



財訊傳媒集團有限公司

SEEC MEDIA GROUP LIMITED

*(Incorporated in the Cayman Islands and continued  
in Bermuda with limited liability)*

**(Stock Code : 205)**

Interim **20**  
Report **16**

The board of directors (the “Board”) of SEEC Media Group Limited (the “Company”) is pleased to present the interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016 as follows:

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

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Revenue</b>	2	<b>99,874</b>	151,135
Cost of sales		<b>(49,907)</b>	(71,123)
Gross profit		<b>49,967</b>	80,012
Other income		<b>3,016</b>	2,770
Other gains and losses	3	<b>11,813</b>	6,008
Selling and distribution costs		<b>(61,146)</b>	(81,683)
Administrative expenses		<b>(22,373)</b>	(26,570)
Finance costs		<b>(672)</b>	–
Share of profit of a joint venture		<b>7,017</b>	6,886
Share of loss of an associate		<b>(6,426)</b>	–
Loss before taxation	4	<b>(18,804)</b>	(12,577)
Taxation	5	<b>(840)</b>	(785)
Loss for the period		<b>(19,644)</b>	(13,362)
Loss for the period attributable to:			
Owners of the Company		<b>(18,914)</b>	(11,886)
Non-controlling interests		<b>(730)</b>	(1,476)
Loss for the period		<b>(19,644)</b>	(13,362)

	Notes	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Other comprehensive (expense) income for the period</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		(4,742)	207
Share of exchange differences of a joint venture		(107)	17
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive expense of an associate		(120)	–
		<b>(4,969)</b>	224
Total comprehensive expense for the period		<b>(24,613)</b>	(13,138)
Total comprehensive expense for the period attributable to:			
Owners of the Company		<b>(23,883)</b>	(11,662)
Non-controlling interests		<b>(730)</b>	(1,476)
		<b>(24,613)</b>	(13,138)
Loss per share (HK cents)			(Restated)
Basic	7	<b>(0.30)</b>	(0.68)
Diluted		<b>(0.30)</b>	(0.68)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		34,615	35,525
Sole agency rights		4,813	6,756
Goodwill	8	22,603	37,603
Interests in joint ventures		38,020	31,110
Available-for-sale investments	9	35,700	20,000
Interest in an associate		151,867	158,413
Amount due from a joint venture		–	6,747
Statutory deposits with exchange and clearing house		205	–
		<b>287,823</b>	<b>296,154</b>
<b>Current assets</b>			
Trade receivables	10	183,591	93,046
Amounts due from related companies		3,523	10,140
Other receivables and prepayments		59,532	28,647
Held-for-trading investments	11	173,565	72,703
Bank balances, cash and cash equivalents		530,584	746,744
– general accounts and cash			
Bank balances – client account	12	513	–
		<b>951,308</b>	<b>951,280</b>
<b>Current liabilities</b>			
Trade payables	13	18,939	22,686
Other payables and accruals		117,040	132,734
Amounts due to related companies		10,774	9,287
Amount due to a joint venture		2,505	–
Amount due to a shareholder of the Company		133,829	90,188
Borrowings	14	22,352	35,000
Tax payable		12,564	11,973
		<b>318,003</b>	<b>301,868</b>
<b>Net current assets</b>		<b>633,305</b>	<b>649,412</b>
<b>Total assets less current liabilities</b>		<b>921,128</b>	<b>945,566</b>

	Notes	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Non-current liability			
Receipt in advance		151	86
Net assets		920,977	945,480
Capital and reserves			
Share capital	15	637,354	637,354
Reserves		289,259	313,142
Equity attributable to owners of the Company		926,613	950,496
Non-controlling interests		(5,636)	(5,016)
Total equity		920,977	945,480

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company								Attributable to non-controlling interests	Total	
	Share capital	Capital reserve	Contributed surplus	Statutory reserve	Exchange translation reserve	Other reserve	Share options reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000 (note a)	HK\$'000 (note b)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Subtotal HK\$'000	HK\$'000	HK\$'000
At 1 January 2016 (audited)	637,354	13,092	429,374	8,407	43,295	20,631	10,278	(211,935)	950,496	(5,016)	945,480
Loss for the period	-	-	-	-	-	-	-	(18,914)	(18,914)	(730)	(19,644)
Share of other comprehensive expense of an associate	-	-	-	-	-	(120)	-	-	(120)	-	(120)
Exchange differences arising on translation	-	-	-	-	(4,742)	-	-	-	(4,742)	110	(4,632)
Share of exchange differences of a joint venture	-	-	-	-	(107)	-	-	-	(107)	-	(107)
Total comprehensive expense for the period	-	-	-	-	(4,849)	(120)	-	(18,914)	(23,883)	(620)	(24,503)
At 30 June 2016 (unaudited)	637,354	13,092	429,374	8,407	38,446	20,511	10,278	(230,849)	926,613	(5,636)	920,977

