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

(incorporated in the Cayman Islands with limited liability)

(stock code: 72)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2016	**Six months ended 30 June 2016**	**Six months ended 30 June 2015**
	*HK$'000**	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	237,941	203,368	279,384
(Loss)/Profit for the period	(80,657)	(68,938)	5,780
(Loss)/Earnings per share — basic	HK$(0.1858)	RMB(0.1588)	RMB0.0132

* The above amounts are translated into Hong Kong dollars ("HK$") at the rate of HK$1.1700 to RMB1.

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2016.

The board ("Board") of directors ("Directors") of Modern Media Holdings Limited (the "Company") announces the unaudited interim consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2016 (the "Interim Period") together with comparative figures for the corresponding period in 2015. The interim results have been reviewed by the Company's audit committee and the Company's auditors, Grant Thornton Hong Kong Limited.

Interim consolidated statement of comprehensive income
For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**203,368**	279,384
Cost of sales		**(133,194)**	(136,447)
Gross profit		**70,174**	142,937
Other income	*6*	**3,184**	4,725
Other losses — net		**–**	(60)
Distribution expenses		**(73,316)**	(68,894)
Administrative expenses		**(66,848)**	(74,287)
Operating profit		**(66,806)**	4,421
Finance income	*7*	**117**	288
Finance expenses	*7*	**(2,851)**	(2,365)
Finance expenses-net		**(2,734)**	(2,077)
Share of post-tax (losses)/profits of associates		**(258)**	216
Share of post-tax losses of a joint venture		**(112)**	–
(Loss)/Profit before income tax	*7*	**(69,910)**	2,560
Income tax credit	*8*	**972**	3,220
(Loss)/Profit for the period		**(68,938)**	5,780
Other comprehensive income/(loss) for the period			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of overseas subsidiaries		**3,447**	(782)
Total comprehensive (loss)/income for the period		**(65,491)**	4,998

	Notes	Six months ended 30 June **2016** ***RMB'000*** **(Unaudited)**	 2015 *RMB'000* (Unaudited)
(Loss)/Profit attributable to:			
Owners of the Company		**(68,866)**	5,780
Non-controlling interests		**(72)**	–
		(68,938)	5,780
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(65,419)**	4,998
Non-controlling interests		**(72)**	–
		(65,491)	4,998
(Loss)/Earnings per share attributable to owners of the Company (expressed in RMB per share)			
Basic (loss)/earnings per share	*9*	**RMB(0.1588)**	RMB0.0132
Diluted (loss)/earnings per share	*9*	**RMB(0.1588)**	RMB0.0132

Interim consolidated statement of financial position
As at 30 June 2016

	Notes	**As at 30 June 2016 RMB'000 (Unaudited)**	As at 31 December 2015 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*10*	**181,464**	186,839
Intangible assets	*10*	**25,757**	25,596
Goodwill		**30,032**	30,032
Software development in progress	*10*	**14,065**	11,971
Interest in associates	*11*	**10,685**	4,333
Interest in a joint venture		**235**	347
Available-for-sale financial assets		**6,685**	6,160
Prepayments of equity investments	*12*	**–**	6,500
Deferred income tax assets		**4,726**	2,791
		273,649	274,569
Current assets			
Trade and other receivables	*12*	**265,473**	306,813
Available-for-sale financial assets		**100**	20,000
Inventories		**21,548**	16,907
Cash and cash equivalents	*13*	**26,118**	61,455
Pledged bank deposits	*13*	**20,000**	–
		333,239	405,175
Current liabilities			
Trade and other payables	*14*	**93,103**	76,680
Current income tax liabilities		**7,665**	7,665
Borrowings	*15*	**78,478**	93,457
		179,246	177,802
Net current assets		**153,993**	227,373
Total assets less current liabilities		**427,642**	501,942

	Notes	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Non-current liabilities			
Borrowings	*15*	**26,478**	26,877
Deferred income tax liabilities		**4,045**	3,072
		30,523	29,949
Net assets		**397,119**	471,993
EQUITY			
Equity attributable to owners of the Company			
Share capital	*16*	**3,852**	3,852
Reserves	*16*	**193,013**	189,468
Retained earnings		**200,658**	279,005
		397,523	472,325
Non-controlling interests		**(404)**	(332)
Total equity		**397,119**	471,993

Notes to the condensed consolidated interim financial information

For the six months ended 30 June 2016

1. GENERAL INFORMATION

Modern Media Holdings Limited (the "Company") was incorporated in the Cayman Islands on 8 March 2007 and registered as an exempted company with limited liability under the Company Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its principal places of business in the People's Republic of China (the "PRC") and Hong Kong are at Units A, B & C, 10/F, Exhibition Centre, No. 1 Software Park Road, Zhuhai City, Guangdong Province, the PRC and 7/F, Global Trade Square, 21 Wong Chuk Hang Road, Aberdeen, Hong Kong, respectively; and its registered office is at Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands.

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

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

As mentioned in the Company's announcement dated 27 June 2016 and in connection with other previous announcements concerning the proposed spin-off (the "Proposed Spin-off") of the digital and television businesses of the Group, the Company decided to postpone the application of the Proposed Spin-Off to a later stage.

The interim consolidated statement of financial position as at 30 June 2016 and the related interim consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes (collectively defined as the "Interim Financial Information") of the Group have been approved by the Board on 26 August 2016.

The Interim Financial Information is presented in Renminbi ("RMB"), unless otherwise stated.

This Interim Financial Information has been reviewed, not audited.

2. BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31 December 2015 except for the adoption of the new and amended International Financial Reporting Standards ("IFRSs") as disclosed below.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

Going-concern basis

The Group meets its day-to-day working capital requirements through its bank facilities and cash inflows generated from operating activities. The current economic conditions continue to create uncertainty particularly over (a) the trend of advertising market; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in business performance, show that the Group should be able to operate within the level of its current facilities and cash flow position. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its interim consolidated financial information.

New and amended IFRSs adopted by the Group

The Group has applied all the following amendments to IFRSs which are mandatory for the financial year beginning 1 January 2016 and are relevant to the Group.

Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation

The adoption had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

The Group has not applied any new or amended IFRSs that are not yet effective for the current accounting period.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing the Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

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

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at and for the year ended 31 December 2015.

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

4.2 Liquidity risk

Compared to the liquidity position as at 31 December 2015, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

4.3 Fair value estimation

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

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

The carrying amounts of the following financial assets and liabilities of the Group approximate to their respective fair values as at 30 June 2016 and 31 December 2015.

- Trade and other receivables
- Available-for-sale financial assets
- Cash and cash equivalents
- Pledged bank deposits
- Trade and other payables
- Borrowings

5. REVENUE AND SEGMENT INFORMATION

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

Senior executive management considers the business from a business perspective, and assesses the performance of the business segment based on revenue and adjusted EBITDA without allocation of share of profits/losses of investments accounted for using equity method, losses on disposal of an associate and other unallocated head office and corporate expenses.

The amount provided to senior executive management with respect to total assets is measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of segment. Investments in associates and jointly controlled entities are not considered to be segment assets but rather are managed by the treasury function.

The Group has two (six months ended 30 June 2015: four) reportable segments as described below, which are the Group's strategic business units. As detailed in the Group's annual financial statements for the year ended 31 December 2015, the Group strategically restructured its business into two business segments in the second half of 2015, namely print media and art, and digital media with television. The chief operating decision-makers assess the performance of the operating segments mainly based on segment revenue and profit of each operating segment. Segment information below is presented in a manner consistent with the way in which information is reported internally for the purposes of resource allocation and performance assessment. The following describes the operations in each of the Group's reportable segments:

— Print media and art: this segment engages in the sale of advertising space in the publication of and the distribution of the Group's magazines and periodicals; and artwork trading and auction, art exhibition and education.

— Digital media and television: this segment is a digital media platform in which the Group publishes multiple digital media products and sells advertising spaces; and engages in the production of customised contents for brand advertisers.

(a) Revenue

The revenue by segment for the six months ended 30 June 2016 and 2015 were set out as follows:

	Six months ended 30 June	
	2016	2015
		(Restated)
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Reportable segment		
— Print media and art (i)	**161,186**	238,887
— Digital media and television	**45,029**	45,014
	206,215	283,901
Revenue derived from other operations		
— Exhibition, event arrangement and others (ii)	**2,538**	2,488
Less: sales taxes and other surcharges	**(5,385)**	(7,005)
	203,368	279,384

(i) In June 2015, the Group entered into an agreement with Mr. Shao Zhong ("Mr. Shao"), a director and the controlling shareholder of the Group, pursuant to which the Group sold 17 pieces of artworks including canvases, photograph and sculpture to Mr. Shao, at a cash consideration of RMB29,121,000. The sales were recorded as revenue in the segment of print media and art for segment reporting (Note 18(a)(ii)).

(ii) This represented the revenue derived from the provision of exhibition and event arrangement services to customers.

(b) Adjusted EBITDA

The adjusted EBITDA of the Group for the six months ended 30 June 2016 and 2015 were set out as follows:

	Six months ended 30 June	
	2016	2015
		(Restated)
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Print media and art (i)	**(57,133)**	8,101
Digital media and television	**991**	10,652
	(56,142)	18,753
Revenue derived from other operations (Note 5(a))	**2,538**	2,488
Depreciation	**(9,195)**	(8,078)
Amortisation	**(3,639)**	(4,890)
Finance expenses — net	**(2,734)**	(2,077)
Share of (losses)/profits of investments accounted for using equity method	**(370)**	216
Unallocated head office and corporate expenses	**(368)**	(3,852)
(Loss)/Profit before income tax	**(69,910)**	2,560

(i) For the six months ended 30 June 2015, the EBITDA derived from the sale of artworks to Mr. Shao was approximately RMB14,155,000.

	Six months ended 30 June 2016		
Business segment	**Depreciation**	**Amortisation**	**Finance expenses — net**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Print media and art	**8,464**	**1,045**	**2,734**
Digital media and television	**731**	**2,594**	**–**
	9,195	**3,639**	**2,734**

	Six months ended 30 June 2015 (Restated)		
Business segment	Depreciation	Amortisation	Finance expenses — net
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Print media and art	5,751	1,193	2,007
Digital media and television	2,327	3,697	–
	8,078	4,890	2,007

(c) Total assets

Business segment	At as 30 June 2016 *RMB'000* (Unaudited)	At as 31 December 2015 *RMB'000* (Audited)
Print media and art	**342,851**	359,877
Digital media and television	**127,916**	148,656
	470,767	508,533
Corporate and unallocated assets	**999**	2,157
Interest in associates	**10,685**	4,333
Interest in a joint venture	**235**	347
Available-for-sale financial assets	**6,785**	26,160
Prepayments of equity investments	**–**	500
Deferred income tax assets	**4,726**	2,791
Other receivables	**66,573**	73,468
Cash and deposits	**46,118**	61,455
Consolidated total assets	**606,888**	679,744

(d) Geographic information

The geographic location of the Group's property, plant and equipment, intangible assets, goodwill and interests in associates and a joint venture ("specified non-current assets") were mainly in the PRC, Hong Kong and Taiwan as at 30 June 2016.

