounts of RMB431,160,113 and RMB393,753,751 as at 31 December 2015 and 2014 respectively.

Note:

As stipulated by the relevant regulations in the People's Republic of China (the "PRC"), the Company's subsidiaries established and operating in the PRC are required to appropriate 10% of their profit after tax (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory reserve until the statutory reserve balance reaches 50% of the registered capital. The transfer to this statutory reserve must be made before distribution of dividend to equity owners. The statutory reserve fund can be used to make up prior years' losses, if any.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2015

	2015 RMB	2014 RMB
Profit before income tax expense	**51,671,735**	55,857,016
Adjustments for:		
Interest income	**(955,960)**	(1,121,656)
Finance costs	**994,193**	1,509,246
Amortisation of intangible asset	**1,071,631**	1,067,413
Depreciation of property, plant and equipment	**782,062**	451,244
Loss on write-off/disposals of property, plant and equipment	**386,077**	167,647
Gain on disposal of financial assets at fair value through profit or loss	**(26,676)**	(1,260,000)
Reversal of impairment loss on trade receivables	**(568,797)**	(249,961)
Impairment loss on prepayment, deposits and other receivables	**1,589,804**	–
Share of profits of associates	**(47,957)**	(18,078)
Operating profit before working capital changes	**54,896,112**	56,402,871
(Increase)/decrease in trade and bills receivables	**(36,742,923)**	10,005,324
Decrease/(increase) in prepayments, deposits and other receivables	**92,773,268**	(68,578,081)
(Decrease)/increase in trade and bills payables	**(24,375,046)**	14,835,917
(Decrease)/increase in receipt in advance, other payables and accruals	**(4,893,739)**	7,419,246
Purchases of financial assets at fair value through profit or loss	**(4,640,000)**	(30,000,000)
Proceed from disposal of financial assets at fair value through profit or loss	**4,666,676**	31,260,000
Cash flows from operating activities	**81,684,348**	21,345,277
Income taxes paid	**(12,447,605)**	(21,149,366)
Net cash generated from operating activities	**69,236,743**	195,911
Cash flows from investing activities		
Payments for considerations in relation to the acquisition of subsidiary	**(11,476,489)**	(10,999,149)
Purchases of intangible assets	**–**	(126,496)
Purchases of property, plant and equipment	**(2,919,884)**	(988,003)
Proceeds from disposals of property, plant and equipment	**134,172**	63,620
Interest received	**955,960**	1,121,656
Net cash used in investing activities	**(13,306,241)**	(10,928,372)

For The Year Ended 31 December 2015

	Notes	2015 RMB	2014 RMB
Cash flows from financing activities			
Interest paid		**(994,193)**	(1,509,246)
New borrowings		**–**	40,000,000
Repayment of bank borrowings		**(20,000,000)**	(35,000,000)
Net cash (used in)/generated from financing Activities		**(20,994,193)**	3,490,754
Net increase/(decrease) in cash and cash equivalents		**34,936,309**	(7,241,707)
Effect of exchange rate changes on cash and cash equivalents		**49,536**	145,992
Cash and cash equivalents at the beginning of year		**109,623,594**	116,719,309
Cash and cash equivalents at the end of year		**144,609,439**	109,623,594
Analysis of the balances of cash and cash equivalents			
Cash and bank balances	21	**144,609,439**	109,623,594

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 March 2011. The Company's registered office is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at No. 54 Shaoxing Road, Huangpu District, Postal code – 200020, Shanghai, the PRC.

Pursuant to a reorganisation (the "Reorganisation") to rationalise the structure of the Company and its subsidiaries (together as the "Group") in preparation for the listing of the Company's shares on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies then comprising the Group on 1 June 2011.

One of the subsidiaries, 上海三眾華納傳媒投資管理有限公司 ("SMU"), in the Group that was established in the PRC. SMU is wholly owned by Mr. Fang Bin, one of the directors of the Company. Under the prevailing laws and regulations in the PRC, companies with foreign ownership are prohibited from engaging in the publishing of books, newspapers and periodicals and are restricted from engaging in the provision of value-added telecommunications services in the PRC. In order to enable certain foreign investors to invest in businesses of the Group, Century Linker (Hong Kong) Limited ("Century Linker") and 上海三眾企業管理諮詢有限公司 ("Shanghai SumZone Enterprise"), an indirect wholly owned subsidiary of the Company, a direct wholly owned subsidiary of Century Linker and one of the subsidiaries of the Company in the PRC, were established on 18 January 2011 and 1 June 2011 respectively.

On 1 June 2011, certain structured contracts, the exclusive consulting and service agreement, irrevocable powers of attorney, exclusive business operating agreement, exclusive option agreement and share pledge agreement (collectively the "Structured Contracts") were effectuated amongst SMU, Mr. Fang Bin, Century Linker and Shanghai SumZone Enterprise to the effect that the business operations, the decision-making power and financial and operating policies of SMU are ultimately controlled by Shanghai SumZone Enterprise.