For the six months ended 30 June 2015

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

notes:

- (a) The Company cancelled the entire amount standing to the credit of the share premium account and to transfer the credits arising from such cancellation to an account designated as the contributed surplus account of the Company before the change of domicile from Cayman Islands to Bermuda becoming effective on 26 October 2015.
- (b) According to the relevant laws and regulations in the People's Republic of China ("PRC") and the Articles of Association of the Company's subsidiaries in the PRC, those subsidiaries are required to set aside 10% of their profit after taxation to the statutory reserve (except where the reserve has reached 50% of the subsidiaries' registered capital). The profit after taxation is determined in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC. This reserve cannot be used for purposes other than those for which it is created and is not distributable as dividends without the prior approval by the owners under certain conditions.
- (c) Warrant reserve arises from the issue of warrants less the expenses incurred pertaining to the warrants issue. Upon the exercise of the warrants, the warrant reserve would be transferred as an equity movement.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six month ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES</b>	<b>(173,180)</b>	3,000
Repayment from a joint venture	6,632	10,648
Deposits placed in brokerage accounts	–	(38,436)
Repayment from related companies	6,617	10,148
Purchase of held-for-trading investments	(49,663)	(32,564)
Purchase of property, plant and equipment	(2,270)	(200)
Investment in available-for-sale investments	(15,700)	–
Other investing cash flows	1,781	1,836
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(52,603)</b>	(48,568)
Advance from a joint venture	2,505	–
Repayment to a director	–	(2,000)
Advance from (repayment to) related companies	1,487	(1,260)
Repayment of a borrowing	(35,000)	–
Increase in amount due to a shareholder of the Company	43,641	60,000
Proceeds from exercise of warrants	–	239,430
Proceeds from exercise of share options	–	3,013
Interest paid	(672)	–
<b>CASH FROM FINANCING ACTIVITIES</b>	<b>11,961</b>	299,183
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(213,822)</b>	253,615
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>746,744</b>	138,160
Effect of foreign exchange rate changes	(2,338)	201
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD,</b>	<b>530,584</b>	391,976
Represented by :		
Bank balances, cash and cash equivalents		
– general accounts and cash	530,584	391,976



# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The condensed consolidated financial statements have been prepared on the historical cost basis. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

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

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

## 2. REVENUE AND SEGMENT INFORMATION

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

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

*Six months ended 30 June 2016*

	Provision of advertising services HK\$'000	Sales of books and magazines HK\$'000	Securities broking business HK\$'000	Consolidated HK\$'000
REVENUE				
External sales	88,307	8,460	3,107	99,874
RESULT				
Segment (loss) profit	(31,830)	2,209	1,173	(28,448)
Other income				2,989
Other gains and losses				28,847
Unallocated administration expenses				(22,372)
Finance costs				(411)
Share of profit of a joint venture				7,017
Share of loss of an associate				(6,426)
Loss before taxation				(18,804)

*Six months ended 30 June 2015*

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

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

### 3. OTHER GAINS AND LOSSES

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

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Allowance (reversal of) for bad and doubtful debts	3,655	(101)
Impairment loss on goodwill (Note 8)	15,000	–
Gain on fair value changes of held-for-trading investments	(28,847)	(6,432)
Realised loss on held-for-trading investments	–	525
Net exchange gain	(1,621)	–
	<b>(11,813)</b>	<b>(6,008)</b>

### 4. LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Amortisation of sole agency rights (included in costs of sales)	1,152	3,399
Depreciation of property, plant and equipment	2,250	2,542
Loss on disposal of property, plant and equipment	83	103
Bank interest income	(1,770)	(1,786)

### 5. TAXATION

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

Under the law the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries has been 25% for both periods.

### 6. DIVIDENDS

No dividends were paid, declared or proposed during the reported period. The directors do not recommend the payment of an interim dividend (2015: nil).

## 7. LOSS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2016 HK\$'000</b>	2015 HK\$'000
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<b>(18,914)</b>	(11,886)
<i>Number of shares</i>	<b>2016 '000</b>	2015 '000 (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b>6,373,546</b>	1,747,354

The weighted average number of ordinary shares for the purposes of basic and diluted loss per share have been adjusted for the capital reorganisation and open offer in 2015 as detailed in Note 15. The weighted average number of ordinary shares for the six months period ended 30 June 2015 was restated retrospectively.