6. OTHER INCOME

	Six months ended 30 June 2016 *RMB'000* (Unaudited)	2015 *RMB'000* (Unaudited)
PRC government subsidy	**3,138**	4,618
Gains on disposal of property, plant and equipment	**–**	107
Others	**46**	–
	3,184	4,725

7. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income and expenses		
Finance income:		
Interest income derived from bank deposits	**(117)**	(288)
Finance expenses:		
Interest expenses on bank loans repayable within 5 years	**2,526**	2,037
Interest expenses on bank loans repayable after 5 years	**325**	328
	2,851	2,365
Finance expenses — net	**2,734**	2,077
Other items		
Depreciation of plant, property and equipment	**9,440**	8,395
Amortisation of intangible assets	**3,645**	5,010
Impairment losses on trade receivables	**1,190**	491
Operating lease charges in respect of properties	**13,395**	12,913
Loss/(Gain) on disposal of property, plant and equipment	**132**	(107)
Professional fees for the Proposed Spin-off *(Note 1)*	**5,148**	–
Net foreign exchange loss	**381**	60

8. INCOME TAX CREDIT

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax — PRC Corporate income tax	**–**	2,604
Deferred tax	**(972)**	(5,824)
Income tax credit	**(972)**	(3,220)

Notes:

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

(ii) Enterprises incorporated in Hong Kong are subjected to income tax rates of 16.5%. No provision for Hong Kong Profits Tax for the six months ended 30 June 2016 and 2015 have been made on the subsidiaries in Hong Kong as either the tax losses brought forward from previous years exceeds the estimated assessable profits for the year or the subsidiaries had no estimated assessable profits in Hong Kong.

(iii) The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable corporate tax rate on the estimated assessable profits based on existing legislations, interpretations and practices. The applicable corporate income tax rate is 25%.

Pursuant to the relevant laws and regulations in the PRC, Kashi Yazhimei Culture Media Co. Ltd., a wholly owned subsidiary incorporated in Xinjiang, the PRC, is entitled to an income tax exemption period from 1 January 2015 to 31 December 2019.

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the periods.

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
(Loss)/Profit attributable to owners of the Company *(RMB'000)*	**(68,866)**	5,780
Issued ordinary shares as at 1 January *(thousands)*	**438,282**	438,210
Weighted average number of shares held for share award scheme *(thousands) (Note 16(c))*	**(4,579)**	(1,622)
Weighted average number of shares awarded in respect of Linkchic acquisition *(thousands) (Note 16(d))*	**–**	6
Weighted average number of ordinary shares in issue *(thousands)*	**433,703**	436,594
Basic (loss)/earnings per share *(RMB per share)*	**(0.1588)**	0.0132

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
(Loss)/Profit attributable to owners of the Company *(RMB'000)*	**(68,866)**	5,780
Weighted average number of ordinary shares in issue *(thousands)*	**433,703**	436,594
Effect of deemed issue of shares for nil consideration with respect to the Linkchic Acquisition *(thousands)*	**–**	71
Weighted average number of ordinary shares for diluted (loss)/earnings per share *(thousands)*	**433,703**	436,665
Diluted (loss)/earnings per share *(RMB per share)*	**(0.1588)**	0.0132

The computation of diluted loss per share for the six months ended 30 June 2016 did not assume the exercise of the Company's share awards outstanding during the period as their exercise is anti-dilutive.

10. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND SOFTWARE DEVELOPMENT IN PROGRESS

	Property, plant and equipment *RMB'000* (Unaudited)	Intangible assets *RMB'000* (Unaudited)	Software development in progress *RMB'000* (Unaudited)
Six months ended 30 June 2016			
Net book amount as at 1 January 2016	**186,839**	**25,596**	**11,971**
Additions	**1,733**	**95**	**5,782**
Disposals	**(137)**	**–**	**–**
Transfers	**–**	**3,688**	**(3,688)**
Depreciation and amortisation	**(9,440)**	**(3,645)**	**–**
Currency translation differences	**2,469**	**23**	**–**
Net book amount as at 30 June 2016	**181,464**	**25,757**	**14,065**
Six months ended 30 June 2015			
Net book amount as at 1 January 2015	212,172	23,449	3,410
Additions	3,918	–	8,323
Disposals	(436)	–	–
Transfers *(i)*	(42,788)	3,315	(3,315)
Depreciation and amortisation	(8,395)	(5,010)	–
Currency translation differences	(11)	(29)	–
Net book amount as at 30 June 2015	164,460	21,725	8,418

(i) In January 2015, management of the Group determined the strategy to develop its business in artwork trading and auction, and art exhibition and education. Accordingly, the carrying amount of artworks of RMB42,788,000 were reclassified from property, plant and equipment to inventories. There were no such transfers during the six months ended 30 June 2016.

(ii) As at 30 June 2016, certain properties with a carrying amount of approximately RMB86,716,000 (As at 31 December 2015: RMB104,217,000) were pledged as collaterals for the Group's bank and other borrowings of RMB42,954,000 (As at 31 December 2015: RMB68,379,000) (Note 15).