In particular, Shanghai SumZone Enterprise undertakes to provide SMU with certain management and consulting services. In return, the Group is entitled to substantially all of the operating profits and residual benefits generated by SMU through intercompany charges levied on these services rendered. Mr. Fang Bin is also required to transfer his interests in SMU to the Group or the Group's designee upon a request made by the Group for a pre-agreed nominal consideration or the minimum value as required by the PRC laws by the time when the PRC laws and regulations allow such transfer in future. The ownership interests in SMU have also been pledged by Mr. Fang Bin to the Group in respect of the continuing obligations of SMU; and the Group is entitled to nominate and remove members of the board of directors of SMU in order to control their operating and financial decisions.

As a result of the effects of the Structured Contracts, SMU is accounted for as subsidiary of the Company for accounting purposes.

Further details of the Reorganisation and Structured Contracts are set out in the Company's listing prospectus dated 17 April 2012 (the "Prospectus"). The shares of the Company were listed on the GEM of the Stock Exchange on 27 April 2012.

The principal activity of the Company is investment holding. During the year, the Group was principally engaged in the provision for advertising, public relation and event marketing services in the PRC.

In the opinion of the directors of the Company (the "Directors"), the ultimate holding company of the Company is Lapta International Limited.

During the year, the formal application was made by the Company to The Stock Exchange of Hong Kong Limited ("The Stock Exchange") for the transfer of listing from the Growth Enterprise Market ("GEM") to Main Board. The application was approved and the dealing of the shares of the Company on Main Board was commenced on 8 September 2015 with new stock code "863".

2.1 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) Adoption of new/revised IFRSs – effective 1 January 2015

IFRSs (Amendments)	Annual Improvements 2010–2012 Cycle
IFRSs (Amendments)	Annual Improvements 2011–2013 Cycle
Amendments to IAS 19 (2011)	Defined Benefit Plans: Employee Contributions

The adoption of this new/revised standards and interpretations has no material impact on the Group's financial statements.

(b) New/revised IFRSs that have been issued but are not yet effective

The following new/revised IFRSs, potentially relevant to the Company's financial statements, have been issued, but are not yet effective and have not been early adopted by the Company.

IFRSs (Amendments)	Annual Improvements 2012–2014 Cycle[1]
Amendments to IAS 1	Disclosure Initiative[1]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to IAS 27	Equity Method in Separate Financial Statements[1]
Amendments to IAS 7	Disclosure Initiative[2]
IFRS 9 (2014)	Financial Instruments[3]
IFRS 15	Revenue from Contracts with Customers[3]
IFRS 16	Leases[4]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for annual periods beginning on or after 1 January 2019

Annual Improvements 2012 – 2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to IAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

IFRS 9 (2014) – Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

IFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

IFRS 16 – Leases

From the perspective as a lessee, under the existing standard, leases are classified as either finance lease or operating lease, resulting in different accounting treatment. Finance leases are required to be accounted for "On Balance Sheet" (i.e. lease asset and corresponding liabilities are recognised in the statement of financial position); while operating lease is accounted for "Off Balance Sheet" where no asset or liabilities are recognised and the lease expenses are recognised on a straight-line basis along the lease period. Under the new standard, "On Balance Sheet" accounting treatment is required for all leases, except for certain short-term leases and leases of low-value assets. The statement of financial position will be "inflated" by their rights and obligations relating to their existing operating leases. In addition, the recognition of operating lease expenses will change from the existing straight-line model to a "front-loaded" model as finance lease, i.e. during the initial period of the lease term, the lease expenses (asset depreciation plus interest) under the new standard are higher compared to the operating lease expenses recognised under the existing standard.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

2.2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable IFRSs, International Accounting Standards ("IASs") and Interpretations (hereinafter collectively referred to as the "IFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statement includes the applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

(b) Impacts of the new Hong Kong Companies Ordinance, Cap. 622

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new Hong Kong Companies Ordinance, Cap. 622. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements.

(c) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis as explained in the accounting policies set out on note 3.

(d) Functional and presentation currency

The functional currency of the Company is Hong Kong Dollars ("HKD"), while the financial statements are presented in Renminbi ("RMB"). As most of the Group's operations are in the PRC, the directors consider that it will be more appropriate to adopt RMB as the Group's and the Company's presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether "de facto" control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and other parties who hold voting rights;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. The financial statements of the Group's associates are prepared using uniform accounting policies with the Group.

(d) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The depreciation rates, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The depreciation rates are as follows:

Office furniture and equipment	20% per annum
Motor vehicles	7.5–10% per annum

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(f) Intangible assets

(i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative expenses. Amortisation is provided on a straight-line basis over their useful lives as follows:

Customer relationship	5 years
Computer software	5 years

(ii) Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired (see the accounting policies in respect of impairment of assets other than financial assets in note 3(h) below).

(g) Lease

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor to sub-lease the leased assets under operating lease, such rentals receivable under the operating leases are credited to the profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentive received from the lessor are charged to the profit or loss on the straight-line basis over the lease terms.