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

## 8. GOODWILL

Goodwill is entirely related to the provision of advertising agency services on certain magazines of certain subsidiaries which share common cost and resulted from business combination in 2002 and 2005 (the "CGU").

Indicated by negative financial performance of the Group for the six months ended 30 June 2016, the management of the Group takes into consideration to perform impairment assessment for the carrying amounts of goodwill in accordance with HKAS 36 Impairment of Assets. The management of the Group determines to recognise impairment loss of approximately HK\$15,000,000 for the six months ended 30 June 2016 on the goodwill and the impairment loss has been included in other gains and losses (31 December 2015: HK\$61,790,000).

The recoverable amount of the CGU has been determined based on a value in use calculation. The recoverable amount of the CGU of goodwill is determined based on the cash flow forecast derived from the most recent financial budgets approved by the management covering a 2.5-year period (31 December 2015: 3-year period) in accordance with the expected cash inflows generating period, and at a discount rate of 17% per annum (31 December 2015: 17%). Other key assumptions for the value in use calculation are the budgeted revenue and budgeted gross margin, which are determined based on past performance, management's expectation for the market development and market trend. After the impairment loss

recognised for the period, the management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

#### 9. AVAILABLE-FOR-SALE INVESTMENTS

During the six months ended 30 June 2016, the Group acquired additional 13% of the issued ordinary share capital of Merit Advisory Limited ("Merit Advisory"), which is an investment holding company holding the entire issued ordinary share capital of Irregular Consulting Limited, a Hong Kong incorporated company which engaged in the business of the investor relations in Hong Kong. The consideration for the 13% issued ordinary share capital of Merit Advisory was amounted to HK\$13,000,000. As at 30 June 2016, the Group held a total of 38% of the issued ordinary share capital of Merit Advisory. Merit Advisory is not regarded as an associate of the Group because the Group has less than one-fifth of the voting power of Merit Advisory under relevant contractual arrangement with other investors and the Group has no representation on the board of directors of Merit Advisory.

During the six months ended 30 June 2016, the Group invested HK\$2,700,000 to obtain 18% equity interest in a private entity incorporated in Samoa. The private entity is an investment holding company which holds the entire equity interest in a Hong Kong incorporated company engaged in the printing business.

#### 10. TRADE RECEIVABLES

	As at 30 June 2016	As at 31 December 2015
Trade receivables arising from securities broking business:		
– Cash clients	109,147	–
Trade receivables arising from the provision of advertising agency services and sale of books and magazines:	74,444	93,046
	<b>183,591</b>	93,046

The trade receivables arising from securities broking business from cash clients are repayable on demand subsequent to settlement date and carry interest typically at Hong Kong prime rate + 6% per annum as at 30 June 2016 (and in some cases the rate may go up to 15% per annum). Shareholdings of clients and their credit quality are reviewed from time to time in assessing the recoverability of the trade receivables.

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

The directors of the Company believed that the trade receivables arising from securities broking business were considered recoverable given the shareholding of the client is sufficient to cover the entire balance on individual basis. No ageing analysis is disclosed, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities broking.

The Group has no significant concentration of credit risk on these loans, with exposure spread over a number of clients, and which are closely monitored by the Group. In addition, these clients relate to a number of clients in which there was no recent history of default.

The following is an analysis of the Group's trade receivables arising from the provision of advertising agency services and sale of books and magazines net of allowance for doubtful debts, presented based on date of magazines issued, which approximate the date of revenue recognition is as follow:

	As at 30 June 2016		As at 31 December 2015	
	HK\$'000	Percentage	HK\$'000	Percentage
Less than three months	42,216	57	56,192	60
Three months to six months	16,746	22	17,958	20
Over six months to one year	15,482	21	18,896	20
	<b>74,444</b>	<b>100</b>	93,046	100

#### 11. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments include:

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
Listed securities:		
– Equity securities listed in Hong Kong	173,565	72,703

Held-for-trading investments represent equity securities listed in Hong Kong. The fair values of the investments are determined based on the quoted market bid price available on the Stock Exchange of Hong Kong Limited. The fair value of held-for-trading investments was classified as Level 1 of the fair value hierarchy. Subsequent to 30 June 2016, equity securities with fair value of approximately HK\$14,700,000 as at 30 June 2016 has been disposed at HK\$8,584,000 on 9 August 2016 and realised loss of approximately HK\$13,500,000 has been recognised.

#### 12. BANK BALANCES – CLIENT ACCOUNT

The Group receives and holds money deposited by clients during the course of conducting its regulated activities in its ordinary course of business. Such clients' monies are maintained in segregated bank accounts. The Group has recognised the corresponding accounts payable to respective clients and other institutions.