11. INTEREST IN ASSOCIATES

	As at 30 June 2016 *RMB'000* (Unaudited)	As at 31 December 2015 *RMB'000* (Audited)
Investment in associates		
At 1 January	**4,333**	4,024
Transfer *(Note 12(b))*	**5,480**	–
Share of (losses)/profits	**(258)**	309
Currency translation differences	**241**	–
At 30 June/31 December	**9,796**	4,333
Advance to an associate	**889**	–
	10,685	4,333

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2016 *RMB'000* (Unaudited)	As at 31 December 2015 *RMB'000* (Audited)
Trade receivables *(a)*		
— Due from third parties	**180,052**	216,201
— Due from controlling shareholder	**–**	18,621
Less: provision for impairment of receivables	**(2,667)**	(1,477)
Trade receivables — net	**177,385**	233,345
Value-added tax recoverable	**20,032**	21,640
Prepayments	**22,645**	21,274
Printing deposits	**17,564**	14,179
Rental, utility and other deposits	**13,993**	11,054
Advances and loans to employees	**6,292**	6,392
Others	**7,562**	5,429
	265,473	313,313
Less non-current portion: prepayments of equity investments *(b)*	**–**	(6,500)
Current portion	**265,473**	306,813

(a) The ageing analysis of trade receivables, before provision for impairment, based on invoice date as at 30 June 2016 and 31 December 2015 were as follows:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Trade receivables, gross		
— Within 30 days	**40,890**	80,829
— Over 31 days and within 90 days	**59,927**	71,043
— Over 91 days and within 180 days	**46,418**	36,927
— Over 180 days	**32,817**	46,023
	180,052	234,822

The credit period granted to the Group's advertising and circulation customers is between 30 to 180 days (with a certain limited number of customers granted a credit period of 270 days). All of the trade receivables are expected to be recovered within one year.

(b) During the six months ended 30 June 2016, prepayments of equity investments of RMB5,980,000 has been transferred to interest in associates (Note 11) and available-for-sale financial assets of RMB5,480,000 and RMB500,000 respectively, and RMB520,000 has been refunded to the Group upon mutual agreement.

13. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Cash at bank and in hand *(a)*	**46,118**	61,455
Less: Pledged bank deposits *(b)*	**(20,000)**	–
Cash and cash equivalents	**26,118**	61,455

(a) All cash at bank are deposits with original maturity within 3 months. The Group earns interest on cash at bank, including pledged bank deposits, at floating bank deposit rates.

(b) These bank deposits have been pledged as security for trade finance facilities granted to a subsidiary in the PRC.

14. TRADE AND OTHER PAYABLES

	As at 30 June 2016 *RMB'000* **(Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
Trade payables *(a)*		
— Due to third parties	**48,170**	27,047
Advances from customers	**14,508**	15,615
Accrued taxes other than income tax	**4,156**	11,161
Advertising and promotion expenses payable	**8,155**	3,991
Accrued expenses	**5,648**	6,684
Salaries, wages, bonus and benefits payable	**1,385**	509
Other liabilities	**11,081**	11,673
	93,103	76,680

(a) The ageing analysis of trade payables based on the recognition date as at 30 June 2016 and 31 December 2015 were as follows:

	As at 30 June 2016 *RMB'000* **(Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
Trade payables		
— Within 30 days	**23,672**	22,569
— Over 31 days and within 90 days	**5,604**	751
— Over 91 days and within 180 days	**1,608**	288
— Over 180 days	**17,286**	3,439
	48,170	27,047

15. BORROWINGS

	As at 30 June 2016 *RMB'000* (Unaudited)	As at 31 December 2015 *RMB'000* (Audited)
Current		
— Unsecured bank borrowings *(i)*	**62,002**	51,955
— Secured bank borrowings *(ii)*	**1,905**	26,908
— Other secured loan *(iii)*	**14,571**	14,594
	78,478	93,457
Non-current		
— Secured bank borrowings *(ii)*	**26,478**	26,877
	104,956	120,334

(i) As at 30 June 2016, unsecured bank borrowings of RMB19,450,000 (As at 31 December 2015: RMB14,450,000) were guaranteed by Mr. Shao and Modern Media (Zhuhai) Technology Company Limited, an indirect wholly-owned subsidiary of the Group; unsecured bank borrowings of RMB15,000,000 (As at 31 December 2015: RMB10,000,000) were guaranteed by Mr. Shao; and unsecured bank borrowings of RMB10,425,000 (As at 31 December 2015: RMB10,749,000) were guaranteed by the Company.

The remaining unsecured bank borrowings of RMB17,127,000 (As at 31 December 2015: RMB16,756,000) were credit loans.

(ii) As at 30 June 2016, secured bank borrowings of RMB28,383,000 (As at 31 December 2015: RMB53,785,000) were secured by certain properties of the Group (Note 10) with a carrying amount of approximately RMB86,716,000, equivalent to HK$101,458,000 (As at 31 December 2015: RMB104,217,000, equivalent to RMB18,260,000 and HK$102,598,000). In addition, among the secured bank borrowings of RMB53,785,000 as at 31 December 2015, RMB25,000,000 were guaranteed by Mr. Shao and the guarantee was subsequently released during the period.

(iii) As at 30 June 2016, other secured borrowing of RMB14,571,000 (As at 31 December 2015: RMB14,594,000), borrowed from a developer of a property in Hong Kong, was secured by certain property with a carrying amount of RMB86,716,000, equivalent to HK$101,458,000 (As at 31 December 2015: RMB85,957,000, equivalent to HK$102,598,000) (also included as pledged assets for bank borrowings as mentioned in Note 15(ii)) and was also guaranteed by Mr. Shao and Ms. Zhong Yuanhong, a director of a subsidiary of the Group.

(iv) As at 30 June 2016, the Group has unused facilities of approximately RMB2,263,000 (As at 31 December 2015: RMB12,550,000).