(h) Impairment of assets other than financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets with finite lives; and
- interests in subsidiaries and associates.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (see note 4(d)), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

(i) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables

The Group's loans and receivables, including trade and bills receivables, deposits and other receivables and cash and cash equivalents are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to clients (trade debtors), and also incorporate other types of contractual monetary asset. At each reporting date subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have had the impairment not been recognised.

(iii) Financial liabilities

The Group's financial liabilities, including trade payables, other payables and accruals and bank borrowing, amount due to an associate and a shareholder. The Group classified them as financial liabilities at amortised cost.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value, net of directly attributable costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

(j) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(k) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised to other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(l) Employee benefits

(i) Pension schemes

The employees of the Group's subsidiaries which operate in the PRC are required to participate in central pension schemes operated by the local government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension schemes.

(ii) Other benefits

The Group contributes on a monthly basis to defined contribution housing, medical and other benefit plans organised by the PRC government. The PRC government undertakes to assume the benefit obligations of all existing and retired employees under these plans. Contributions to these plans by the Group are expensed as incurred. The Group has no further obligations for benefits for their qualified employees under these plans.

(m) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(n) Foreign currency

Transactions entered into by the Group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

(o) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) Advertising income is recognised upon the publication of the newspapers/magazines/media available to public in which the related advertisement is placed.

(ii) Revenue from provision of public relation services is recognised when the services are rendered.

(iii) Revenue from provision of event marketing services is recognised when the services are provided and the transactions can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group.

(iv) Revenue from sales of newspapers and magazines are recognised upon the delivery of products.

(v) Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(p) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Impairment allowances for trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgments. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period.

5. SEGMENT REPORTING

The chief operating decision-maker of the Group has been identified as the executive directors of the Company. The executive directors regularly review revenue and operating results derived from provision of advertising services, public relation services and event marketing services on an aggregate basis and consider them as one single operating segment.

No geographical information is presented as the Group's operations are located in the PRC.

Information about major clients

Turnover from clients contributing over 10% of total revenue of the Group is as follows:

	Year ended 31 December							
	2015				2014			
	Advertising income RMB	Public relation services income RMB	Event marketing income RMB	Total RMB	Advertising income RMB	Public relation services income RMB	Event marketing income RMB	Total RMB
Client A	–	39,490,345	–	39,490,345	–	–	–	–
Client B	9,984,906	–	25,160,377	35,145,283	–	–	–	–
Client C	–	–	–	–	11,107,878	27,592,830	–	38,700,708

6. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, comprises income from advertising, public relation services and event marketing, net of cultural business development charge. An analysis of revenue and other income and gains is as follows:

	Year ended 31 December 2015 RMB	2014 RMB
Revenue:		
Advertising income	**198,866,158**	191,074,814
Public relation services income	**78,844,349**	81,157,838
Event marketing income	**42,629,379**	35,619,899
	320,339,886	307,852,551
Less: cultural business development charge	**(2,773,959)**	(3,949,430)
Total	**317,565,927**	303,903,121
Other income and gains:		
Government grants *(note)*	**2,147,291**	5,211,561
Gain on disposal of financial assets at fair value through profit or loss	**26,676**	1,260,000
Interest income	**955,960**	1,121,656
Income from issue and distribution of the Group's Publication	**–**	63,889
Reversal of impairment loss on trade receivables	**568,797**	249,961
Others	**1,894**	1,255
Total	**3,700,618**	7,908,322

Note:

The government grants mainly represented supporting funds granted by regional finance bureau for enterprises registered in the region.

7. FINANCE COSTS

	Year ended 31 December	
	2015	2014
	RMB	*RMB*
Interest on bank borrowings:		
– wholly repayable within one year	**994,193**	1,509,246

8. PROFIT BEFORE INCOME TAX EXPENSE

The Group's profit before income tax expense is arrived at after charging/(crediting):

	Year ended 31 December	
	2015	2014
	RMB	*RMB*
Depreciation of property, plant and equipment *(note 14)*	**782,062**	451,244
Amortisation of intangible assets *(note 16)*	**1,071,631**	1,067,413
Minimum lease payments under operating leases for buildings	**6,179,325**	4,969,816
Employee benefit expenses (including directors' remuneration *(note 9)*):		
Wages and salaries	**13,890,294**	21,146,974
Pension scheme contributions	**3,177,009**	4,782,790
	17,067,303	25,929,764
Auditor's remuneration	**1,197,182**	994,298
Loss on write-off/disposal of property, plant and equipment	**386,077**	167,647
Reversal of impairment loss on trade receivables *(note 19)*	**(568,797)**	(249,961)
Impairment loss on prepayment, deposits and other receivables	**1,589,804**	–

9. DIRECTORS' REMUNERATION

Directors' remuneration paid to each of the directors of the Company is disclosed as follows:

	Fee RMB	Salaries, allowances and benefit in kinds RMB	Pension scheme contributions RMB	Total RMB
Year ended 31 December 2015				
Executive directors:				
Mr. Fang Bin	**–**	**660,000**	**69,804**	**729,804**
Mr. Song Yijun	**–**	**420,000**	**78,268**	**498,268**
Mr. Patrick Zheng *(note (a))*	**–**	**420,000**	**–**	**420,000**
Mr. Fan Youyuan *(note (b))*	**118,008**	**120,000**	**–**	**238,008**
Mr. Huang Wei *(note (c))*	**–**	**132,000**	**27,000**	**159,000**
Ms. He Weiqi *(note (d))*	**–**	**25,000**	**6,300**	**31,300**
Non-executive directors:				
Mr. Zhou Ruijin	**136,569**	**–**	**–**	**136,569**
Mr. Lin Zhiming	**136,578**	**–**	**–**	**136,578**
Ms. Hsu Wai Man, Helen	**136,578**	**–**	**–**	**136,578**
	527,733	**1,777,000**	**181,372**	**2,486,105**
Year ended 31 December 2014				
Executive directors:				
Mr. Fang Bin	–	486,780	66,012	552,792
Mr. Song Yijun	–	307,017	74,007	381,024
Ms. He Weiqi *(note (d))*	–	307,017	68,750	375,767
Non-executive directors:				
Mr. Fan Youyuan	118,133	–	–	118,133
Mr. Zhou Ruijin	118,133	–	–	118,133
Mr. Lin Zhiming	118,133	–	–	118,133
Ms. Hsu Wai Man, Helen	118,133	–	–	118,133
	472,532	1,100,814	208,769	1,782,115

Notes:

(a) Mr. Patrick Zheng was appointed as executive director on 20 January 2015.

(b) Mr. Fan Youyan was re-designated as an executive director on 16 November 2015.

(c) Mr. Huang Wei was appointed as executive director on 20 January 2015.

(d) Ms. He Weiqi resigned as executive director on 20 January 2015.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2015 and 2014.

10. FIVE HIGHEST PAID EMPLOYEES

Of the five highest paid employees in the Group during the year ended 31 December 2015, three (2014: three) were directors of the Company whose emoluments are disclosed in note 9 above.

For the year ended 31 December 2015, details of the remuneration of the remaining two (2014: two) non-director, highest paid employee of the Group are as follows:

	Year ended 31 December	
	2015	2014
	RMB	*RMB*
Salaries, allowances and benefits in kinds	**761,915**	452,408
Pension scheme contributions	**186,135**	96,215
	948,050	548,623

During the years ended 31 December 2015 and 2014, no remuneration was paid by the Group to the Directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2015 and 2014.

Taxes on profits assessable in the PRC have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. Pursuant to the Corporate Income Tax Law (the "new PRC Tax Law") of the PRC which became effective on 1 January 2008, the PRC corporate income tax rate of all the PRC subsidiaries during the years ended 31 December 2015 and 2014 was 25% on their taxable profits.

The amount of income tax expense charged to the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2015	2014
	RMB	*RMB*
Current tax – PRC corporate income tax		
– tax for the year	**14,579,654**	15,098,525
Deferred tax *(note 25)*	**(264,745)**	(264,745)
Income tax expense	**14,314,909**	14,833,780

The income tax expense for the year can be reconciled to the Group's profit before income tax expense in the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2015	2014
	RMB	*RMB*
Profit before income tax expense	**51,671,735**	55,857,016
Tax on profit before income tax expense, calculated at 25% (2014: 25%)	**12,917,934**	13,964,254
Tax effect of share of results of an associate	**(11,989)**	(4,520)
Tax effect of non-deductible expenses	**4,234,977**	1,143,324
Tax effect of non-taxable income	**(2,152,089)**	–
Others	**(673,924)**	(269,278)
Income tax expense	**14,314,909**	14,833,780

Pursuant to the new PRC Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors.

As at 31 December 2015 and 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in the PRC. It is because in the opinion of the Directors, it is not probable that these subsidiaries will distribute their earnings accrued from 1 January 2008 to 31 December 2015 in the foreseeable future. Accordingly no deferred tax liabilities have been recognised as at 31 December 2015 and 2014.

12. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of RMB37,356,826 (2014: RMB41,023,236) and the weighted average number of ordinary shares of 246,810,194 (2014: 246,810,194) in issue during the year ended 31 December 2015.

Diluted earnings per share equals to basic earnings per share, as there were no potential dilutive ordinary shares issued during the years ended 31 December 2015 and 2014.