### 13. TRADE PAYABLES

	As at 30 June 2016	As at 31 December 2015
Trade payables arising from securities broking business:		
– Cash clients	418	–
Trade payables arising from the provision of advertising agency services and sale of books and magazines:	18,521	22,686
	<b>18,939</b>	22,686

The normal settlement terms of trade payable arising from securities broking business to cash clients is two days after trade date. No ageing analysis is disclosed as, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities broking.

The ageing analysis of the Group's trade payables arising from the provision of advertising agency services and sale of books and magazines based on the invoice date at the end of the reporting is as follows:

	As at 30 June 2016		As at 31 December 2015	
	HK\$'000	Percentage	HK\$'000	Percentage
Less than three months	13,446	72	18,410	81
Three months to six months	1,966	11	1,940	9
Over six months to one year	3,109	17	2,336	10
	<b>18,521</b>	<b>100</b>	22,686	100

### 14. BORROWINGS

On 18 December 2015, the Group entered into a HK\$35,000,000 loan agreement with an independent third party which is a money lender with a licence granted under the Money Lender Ordinance (Chapter 163 of the Laws of Hong Kong). The loan was secured by a guarantee provided by the Company with a fixed interest rate of 8% per annum and would mature on 18 March 2016. The loan has been early repaid in full on 20 January 2016.

As at 30 June 2016, the Group exposed to a margin payable for held-for-trading investments amount to approximately HK\$22,352,000 at a fixed interest rate of 8% per annum with a securities broker which is an independent third party and the margin payable is repayable on demand.

## 15. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
<i>Authorised</i>		
At 1 January 2015		
– Ordinary shares of HK\$0.1 each	3,000,000	300,000
Increase in authorised share capital	7,000,000	700,000
<hr/>		
At 31 December 2015 and 30 June 2016		
– Ordinary shares of HK\$0.1 each	10,000,000	1,000,000
<hr/>		
<i>Issued and fully paid</i>		
At 1 January 2015	1,767,266	176,726
Exercise of share options under the Company's employee share option schemes (Note 17)	10,250	1,025
Exercise of warrants (Note 16)	347,000	34,700
Share Consolidation (increase in nominal value from HK\$0.1 each to HK\$0.2 each) (note (a)(i))	(1,062,258)	–
Capital Reduction (decrease in nominal value from HK\$0.2 each to HK\$0.1 each) (note (a)(ii))	–	(106,226)
Issue of shares pursuant to the Open Offer (note (b))	5,311,288	531,129
<hr/>		
At 31 December 2015 and 30 June 2016	6,373,546	637,354

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

notes:

- (a) Pursuant to a special resolution passed on 12 October 2015 (the “Special Resolution”), the proposed capital reorganisation which comprised the followings (the “Capital Reorganisation”) had become effective on 16 November 2015:
- (i) every two issued shares of nominal value HK\$0.1 each was consolidated into one new share (the “Consolidated Share”) of nominal value HK\$0.2 each (the “Share Consolidation”) and as a result, the number of issued ordinary shares were reduced by 1,062,258,000 shares; and
  - (ii) the nominal value of each issued Consolidated Share was reduced from HK\$0.2 each to HK\$0.1 each by cancelling paid-up capital to the extent of HK\$0.1 on each Consolidated Share in issue (the “Capital Reduction”) so that the share capital was reduced by approximately HK\$106,226,000, in which the corresponding amount had been credited to contributed surplus.
- (b) On 28 December 2015, 5,311,288,000 ordinary shares of nominal value HK\$0.1 each were issued by way of Open Offer at a price of HK\$0.1 each. For more details, please refer to the Company’s announcement dated 28 December 2015.



## 16. WARRANTS

On 26 September 2014, the Company entered into a consultancy agreement with a consultancy service company, who was an independent third party, in relation to the issuance of 347,000,000 unlisted warrants (the “Warrants”), with subscription price of HK\$0.001 per warrant, conferring rights to subscribe for up to 347,000,000 new ordinary shares of the Company for its service provided at an exercise price of HK\$0.69 per share, which were exercisable immediately after the date of issue of the Warrants up to 18 November 2015. The consultancy service has been provided by the consultancy service company during the year ended 31 December 2014 and the consultancy service company has exercised its rights and subscribed 347,000,000 ordinary shares of the Company during the six months ended 30 June 2015.

## 17. SHARE OPTIONS

The Company operates a share option scheme (the “Share Option Scheme”) which was adopted on 26 August 2002. On 11 May 2012, the Company adopted a new share option scheme (the “New Share Option Scheme”), of which all terms and conditions are the same as the Share Option Scheme.