16. SHARE CAPITAL, DIVIDENDS AND RESERVES

(a) Share capital

Movements in the issued share capital of the Company during the periods were as follows:

	Number of shares *(thousand)* (Unaudited)	Share capital *RMB'000* (Unaudited)
Issued and fully paid ordinary shares of HK$0.01 each:		
As at 1 January 2016 and 30 June 2016	**438,282**	**3,852**
As at 1 January 2015	438,210	3,851
Shares issued — employee share award scheme *(Note 16(d))*	72	1
As at 30 June 2015	438,282	3,852

(b) Dividends

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

	Six months ended 30 June	
	2016 *RMB'000* **(Unaudited)**	2015 *RMB'000* (Unaudited)
Final dividends in respect of the previous financial year of HK2.50 cents, equivalent to RMB2.16 cents (2014: HK2.50 cents, equivalent to RMB1.97 cents) per ordinary share	**9,481**	8,642

(c) Share award scheme

On 3 December 2009, the Board of Directors of the Company (the "Board") approved the Share Award Scheme (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to eligible participants in accordance with the provisions of the Share Award Scheme. Details of the terms of the scheme have been set out in the Group's annual financial statements for the year ended 31 December 2015.

Movements in shares under the Company's Share Award Scheme during the periods were as follows:

	Six months ended 30 June			
	2016		2015	
	Number of shares held **(Unaudited)**	**Value** *RMB'000* **(Unaudited)**	Number of shares held (Unaudited)	Value *RMB'000* (Unaudited)
At 1 January	**4,579,000**	**5,925**	2,215,000	2,420
Shares vested during the period	**–**	**–**	(1,780,000)	(1,909)
Dividends reinvested to the scheme	**–**	**(98)**	–	(44)
At 30 June	**4,579,000**	**5,827**	435,000	467

(d) Shares awarded in respect of Linkchic acquisition

During the year ended 31 December 2013, an aggregate of 1,076,000 shares of the Company were agreed to be issued to eligible participants following the acquisition of 每城美客(北京)網絡科技有限公司 ("Linkchic"). These awarded shares do not constitute as part of the purchase consideration in respect of the acquisition and they were awarded to the eligible participants for their continuing services in Linkchic, which are to be vested subject to vesting condition over service periods of one to three years from the date of award.

During the six months ended 30 June 2015, 72,000 shares were issued and vested to the eligible participants on 13 May 2015 with grant date fair value of HK$2.32 per share for nil consideration. Details of which have been set out in the Group's annual financial statements for the year ended 31 December 2015.

As at 30 June 2016, there were 71,200 outstanding vested awarded shares in respect to the acquisition of Linkchic (As at 31 December 2015: 71,200 unvested awarded shares). For the six months ended 30 June 2016, the Group has not recognised any share-based payment expenses (Six months ended 30 June 2015: RMB144,000).

Movements in the number of awarded shares outstanding during the periods were as follows:

	Six months ended 30 June	
	2016	2015
	Number of share options (Unaudited)	Number of share options (Unaudited)
At 1 January	71,200	286,400
Forfeited	–	(143,200)
Exercised	–	(72,000)
At 30 June	71,200	71,200

Note: 70,659 outstanding vested award shares were subsequently exercised and issued on 29 July 2016.

17. COMMITMENTS

(a) Capital commitments

As at 30 June 2016, the Group had the following capital commitments:

	As at 30 June 2016	As at 31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Capital expenditure contracted but not provide for:		
— Investment in an associate	**1,800**	–

(b) Operating lease commitments

As at 30 June 2016, the future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	As at 30 June 2016 *RMB'000* **(Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
Operating leases expiring:		
— Within 1 year	**22,397**	21,863
— After 1 year but within 5 years	**23,790**	24,953
	46,187	46,816

(c) Other commitments

The Group entered into licensing agreements with the publishing partners to obtain the exclusive rights for the sale of advertising spaces in and the distribution of the magazines. As at 30 June 2016, the total future minimum payments under non-cancellable licensing agreements for cooperation titles were as follows:

	As at 30 June 2016 *RMB'000* **(Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
Licensing agreement expiring:		
— Within 1 year	**16,754**	17,169
— After 1 year but within 5 years	**63,549**	69,899
— After 5 years	**9,722**	5,993
	90,025	93,061

18. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related party transactions

In addition to the transactions/information disclosed in Note 15, the Group entered into the following material related party transactions during the six months ended 30 June 2016 and 2015:

	Six months ended 30 June	
	2016 *RMB'000* **(Unaudited)**	2015 *RMB'000* (Unaudited)
Rental expenses *(i)*	**6,261**	6,571
Sales of artworks *(ii)*	**–**	29,121
Advertising income *(iii)*	**2,685**	1,570

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

(ii) In June 2015, the Group entered into an agreement with Mr. Shao, pursuant to which the Group sold 17 pieces of artworks including canvases, photograph and sculpture to Mr. Shao, at a cash consideration of RMB29,121,000. The consideration was arrived at the prices by making reference to the Assets Revaluation Report dated 20 May 2015 prepared by an independent valuer.

(iii) This represented advertising income received from entities controlled by a close family member of Dr. Cheng for certain advertisement placements on the Group's media platforms. It was charged at a predetermined rate mutually agreed, which was based on the market rates of the related services rendered.

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

(b) Receivables from related parties

	At 30 June 2016	At 31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Receivable derived for the sale of artworks	**–**	18,621

The remaining balance of the total consideration of the artworks of RMB18,621,000 was paid by Mr. Shao in March 2016.