14. PROPERTY, PLANT AND EQUIPMENT

	Office furniture and equipment RMB	Motor vehicles RMB	Total RMB
31 December 2015			
Cost:			
At 1 January 2015	**1,590,310**	**1,163,954**	**2,754,264**
Additions	**158,047**	**2,761,837**	**2,919,884**
Disposals	**–**	**(512,665)**	**(512,665)**
Written off	**(432,747)**	**–**	**(432,747)**
At 31 December 2015	**1,315,610**	**3,413,126**	**4,728,736**
Accumulated depreciation:			
At 1 January 2015	**443,233**	**441,154**	**884,387**
Charge for the year	**316,294**	**465,768**	**782,062**
Eliminated on disposals	**–**	**(170,889)**	**(170,889)**
Eliminated on written off	**(254,274)**	**–**	**(254,274)**
At 31 December 2015	**505,253**	**736,033**	**1,241,286**
Net book value:			
At 31 December 2015	**810,357**	**2,677,093**	**3,487,450**
31 December 2014			
Cost:			
At 1 January 2014	639,567	1,461,564	2,101,131
Additions	988,003	–	988,003
Disposals	(17,950)	(297,610)	(315,560)
Written off	(19,310)	–	(19,310)
At 31 December 2014	1,590,310	1,163,954	2,754,264
Accumulated depreciation:			
At 1 January 2014	276,559	260,187	536,746
Charge for the year	198,042	253,202	451,244
Eliminated on disposals	(13,766)	(72,235)	(86,001)
Eliminated on written off	(17,602)	–	(17,602)
At 31 December 2014	443,233	441,154	884,387
Net book value:			
At 31 December 2014	1,147,077	722,800	1,869,877

15. GOODWILL

	RMB
At 1 January 2014, 31 December 2014, and 31 December 2015	156,293,197

Impairment tests for goodwill:

The goodwill is acquired through business combination during the year ended 31 December 2013 and it is solely allocated to the cash generating units ("CGU"), namely wireless advertisement business.

The recoverable amounts of the CGU have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period is extrapolated using a zero growth rate.

	31 December 2015	2014
Discount rate	**19%**	20%
Gross margin	**44%**	48%
Growth rate within the five-year period	**-23% – 10%**	2% – 23%

The discount rate used is pre-tax and reflect specific risks relating to the relevant CGU. The operating margin and growth rate within the five-year period have been based on past experience and the result of the market research and prediction.

16. INTANGIBLE ASSETS

	Customer relationship *RMB*	Computer software *RMB*	Total *RMB*
31 December 2015			
Cost:			
At 1 January 2015 and 31 December 2015	**4,351,600**	**1,069,796**	**5,421,396**
Accumulated amortisation:			
At 1 January 2015	**1,378,006**	**307,145**	**1,685,151**
Charge for the year	**870,321**	**201,310**	**1,071,631**
At 31 December 2015	**2,248,327**	**508,455**	**2,756,782**
Net book value:			
At 31 December 2015	**2,103,273**	**561,341**	**2,664,614**
31 December 2014			
Cost:			
At 1 January 2014	4,351,600	943,300	5,294,900
Additions	–	126,496	126,496
At 31 December 2014	4,351,600	1,069,796	5,421,396
Accumulated amortisation:			
At 1 January 2014	507,686	110,052	617,738
Charge for the year	870,320	197,093	1,067,413
At 31 December 2014	1,378,006	307,145	1,685,151
Net book value:			
At 31 December 2014	2,973,594	762,651	3,736,245

17. INVESTMENT IN SUBSIDIARIES

The following are the details of the Group's principal subsidiaries at 31 December 2015 that would affect the results for the year or formed a substantial portion of the net assets of the Group. In the opinion of the directors, to give details of the other subsidiaries would result in excessive length.

Name	Place of Incorporation/ establishment	Issued/Registered and paid-up share capital	Attributable equity interests held by the Company Direct	Attributable equity interests held by the Company Indirect	Principal activities
Quick Motion International Limited	The British Virgin Islands	1 ordinary share of US$1, unpaid	100%	–	Investment holding
Grand Rapids Mobile International Holding Ltd.	The British Virgin Islands	1 ordinary share of US$1, paid	100%	–	Investment holding
Super Captain Investment Limited	Hong Kong	HK$10,000	100%	–	Investment holding
Elegant Expert Investment Limited	Hong Kong	HK$10,000	100%	–	Investment holding
SMU	The PRC (limited liability company under the laws of the PRC)	Registered capital RMB2,000,000, fully paid	–	100%	Provision for advertising, public relation and event market services in the PRC
上海三眾廣告有限公司 ("SumZone Advertising")	The PRC (limited liability company under the laws of the PRC)	Registered capital RMB5,000,000, fully paid	–	100%	Provision for advertising services in the PRC
上海三眾營銷策劃有限公司 ("SumZone Marketing")	The PRC (limited liability company under the laws of the PRC)	Registered capital RMB5,000,000, fully paid	–	100%	Provision for advertising services in the PRC
上海巨流信息科技有限公司 ("Ju Liu Information")	The PRC (limited liability company under the laws of the PRC)	Registered capital RMB1,000,000, fully paid	–	100%	Provision for advertising services in the PRC
上海巨流軟件有限公司 ("Ju Liu Software")	The PRC (limited liability company under the laws of the PRC)	Registered capital RMB200,000, fully paid	–	100%	Provision for advertising services in the PRC

18. INTERESTS IN AN ASSOCIATE

	31 December 2015 RMB	2014 RMB
Share of net assets	**1,271,509**	1,223,552

The investment in an associate is unlisted equity interests and details of the Group's associate as at 31 December 2015 is as follows:

Name	Form of business structure	Place of establishment and operation	Paid-up registered capital	Attributable equity interests indirectly held by the Company	Principal activities
上海東上海三眾華納傳媒有限公司 ("East Shanghai SumZone")	Corporation	The PRC	RMB2,000,000	49%	Provision of advertising, consulting and event marketing services

In the opinion of the directors of the Company, East Shanghai SumZone is not material to the Group and the summarised financial information is set out below:

	Year ended 31 December 2015 RMB	2014 RMB
Profits for the year	**97,872**	36,894
Other comprehensive income	**–**	–
Total comprehensive income	**97,872**	36,894

19. TRADE AND BILLS RECEIVABLES

	31 December 2015 RMB	2014 RMB
Trade receivables	**169,364,572**	137,061,649
Less: Impairment	**(123,875)**	(692,672)
	169,240,697	136,368,977
Bills receivables	**5,900,000**	1,460,000
	175,140,697	137,828,977

The Group's trading terms with its clients are mainly on credit. The credit period is generally 60 days to 330 days. The Group seeks to apply strict control over its outstanding receivables to minimise credit risk. Although the Group's trade receivables relate to a number of clients, however, there is certain degree of concentration of credit risk. The trade receivables from the five largest debtors at 31 December 2015 represented 49% (2014: 47%) of total trade receivables, while 18% (2014: 23%) of the total receivables were due from the largest debtor. All the trade receivables are non-interest-bearing.

An ageing analysis of the Group's trade receivables as at the end of the reporting periods, based on the provision of service date, is as follows:

	31 December 2015 RMB	2014 RMB
Not more than 1 month	**44,372,921**	24,025,470
More than 1 month but not more than 3 months	**58,633,443**	31,737,276
More than 3 months but not more than 6 months	**36,270,325**	44,533,512
More than 6 months but not more than 1 year	**25,885,144**	34,594,967
Over 1 year	**4,078,864**	1,477,752
	169,240,697	136,368,977
Bills receivables	**5,900,000**	1,460,000
	175,140,697	137,828,977

The analysis of the Group's trade receivables as at the end of each of the reporting periods, is as follows:

	31 December 2015 RMB	2014 RMB
Neither past due nor impaired *(note i)*	**146,069,554**	104,130,580
Past due but not impaired *(note ii)*:		
less than 1 month	**9,735,407**	11,359,968
1 to 3 months	**6,179,634**	9,776,774
more than 3 months but less than 12 months	**7,256,102**	10,601,655
more than one year	**–**	500,000
	169,240,697	136,368,977

Notes:

(i) The balances that were neither past due nor impaired relate to a wide range of clients for whom there was no recent history of default.

(ii) Receivables that were past due but not impaired relate to a number of independent clients that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The below table reconciled the impairment loss of trade receivables:

	31 December 2015 RMB	2014 RMB
At the beginning of the year	**692,672**	1,045,233
Recovery of impairment loss previously recognised	**(568,797)**	(249,961)
Bad debts written off	**–**	(102,600)
At the end of the year	**123,875**	692,672

The Group recognised impairment loss on individual assessment based on the accounting policy stated in note 3(i)(ii).

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2015 RMB	2014 RMB
Deposits *(note (a))*	**297,709**	36,195,571
Prepayments *(note (b))*	**5,992,911**	65,553,027
Advance payment for event marketing expenses	**1,926,381**	505,118
Other receivables	**99,526**	425,883
Total	**8,316,527**	102,679,599

Notes:

(a) At 31 December 2014, refundable deposits of RMB35,000,000 in total were paid to three independent third party advertising media or its agents to initiate the negotiations of advertising space contracts for coming year. The balances were refunded subsequent to the reporting period.

(b) At the end of the reporting period, prepayments of RMB2,971,762 (2014: RMB62,318,805) in total were paid to 12 (2014:eight) independent third party advertising media or its agents for the purchase of advertising space that to be used in the coming one to two years. According to the agreement, these deposits and prepayments can be used to offset against the advertising cost payable to these agents.

The below table reconciled the impairment loss on prepayments, deposits and other receivables:

	31 December 2015 RMB	2014 RMB
At the beginning of the year	**–**	–
Impairment loss	**1,589,804**	–
At the end of the year	**1,589,804**	–

The Group recognised impairment loss based on the accounting policy stated in note 3(i)(ii).

21. CASH AND CASH EQUIVALENTS

The cash and cash equivalents of RMB131,850,400 (2014: RMB93,269,769) are located in the PRC. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC Government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

Trade payables are non-interest-bearing. The Group is normally granted with credit terms of about 90–180 days.