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

Date of grant	Exercise Price HK\$	Exercisable period	Number of share options									
			Outstanding at 1.1.2015	Exercised during the period	Forfeited during the period	Outstanding at 30.6.2015	Adjusted exercise price HK\$ (note 3)	Adjusted after Capital Reorganisation 6.11.2015 (note 3)	Adjusted exercise price HK\$ (note 4)	Adjusted after open offer 28.12.2015 (note 4)	Forfeited during the period	Outstanding at 31.12.2015 and 30.06.2016 (note 5)
<b>Executive Director</b>												
Mr. Wang Boming	7.2.2007	0.330 7.2.2010 to 6.2.2015	1,500,000	(1,500,000)	-	-	-	-	-	-	-	-
Mr. Zhang Zhifang	7.2.2007	0.330 7.2.2010 to 6.2.2015	1,500,000	(1,500,000)	-	-	-	-	-	-	-	-
Mr. Dai Xiaojing (resigned as executive director on 19 April 2016)	7.2.2007 16.12.2009	0.330 7.2.2010 to 6.2.2015 0.247 16.12.2012 to 15.12.2017	1,500,000 1,000,000	(1,500,000) (1,000,000)	-	-	-	-	-	-	-	-
Mr. Li Shijie (resigned as executive director on 23 May 2014)	29.10.2008	0.268 29.10.2011 to 28.10.2016	1,700,000	-	-	1,700,000	0.536	850,000	0.29	1,573,000	-	1,573,000
<b>Other employees in aggregate</b>												
	7.2.2007 16.12.2009	0.330 7.2.2010 to 6.2.2015 0.247 16.12.2012 to 15.12.2017	1,900,000 6,300,000	(1,300,000) (3,450,000)	(600,000) (750,000)	- 2,100,000	- 0.494	- 1,050,000	- 0.27	- 1,944,000	- (93,000)	- 1,851,000
			15,400,000	(10,250,000)	(1,350,000)	3,800,000	-	1,900,000	-	5,517,000	(93,400)	3,424,000

notes:

- (1) The options granted on 7 February 2007, 29 October 2008 and 16 December 2009 were fully vested on 7 February 2010, 29 October 2011 and 16 December 2012, respectively.
- (2) Share options forfeited upon staff resignation.
- (3) Pursuant to the capital reorganisation of the Company effected on 16 November 2015, the exercise price and number of options were adjusted.
- (4) Pursuant to the open offer of the Company completed on 28 December 2015, the exercise price and number of options were adjusted.
- (5) As at 31 December 2015 and 30 June 2016, the number of shares issuable under the share options granted after adjustments for capital reorganisation and open offer of the Company under the Share Option Scheme was approximately 3,424,000. No share option has been granted under the New Share Option Scheme since its adoption in 2012.
- (6) During the six months ended 30 June 2016, no (2015: nil) share option was granted to directors and employees of the Group. The Company did not recognise expense (2015: nil) in relation to share options during the six months ended 30 June 2016.

#### 18. RELATED PARTY TRANSACTIONS

Apart from certain balances with related parties as disclosed in the condensed consolidated statement of financial position, during each of the six months ended 30 June 2016 and 2015 the Group had following related party transactions:

	<b>Six months ended 30 June</b>	
	<b>2016 HK\$'000</b>	<b>2015 HK\$'000</b>
Compensation to key management personnel		
Fees and salaries and other benefits	1,139	639
Contributions to retirement benefits schemes	50	98
	<b>1,189</b>	737
Office rental expenses paid to a related party	2,119	2,257
Magazine registration number charges received from a joint venture	632	716
Disposal of property, plant and equipment to a joint venture	335	601

#### 19. EVENT AFTER THE REPORTING PERIOD

There was no significant event took place after the reporting period.

## INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2016 (2015: nil).

## BUSINESS REVIEW

### Advertising and Sale of Books and Magazines

Due to the continuous slowing down of economic growth in China, the print media advertising business faced ongoing difficult and challenging business environment. As such, the performance of the advertising business and sale of books and magazines business of the Group for the first half of 2016 was adversely affected.

### Securities Broking

In January 2016, the Group was granted by the Securities and Futures Commission a license to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “SFO”). By carrying out the securities broking business, it is expected that the Group can be benefited from diversifying its business portfolio.