(c) Key management compensation

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Basic salaries, allowances, benefits in kind and Share Award Scheme	**10,660**	13,457
Retirement scheme contributions	**386**	408
	11,046	13,865

19. CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT SUMMARY

The world faced economic challenges on multiple fronts in the first few months of 2016 — the U.S. Federal Reserve began its monetary tightening; Europe was struggling to manage migrants from the Middle East and the debt crises, meanwhile the UK's voted to exit the European Union represented a significant shock to the global outlook with the uncertainties and risks that it might bring to the global economy. Along with the structural transition China was going through, the overall Chinese economy continued to slow down in 2016, while doubts growing on its financial stability and increased uncertainties of economic risks. The Chinese government continues the policies of anti-corruption and advocating economization, especially in luxury goods consumption which caused the brand advertisers to remain cautious and conservative in their advertising spending. Meanwhile, together with the challenging macroeconomic environment, the significant downturn in traditional print media industry had also severely impacted our business; management is looking for ways of implementing transformative measures which are necessary for remaining competitive.

Under the tough operating environment as mentioned above, the Group had recorded a decrease in revenue of approximately 27.2% to RMB203.4 million in the first half of 2016 as compared with the corresponding period in 2015 (2015: RMB279.4 million), the decline was mainly due to the following reasons: 1) substantial decrease in print media advertising revenue as a result of the downturn experienced by the print media industry; 2) the Group had recorded RMB29.1 million revenue from sales of art works during the interim period of 2015 whilst there was no such revenue generated this period. During the Interim Period, the Group reported a loss attributable to owners of the Company of approximately RMB68.9 million (2015: profit of RMB5.8 million) which was mainly resulted from the significant drop in print media advertising revenue.

In view of the continued difficulties in the operating environment of the print media industry, the Group has implemented a series of cost control measures in the second half of the year, including the reviewing of headcount to rationalize human resource structure, consolidating distribution networks and the removal of offices, optimizing the number of print copies of our magazines and tightening the budget control on production costs and expenses, etc. The management of the Group also kept on reviewing the current magazine portfolio and might close down business units with undesirable operating results. Meanwhile, we will look for other opportunities in new business areas, so as to gradually turnaround the loss-making situation in the future.

Since the second-half of 2015, the Group had strategically restructured its business into two business segments, namely print media and art, and digital media with television ("TV") production. During the Interim Period, print media remained as the major income contributor of advertising revenue. As at 30 June 2016, the segment results are as follows:

	Print Media and Art	**Digital Media and TV**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
2016			
Reportable segment revenue	161,186	45,029	206,215
Reportable segment loss	(69,376)	(2,334)	(71,710)
Segment EBITDA	(57,133)	991	(56,142)
2015			
Reportable segment revenue	238,887	45,014	283,901
Reportable segment (loss)/profit	(920)	4,628	3,708
Segment EBITDA	8,101	10,652	18,753

In regard to the segment results, the revenue for the print media and art segment in the first half of 2016 suffered a decline of 32.5% when compared with that of 2015; without considering the art related revenue, revenue derived from print media during the Interim Period dropped by 23.2% as compared to that of last year, which was mainly attributable to the significant downturn in traditional print media industry as well as tightening spending by those luxury brand advertisers; the segment profit decreased correspondingly along with the decrease in the sales revenue. On the other hand, the digital media and TV segment recorded similar performance in terms of revenue notwithstanding the tough macroeconomic conditions as compared to the first half of 2015. During the Interim Period, the professional fees of approximately RMB5.1 million related to the proposed spin-off of digital media and TV segment were charged to the income statement. Thus, the profits of digital media and TV segment experienced a substantial decline as compared to that of the same period of 2015 by taking into account this one-off expense charged; digital and TV segment would have made a profit of approximately RMB2.8 million if no such expenses incurred.

(A) BUSINESS REVIEW

Print Media and Art

At the beginning of 2016, the Group had six weekly/bi-weekly and nine monthly/bi-monthly magazines in the PRC and Hong Kong.

Along with the severe decline in the print media industry, the advertising market of magazine category in China suffered a decrease of 29.4% in the first half of 2016 as compared to the same period last year.

**Remarks:* advertising information from this paragraph is extracted from Advertising Expenditure Report of First Half of 2016 produced by CTR.

During the Interim Period, the Group's portfolio of magazine titles contributed approximately RMB155.6 million advertising revenue (2015: RMB194.4 million), representing a decline of approximately 20.0% as compared to the corresponding period in 2015, which outperformed other market players under the downward trend in magazine advertising market.

The weekly and bi-weekly magazines operated by the Group in the PRC and Hong Kong recorded different performances. Some titles such as "Bloomberg Businessweek/China" (Traditional Chinese edition) recorded rising advertising revenue as compared to the same period of last year, whilst some other titles experienced revenue declines as per the general trend of the Group's print media business.

Advertising revenues of other monthly magazines operated by the Group in the PRC and Hong Kong also recorded different performances. Some titles such as "the Outlook Magazine" and "IDEAT" recorded an increase in advertising revenue as compared to the same period of last year, whilst some other monthly titles experienced revenue declines as per the general trend of the Group's print media business. The Group will continue to review such portfolio of monthly magazine and target to attain an optimal operating result in 2016 and onwards.

During the Interim Period, art related revenue had contributed approximately RMB4.7 million to our Group's income, which included the advertising revenue and event income from our art-related magazines — LEAP and the Art Newspaper.