An ageing analysis of the Group's trade payables as at the end of each of the reporting periods, based on the date on which service was rendered or product was received, is as follows:

	31 December	
	2015	2014
	RMB	*RMB*
Not more than 1 month	**12,635,755**	12,109,175
More than 1 month but not more than 3 months	**3,588,824**	17,542,494
More than 3 months but not more than 6 months	**4,421,438**	13,616,230
More than 6 months but not more than 1 year	**4,598,743**	8,675,585
Over 1 year	**3,851,330**	1,527,652
	29,096,090	53,471,136

23. RECEIPTS IN ADVANCE, OTHER PAYABLES AND ACCRUALS

	31 December	
	2015	2014
	RMB	*RMB*
Receipts in advance from clients	**5,199,028**	18,407,933
Other payables and accruals *(note)*	**15,684,829**	18,846,152
	20,883,857	37,254,085

Notes:

(i) The balance at 31 December 2015 included down payments of RMB9,908,489 received from potential investors in relation to a placing of the Company's shares (the "Placing"). Details of the Placing were set out in the Company's announcements dated 16 November 2015 and 29 February 2016.

(ii) The balance at 31 December 2014 included consideration payables of RMB11,250,000 for the acquisition of a subsidiary to be paid during the year ended 31 December 2015.

24. BANK BORROWINGS

	31 December 2015 RMB	2014 RMB
Unsecured interest-bearing loans	–	20,000,000

The unsecured bank borrowings of the Group was guaranteed by the subsidiary of the Group, SumZone Enterprise and repayable within one year. No asset is pledged for the bank borrowing. Interest is charged at 6.3% (2014: from 5.0% to 7.2%).

25. DEFERRED TAX LIABILITIES

	Fair value surplus in respect of business combination RMB
At 1 January 2014	1,169,290
Credited to profit or loss *(note 11)*	(264,745)
At 31 December 2014 and 1 January 2015	904,545
Credited to profit or loss *(note 11)*	(264,745)
At 31 December 2015	639,800

The amount credited to profit or loss is the tax impact of amortisation of intangible assets.

26. SHARE CAPITAL

	Number	*RMB*
Authorised:		
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	2,000,000,000	16,632,421
Issued and fully paid:		
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	246,810,194	1,996,737

27. RESERVES

Company

	Share premium *(note a)* *RMB*	**Exchange reserve** *(note b)* *RMB*	**Accumulated losses** *(note c)* *RMB*	**Total** *RMB*
At 1 January 2014	203,009,101	(481,793)	(15,726,430)	186,800,878
Loss for the year	–	–	(1,834,828)	(1,834,828)
Other comprehensive income	–	55,139	–	55,139
Total comprehensive income	–	55,139	(1,834,828)	(1,779,689)
At 31 December 2014 and 1 January 2015	203,009,101	(426,654)	(17,561,258)	185,021,189
Loss for the year	–	–	(7,559,104)	(7,559,104)
Other comprehensive income	–	1,423,125	–	1,423,125
Total comprehensive income	–	1,423,125	(7,559,104)	(6,135,979)
At 31 December 2015	203,009,101	996,471	(25,120,362)	178,885,210

Notes:

(a) Share premium represents amount subscribed for share capital in excess of par value.

(b) Exchange reserve represents gains/losses arising on retranslating the net assets of foreign operations into presentation currency.

(c) It represents cumulative net gains and losses recognised in profit or loss.

28. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these financial statements, the Group had the following material related party transactions:

(a) Related party transactions

	Note	Year ended 31 December 2015 RMB	2014 RMB
Entrustment fee to an associate	(a)	**–**	1,940,000

Note:

(a) The entrustment fee was paid/payable by SMU to an associate, East Shanghai SumZone, in relation to the transfer of the entrusted rights of the management of the operations and business of the magazine Shanghai Scene (上海灘) and Shanghai Today (今日上海), which rights were initially granted to East Shanghai SumZone by Shanghai Scene Magazine (上海灘雜誌社) and Shanghai Today Magazine (今日上海雜誌社), respectively.

The above transactions are charged at a pre-determined rate mutually agreed by the parties.

(b) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the executive directors as disclosed in note 9 to the consolidated financial statements, and other senior management is as follows:

	Year ended 31 December 2015 RMB	2014 RMB
Short-term employee benefits	**3,564,527**	2,490,042

29. MATERIAL INTERESTS OF DIRECTORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except as disclosed in note 28 to the financial statements, no contracts of significance to which the Company's subsidiary or joint venture was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

30. OPERATING LEASE COMMITMENTS

The Group leases certain properties under operating leases. The leases for properties usually run for an initial period of one to seven years. None of the leases includes contingent rentals.

At the end of each of the reporting period, the total future minimum lease payments under non-cancellable operating leases are payables as follows:

	31 December	
	2015	2014
	RMB	*RMB*
Within one year	**7,013,585**	1,498,485
In the second to fifth years, inclusive	**2,601,811**	10,612,289
	9,615,396	12,110,774

31. CAPITAL COMMITMENTS

	31 December	
	2015	2014
	RMB	*RMB*
Commitments for the investments		
– authorised but not contracted for	**4,900,000**	–
– contracted for but not provided	**17,500,000**	–
	22,400,000	–

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows:

Financial assets

The Group's financial assets as at the end of each of the reporting period which are categorised as loans and receivables are as follows:

	Year ended 31 December	
	2015	2014
	RMB	*RMB*
Trade and bills receivables	**175,140,697**	137,828,977
Financial assets included in deposits and other receivables	**2,323,616**	37,126,572
Cash and cash equivalents	**144,609,439**	109,623,594
	322,073,752	284,579,143

Financial liabilities

The Group's financial liabilities as at the end of each of the reporting period which are categorised as financial liabilities at amortised cost are as follows:

	Year ended 31 December	
	2015	2014
	RMB	*RMB*
Trade payables	**29,096,090**	53,471,136
Financial liabilities included in accrued liabilities and other payables	**15,684,829**	18,257,442
Bank borrowing	**–**	20,000,000
	44,780,919	91,728,578

33. FINANCIAL RISK, CAPITAL MANAGEMENT AND FAIR VALUE

The Group has various financial assets and liabilities such as trade and other receivables, trade and other payables and bank borrowing, which arise directly from its operation.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in RMB, which is the functional currency of the Company except for the cash and bank balances of RMB12,759,190 (2014: RMB16,835,016) that are denominated in Hong Kong Dollars ("HKD"). It is estimated that upon an appreciation or depreciation of 2%in HKD against RMB, with all other variables held constant, the profit before income tax expense would increase or decrease by RMB255,184 (2014: RMB336,700). The Group currently does not have a foreign currency hedging policy, but management is closely monitoring the Group's foreign exchange exposure.

Credit risk

The most significant financial assets of the Group are trade receivables and other receivables. The Group trades only with recognised and creditworthy clients and the receivable balances are monitored on an ongoing basis and on an individual basis. The Group had a certain degree of concentration of credit risk, details please refer to note 19 and note 20. Given the credit worthiness and reputation of the major debtors, management believes the risk arising from concentration is manageable and not significant.

At the end of the reporting period, the Group has no significant refundable deposits (2014: of RMB35,000,000) to independent third party advertising media or its agents (2014: three) (note 20 (a)). In the opinion of Directors, the credit risk of these advertising media or its agents is not significant, as they have credit worthiness, reputation and do not have history of default.

The Group is not exposed to significant credit risk in relation to other financial assets such as cash and cash equivalents, as the bank deposits are placed in the bank with high credit-ratings.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash flows from operations. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The maturity profile of the Group's financial liabilities as at the end of each of the reporting period, based on the contractual undiscounted payments, was less than one year. (2014: except for the other payables and accruals of RMB10,978,477 that to be paid in 2015). The discounting impact of the Group's financial liabilities is insignificant.

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders and issue new shares. For capital management purpose, the directors of the Company regard the total equity presented on the consolidated statement of financial position as capital. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2014.

Fair value

The carrying amounts of the financial assets and financial liabilities carried at amortised cost, in the consolidated financial statements approximate their fair values due to the relative short term maturity of these financial instruments.

34. SHARE OPTION SCHEME

On 10 April 2012, the Group has adopted the share option scheme (the "Scheme"). The Scheme is for a period of ten years commencing from 10 April 2012 whereby the Directors of the Company at its absolute discretion grant any employee of the Group, director, consultant or adviser of our Group, to take up options to subscribe for shares of the Company. The terms and conditions of the grant were determined by the Directors at the time of grant. The exercisable period of an option was not to exceed a period of ten years commencing on 10 April 2012. The options gave the holder the rights to subscribe for ordinary shares in the Company. A nominal consideration of HK$1 was payable by the grantee upon acceptance of an option. Options were lapsed if the employee leaves the Group.

No share options were granted during the year ended 31 December 2015 and 2014.

35. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	**2015** ***RMB***	2014 *RMB*
Assets			
Non-current assets			
Investments in subsidiaries		**161,682,763**	161,666,679
Current assets			
Prepayments and other receivables		**800,015**	821,908
Amounts due from subsidiaries		**27,262,953**	37,998,858
Cash and cash equivalents		**12,228,426**	622,349
Total current assets		**40,291,394**	39,443,115
Total assets		**201,974,157**	201,109,794
Liabilities			
Current liabilities			
Other payables and accruals		**11,457,823**	12,304,494
Amounts due to subsidiaries		**9,634,387**	1,787,374
Total current liabilities		**21,092,210**	14,091,868
Net current assets		**19,199,184**	25,351,247
Total assets less current liabilities		**180,881,947**	187,017,926
Total liabilities		**21,092,210**	14,091,868
NET ASSETS		**180,881,947**	187,017,926

	Note	2015 RMB	2014 RMB
Equity attributable to owners of the Company			
Issued capital		**1,996,737**	1,996,737
Share premium	27	**203,009,101**	203,009,101
Exchange reserve	27	**996,471**	(426,654)
Accumulated losses	27	**(25,120,362)**	(17,561,258)
TOTAL EQUITY		**180,881,947**	187,017,926

On behalf of the directors

Director *Director*

Fang Bin **Patrick Zheng**

36. EVENT AFTER THE REPORTING DATE

On 18 January 2016, the Group signed the investment agreement to subscribe for 49% equity interest of a newly set up company.

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2016.