The Group provides brokerage services for clients in respect of securities listed on the Stock Exchange of Hong Kong Limited. For the six months ended 30 June 2016, the securities broking business contributed approximately HK\$3.1 million to the Group’s revenue, representing approximately 3.1% of the total revenue of the Group. Since the commencement of the securities broking business, the Group endeavored to provide broking services for the clients, as well as participate in equity fund raising transactions, including placing and underwriting for companies listed in Hong Kong. In addition, in view of the weak investor sentiment in the first half of 2016, the Group has adopted flexible market strategy in order to increase the number of clients.

### Money Lending

In order to strengthen the flexibility of the Group so that it is able to react to the changing market situation promptly, the Group intends to provide diversified financial services to its clients through developing money lending services. It is believed that the money lending business will be able to leverage the existing financial business of the Group and broaden the Group’s income stream. Therefore, the Group has commenced operation in the money lending business through an indirect non-wholly owned subsidiary of the Company, which is a licensed money lender under the Money Lenders Ordinance (Chapter 163, Laws of Hong Kong). The money lenders license was granted on 28 June 2016.

For the six months ended 30 June 2016, no revenue has been generated by the money lending business.

## OUTLOOK AND PROSPECTS

The growth of China economy remained weak in the first half of 2016. In view of the competitive and dynamic business environment and unfavourable industry condition of the advertising business, the Group has developed securities broking business and money lending business to broaden the revenue base of the Group.

Looking forward, in addition to the Group's principal business of advertising and sale of books and magazines, the Group will continue its effort to develop the financial business, including its existing business in securities broking and money lending. It is expected that the proportion of the Group's revenue contributed by the financial business will become higher in the future. Nevertheless, the Group will explore other suitable investment opportunities which are able to maximize the shareholders' value.

## USE OF PROCEEDS

On 9 September 2015, the Company proposed to raise gross proceeds of up to approximately HK\$531.13 million, before expenses, by way of an open offer of 5,311,287,930 ordinary shares of HK\$0.10 each to the qualifying shareholders at a subscription price of HK\$0.10 per offer share, on the basis of five offer shares for every one existing shares held on the record date (the "Open Offer"). On 29 December 2015, 5,311,287,930 offer shares were allotted and issued pursuant to the Open Offer. The net proceeds for the Open Offer were approximately HK\$518.27 million.

For the details of the Open Offer, please refer to the announcements of the Company dated 19 August 2015, 9 September 2015, 23 November 2015 and 28 December 2015, the circular of the Company dated 4 November 2015 and the prospectus of the Company dated 4 December 2015 (the "Prospectus").

On 22 June 2016, the Company announced that the use of the unutilized net proceeds of approximately HK\$72 million been changed from original allocation as for the operation and development of the e-commerce platform to the revised allocation as for the acquisition of companies engaged in the development and operation of e-commerce platform.

On 8 July 2016, the Company announced that the use of part of the unutilized net proceeds of approximately HK\$100 million from original allocation as for the set-up and operation of a company licensed under the SFO (the “Type 1 Company”) to conduct Type 1 (dealing in securities) regulated activity under the SFO to the revised allocation as for the operation and development of money lending business.

The Board from time to time reviews the business operation of the Type 1 Company and assesses the existing placements and underwriting activities involved, the potential business opportunities from its clients, and the condition of equity fund raising market in Hong Kong.

The Board noted that the equity fund raising market condition in Hong Kong for the first half of 2016 was less active and far below from the Company’s expectation as at the date of the Prospectus. Since the commencement of business, the Group used its best endeavored to look for potential placing and underwriting business opportunities from its clients and potential clients. Nevertheless, the Type 1 Company had only acted as the underwriter/sub-underwriter for two of its clients. Apart from the two underwriting activities, no other underwriting activity from the clients or other potential clients could be identified by the Type 1 Company. On the other hand, during the first half of 2016, the liquid capital of the Type 1 Company was sufficient to comply with relevant requirement in accordance with the Securities and Futures (Financial Resources) Rules (Chapter 571N, Laws of Hong Kong) (the “FRR Rules”).

In view of these, the Board considered that, after the change in use of proceeds as announced on 8 July 2016, there are still sufficient financial resources for the Type 1 Company to operate and comply with the liquid capital requirement under the FRR Rules in the foreseeable future. Moreover, it was believed that the money lending business will be able to leverage the existing financial business of the Group and broaden the Group’s income stream. Accordingly, the Board considers that the change in use of proceeds is fair and reasonable and in the best interests of the Company and its shareholders as a whole.

For the details of the change in use of proceeds from the Open Offer, please refer to the announcements of the Company dated 22 June 2016 and 8 July 2016 (the “Announcements”).