Digital Media & TV

As at the end of Interim Period, the number of "iWeekly" users on smartphone and tablet were 9.8 million and 3.6 million respectively, growing by 11.4% and 9.1% from the same period of last year. "iWeekly" continuously upgraded its content by incorporating the selected contents from some famous international media brands, which enriched its globalized contents and further enlarged the readers' base and increased their adherence. It continued to be recognized as one of the most popular Chinese media applications ("app") on the iOS and Android's platforms. During the Interim Period, we also incorporated daily news radio broadcast function into "iWeekly", and the improvement in function capability is also expected to enhance user frequency and develop reader loyalty to the said app.

"Bloomberg Businessweek 商業周刊中文版" has also broadened its user base on smartphone and tablet PC by reaching 5.2 million and 1.9 million users respectively, up 33.3% and 26.7% from the same period of last year. Moreover, "Bloomberg Businessweek 商業周刊中文版" iPhone version had maintained its ranking of Top 2 in Newsstand Top Crossing List in App Store during the Interim Period. "Bloomberg Businessweek 商業周刊中文版" is expected to follow the successful footprint of "iWeekly" and is likely to become another main income generator in our digital media business.

"iLady365", a comprehensive informative platform for elite women, has already accumulated more than 4.8 million users as at the end of Interim Period as compared to 3.8 million users as at the end of the interim period in 2015, which represented a 26.3% rise. By offering the "Ready-to-Buy" digital media experience to users, "iLady365" was well-accepted by both the users and brand advertisers. During the Interim Period, "iLady365" has successfully integrated with Metroer.com, where comprehensive solutions are provided for targeted customers on behalf of brand clients. Moreover, as it could effectively bring traffic to some advertiser's shopping platform or their official websites, "iLady365" has increased its popularity amongst the brand advertisers. In the first half of 2016, "iLady365" generated an income of approximately RMB8.8 million which was 28.4% higher than that of last year.

The TV media team created add-value by focusing on the customized productions for its brand advertisers. TV media had achieved a revenue of RMB3.6 million (2015: RMB3.7 million) during the Interim Period which was more or less the same as last year. Our TV team is looking for new opportunities to enlarge its client portfolio in the second half of the year and endeavors for better performance.

We are confident that with the enlargement of the user base of our app products, our digital business will further generate considerable revenue and achieve remarkable business growth in the future.

(B) BUSINESS OUTLOOK

In view of the slowdown in economic growth in China, as well as the rapid transformation of the media industry, the Group will continue to face challenges in the second half of the year. As mentioned in the previous section, our management will impose a series of cost control procedures to rationalize and streamline our operation so as to cope with the changing landscape of the media industry; on the other hand, the Group will continue to explore business opportunities in digital media and diversify our business scope.

The Group is planning to implement corporate re-branding and extend our business strategy into a "3M" direction, i.e. "Modern Media", "Modern Digital" and "Modern Maximum".

"Modern Media" includes our printed magazines portfolio which is still a leading core media in the PRC market for the brand advertisers of high-end luxury goods and lifestyle products. We believe that the advertising markets will rebound in line with the economic growth of the PRC economy in future. The Group will strive to develop and maintain its renowned content quality for the needs of the growing elite population. Also, the Group will continuously review its magazine portfolio and may launch new magazines to address the needs of particular segmented clients and readers.

"Modern Digital" is our business growth engine in the past few years. The Group perceived that being innovative is the key to becoming competitive in the digital media industry; therefore we keep developing new apps in addition to the continuous upgrade to our existing apps. During the Interim Period, we launched a new app — "iWant", which positioned as an online shopping guide featuring product recommendations, providing daily updates of a variety of products covering categories in women's fashion, beauty make-up, maternity health and baby products, home, food, culture and sports. It is expected by meeting increasing demand for high-quality goods, "iWant" could reach out to a wide range of users and increase its popularity with brand image built up in the near future. In addition, the Group is expected to launch another new app — "iTaste" in the second half year, which positioned as a food guide, recommending high-quality, special cuisines, including food and restaurant information around the world, targeting at high-end users who look for quality and distinctive foods. Our research and development team is also in the process of developing other new apps which trying to capture business opportunities in different market segments. It is expected that the Group could derive additional revenue and benefits by delivering these innovative new apps to the market.

We temporarily suspend our spin-off exercise owing to the market volatility, but we still keep track on the market situation and will kick-off the project again in the appropriate timing in future.

"Modern Maximum" will further utilize our existing ample resources in well-experienced marketing experts and networks with models, celebrities and artists etc. as a new driving force to the Group's business development. Taking "Photo Shanghai" as an example, the Group together with Montgomery, an international leading art exhibitor, held a successful photo exhibition in Shanghai since 2014. The exhibition has aroused extensive attentions and well-acceptance by both visitors and commercial sponsors. With the success of "Photo Shanghai", the Group will organize a series of profit-making trade fairs with different themes such as art, lohas, creativity, culture, business and design.

Looking forward, our management believes that the further development of the above-mentioned directions together with stringent cost control measures would help the Group to return to a profitable position in the foreseeable future.

DIVIDEND

To preserve more financial resources in response to the imminent economic downturn, the Board do not recommend the payment of any interim dividend (2015: Nil). The Board will consider the final dividend after evaluating the full-year financial performance of 2016.

LIQUIDITY AND FINANCIAL RESOURCES

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

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

During the Interim Period, the Group recorded the net cash outflow in operating activities of RMB0.66 million (2015: net cash outflow: 4.8 million). The net cash outflow in operating activities was largely due to the decline in sales proceeds received as a result of drop in revenue. The Group recorded a net cash outflow in investing activities of RMB7.1 million for the Interim Period largely due to the purchase of office furniture, fixtures and equipment for the operation of the digital media and TV segment and payment for staff cost for mobile applications and website developments.