The information on the use of proceeds from the Open Offer is tabled as follows:

	<b>Intended use of proceeds as stated in the Prospectus and the Announcements HK\$'000</b>	<b>Actual use of proceeds as at the date of this report HK\$'000</b>	<b>Unutilised balance HK\$'000</b>	<b>Details</b>
Set-up and operation of the Type 1 Company	265,000	150,000	115,000	Used as capital injection for the Type 1 Company
Set-up and operation of companies licensed under the SFO to conduct Type 4, Type 6 and Type 9 regulated activities under the SFO	30,000	–	30,000	–
Acquisition of companies engaged in the development and operation of e-commerce platform	124,000	24,000	100,000	Used as refundable deposit for the acquisition of a company engaged in the development and operation of e-commerce platform
Operation and development of money lending business	100,000	58,000	42,000	Used as intended
	519,000	232,000	287,000	

The Board expected that the unutilised balance will be used as intended.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group encountered a very difficult operating environment in the print media advertising business in China during the first half of 2016.

During the first half of the year of 2016, aggregated revenue of the Group from the provision of advertising services and sale of books and magazines was approximately HK\$96.8 million as compared to approximately HK\$151.1 million in same period of 2015, representing a decrease of approximately 35.9%. The revenue contributed from the securities broking business, which was commenced during the first half of 2016, was approximately HK\$3.1 million (2015: nil) for the six months ended 30 June 2016.

The overall gross profit margin of the Group for the first half of the year of 2016 was approximately 50.0% which was decreased by around 2.9% as compared to that of the last period in 2015 of approximately 52.9% and was mainly due to the significant decrease in revenue during the current period.

The selling and distribution cost decreased by approximately 25.1% to approximately HK\$61.1 million for the six months ended 30 June 2016 from approximately HK\$81.7 million of last period in 2015. The decrease was not in line with the decrease in revenue because of the continued expenditure in promotional effort to maintain advertising business during the current period.

The administrative expense was decreased slightly to approximately HK\$22.4 million with a decrease of approximately 15.8% from approximately HK\$26.6 million of the last period in 2015. The effect from decrease of administrative expenses as less activities were carried out had been partially offset by the increase of expenses incurred for the securities broking business commenced during the current period.

Other gains and losses in the current period consisted of allowance for bad and doubtful debts of approximately HK\$3.7 million, impairment loss on goodwill of approximately HK\$15.0 million, gain on fair value changes of held-for-trading investments of approximately HK\$28.8 million and net exchange gain of approximately HK\$1.6 million while there were a reversal of bad and doubtful debt of approximately HK\$0.1 million, gain on fair value changes of held-for-trading investments of approximately HK\$6.4 million and a realized loss on held-for-trading investments of approximately HK\$0.5 million in the last period of 2015.

The increase of allowance for bad and doubtful debts was mainly attributable to the slow down of the advertising business and the deterioration of credit of some receivables in the advertising business. The Group had tightened the credit control and increased the effort in collection of the receivables in the advertising business. In view of the difficult environment of the print media advertising business, the significant decrease in advertising revenue and pessimistic prospect of the Group's advertising operation, the Group had made an impairment loss on goodwill of approximately HK\$15.0 million (2015: nil). The gain on fair value changes of held-for-trading investments was approximately HK\$28.8 million (2015: approximately HK\$6.4 million) from the investments in equity securities listed in Hong Kong and the increase was mainly because of the increase in the size and the fair value change of the investment portfolio for the current period.

During the six months ended 30 June 2016, the Group had a share of profit of a joint venture of approximately HK\$7.0 million (2015: approximately HK\$6.9 million) from Mondadori-SEEC (Beijing) Advertising Co, Ltd, a joint venture for the operation of Grazia magazine in China.

The Group had also shared the loss of an associate, GreaterChina Professional Services Limited, of approximately HK\$6.4 million (2015: nil) which was acquired in the second half of the year of 2015.

The loss attributable to the shareholders of the Company was approximately HK\$18.9 million for the first six month of 2016, while the loss attributable to the shareholders of the Company was approximately HK\$11.9 million in the same period of last year. The increase in the loss for the period was mainly because of the decrease of revenue for the period and the impairment loss on goodwill made during the period which had been partially offset by the unrealised fair value gains on the held-for-trading investments recognised.

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of an interim dividend for the period (2015: nil).

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operation activities were mainly financed by internal resources. The Group's equity as at 30 June 2016 was approximately HK\$921.1 million as compared to approximately HK\$945.5 million as at 31 December 2015. The decrease was mainly arising from the loss for the period and the exchange differences arising on translation because of the depreciation of Renminbi during the period.