As of 30 June 2016, the Group had available banking facilities approximately RMB65.8 million of which RMB63.6 million had been utilized. All its bank borrowings bear interest at floating rates. There is no seasonality for its borrowing requirements. The Group's bank borrowings are denominated in Hong Kong Dollars (HK$) and Renminbi (RMB).

Net cash and gearing

As at 30 June 2016, the Group's net borrowing was approximately RMB58.9 million which was made up of bank and other borrowings of approximately RMB105.0 million and bank deposits and cash of approximately RMB46.1 million. The gearing ratio as at 30 June 2016 was 17.3% (31 December 2015: 18.9%), which was calculated based on the total debts divided by total assets.

As at 30 June 2016, the total borrowings of the Group were repayable as follows:

	At 30 June 2016 *RMB'000*	At 31 December 2015 *RMB'000*
Within 1 year or on demand	**78,478**	93,457
After 1 year but within 2 years	**2,018**	1,952
After 2 years but within 5 years	**6,341**	6,133
After 5 years	**18,119**	18,792
	26,478	26,877
	104,956	120,334

Capital expenditure and commitment

Capital expenditures of the Group for the Interim Period include expenditures on fixed assets and software development in progress of approximately RMB7.6 million (corresponding period of 2015: RMB12.2 million).

As at 30 June 2016, the Group had capital commitment of RMB1.8 million which represented the capital expenditure contracted but not provided for an investment.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2016, the Group did not have any material contingent liabilities or guarantees other than disclosed below.

As at 30 June 2016, the Group's bank loan of RMB28.4 million and loan from developer of RMB14.6 million were secured by the office apartment in Hong Kong, the loan from developer was guaranteed by Mr. Shao Zhong, the controlling shareholder of the Company, and Ms. Zhong Yuanhong, a member of senior management of the Group.

As at 30 June 2016, the Group's printing credit line in an amount of approximately RMB10 million was secured by corporate guarantee given by the Company.

FOREIGN EXCHANGE RISKS

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

EMPLOYEES

As at 30 June 2016, the Group had a total of 892 staff (as at 31 December 2015: 992 staff), whose remunerations and benefits are determined based on market rates, State policies and individual performance. The decrease in the number of employees was mainly due to the rationalization of the organization structure of the Group.

SHARE AWARD SCHEME

Details of the Share Award Scheme adopted by the Company and the Awards made up to 30 June 2016 are set out in note 16(c) of condensed consolidated interim financial information as stated in this interim announcement.

SHARE OPTIONS

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

No share option was granted, exercised, cancelled or had lapsed under the Scheme during the Interim Period. No share option was outstanding under the Scheme as at 30 June 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews its corporate governance practices to meet the rising expectations of shareholders and to comply with increasingly stringent regulatory requirements. In the opinion of the Directors, the Company applied the principles and complied with the relevant code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the Interim Period, with the exception that the roles of the chairman and the chief executive officer of the Company have not been segregated as required by code provision A.2.1 of the Corporate Governance Code. The Company is of the view that it is in the best interest of the Company to let Mr. Shao Zhong, the founder of the Group, act in the dual capacity as the chairman and chief executive officer of the Group given Mr. Shao's in-depth expertise and knowledge in business and the Group. For further details, please refer to the section headed "Corporate Governance Report — Chairman and Chief Executive" of the 2015 annual report of the Company.

AUDIT COMMITTEE

As at the date of this interim results announcement, the audit committee of the Board ("Audit Committee") comprises four independent non-executive Directors. The Chairman of the Audit Committee possesses appropriate professional qualification and experience in financial matters.

The Audit Committee has reviewed the unaudited interim financial report for the six months period ended 30 June 2016 with no disagreement with the accounting treatment adopted by the Company.

REMUNERATION COMMITTEE

The remuneration committee of the Board currently comprises one executive Director and two independent non-executive Directors. They are responsible for making recommendations to the Board on setting policy on the remuneration of the Directors and determine on behalf of the Board specific remuneration packages and conditions of employment for the Directors.

NOMINATION COMMITTEE

The nomination committee of the Board currently comprises three independent non-executive Directors. They are responsible for reviewing the structure, size and composition of the Board at least annually, making recommendation on any proposed changes to the Board and the appointment or re-appointment of Directors.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (as set out in Appendix 10 to the Listing Rules) (the "Model Code") as its own code of conducts regarding directors' securities transaction. In response to a specific enquiry by the Company, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the Interim Period.

EVENT AFTER THE REPORTING PERIOD

On 18 August 2016, Dr. Gao Hao has been appointed as an independent non-executive Director of the Company and a member of the Audit Committee. For further details, please refer to the announcement of the Company dated 18 August 2016 in relation to the said appointment.

Save as disclosed above, no other material events occurred after the reporting period.

PUBLICATION

The interim results announcement of the Company for the Interim Period is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Group (www.modernmedia.com.cn) respectively. The 2016 interim report will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

26 August 2016

As at the date of this announcement, the Board comprises the following members: (a) as executive directors, Mr. Shao Zhong, Mr. Wong Shing Fat, Mr. Mok Chun Ho, Neil, Ms. Yang Ying, Mr. Li Jian and Mr. Alain Deroche; (b) as non-executive director, Dr. Cheng Chi Kong; (c) as independent non-executive directors, Mr. Jiang Nanchun, Mr. Wang Shi, Mr. Au-Yeung Kwong Wah and Dr. Gao Hao.