The Group had non-current liability of receipt in advance of approximately HK\$0.15 million as at 30 June 2016 (2015: HK\$0.09 million). The gearing ratio, which was computed by total liabilities over total assets, was approximately 25.7% as at 30 June 2016 as compared to approximately 24.2% as at 31 December 2015. The increase in the gearing ratio was mainly attributable to the net operating cash outflows and the loss incurred of the Group during the period.

As at 30 June 2016, the Group had bank balances, cash and cash equivalents amounted to approximately HK\$531.1 million as compared to approximately HK\$746.7 million as at 31 December 2015.

## CHARGE ON ASSETS

As at 30 June 2016, the Group had no charge on its assets (2015: nil).

## LEGAL CASE PROVISION

On 6 August 2010, Chau Hoi Shuen, Solina Holly ("Ms Chau") in a writ of summons filed claims against the Company for damages for distributing or publishing certain articles in a magazine, *Caijing Magazine* containing words defamatory of Ms. Chau (the "Litigation").



On 15 November 2012, the High Court of Hong Kong has issued a judgment in favour of Ms. Chau and adjudged that the Company needs to pay the damages to Ms. Chau and the related legal fee incurred by Ms. Chau. On 12 December 2012, the Company lodged an appeal (the “First Appeal”) to the Court of Appeal and the First Appeal was heard in the Court of Appeal on 11 April 2014. On 25 April 2014, the judgment of the First Appeal was decided unfavorably against the Company. On 23 May 2014, the Company applied to the Court of Appeal for leave to appeal to the Court of Final Appeal (the “First Leave Application”) and the Court of Appeal refused leave. On 4 November 2014, the Company has applied to the Court of Final Appeal for leave to appeal to the Court of Final Appeal (the “Second Leave Application”), and the Court of Final Appeal granted leave. As at 31 December 2014, damages and costs and professional fee in relation to the litigation amounted to approximately HK\$8,100,000 had been provided (included in accruals).

On 30 November 2015, the Court of Final Appeal decided unfavourably against the Company in respect of the Litigation and the Company is required to pay damages to Ms. Chau. The Company has paid approximately HK\$4,200,000 out from accruals to Ms Chau during the year ended 31 December 2015 for part of her costs of legal actions and damages assessed. In the opinion of the directors of the Company, no additional provisions on accruals for the damages and costs and professional fee in relation to the Litigation is necessary based on the best estimates and advice from the external legal counsel and as at 31 December 2015 and 30 June 2016, HK\$3,900,000 accruals has been made.

## COMMITMENTS

### (a) Operating lease commitments

#### *As lessee*

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

	<b>As at 30 June 2016 HK\$'000</b>	As at 31 December 2015 HK\$'000
Within one year	<b>9,886</b>	10,772
In the second to fifth year inclusive	<b>3,411</b>	3,598
	<b>13,297</b>	14,370

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

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

(b) Other commitments

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

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
Within one year	3,194	2,340
In the second to fifth year inclusive	5,850	7,020
	<b>9,044</b>	9,360

(c) Capital commitment

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
Capital expenditure in respect of the acquisition in 100% equity interest of a company contracted for but not provided in the consolidated financial statements (note i)	<b>6,000</b>	–

note i: On 17 June, 2016, a wholly-owned subsidiary of the Group (as the purchaser) and two independent third parties (as the vendors) entered into sale and purchase agreements, pursuant to which the purchaser conditionally agreed to purchase from the vendors, and the vendors conditionally agreed to sell to the purchaser in total 100% of the existing equity interest of a company engaged in the development and operation of e-commerce platform at the consideration of HK\$30,000,000 which shall be settled in cash. As at 30 June 2016, the Group has paid HK\$24,000,000 as refundable deposits.

## FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars or Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the period, apart from the borrowings as detailed in Note 14, the Group did not have any fixed interest rate borrowings and had not engaged in any financial instruments for hedging or speculative activities.

## EMPLOYEES

At as 30 June 2016, the Group had 455 (31 December 2015: 478) employees in Hong Kong and PRC. Salaries, bonus and benefits were decided in accordance with the market condition and performance of the respective employees.

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2016, the interests of the Directors in the shares of the Company, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, were as follows:

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

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of shares held</b>	<b>Percentage of number of issued shares of the Company at 30.6.2016 (note)</b>
Wang Boming	Beneficial owner	1,500,000	0.01%
Zhang Zhifang	Beneficial owner	1,500,000	0.01%

note: The percentage shareholding is calculated on the basis of the Company's issued share capital of 6,373,545,516 as at 30 June 2016.

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

Save as disclosed above, as at 30 June 2016, none of the directors had any long or short positions in any shares, underlying shares or debentures of the Company.

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

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

## CORPORATE GOVERNANCE

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

### Code Provision A.1.3 and A.7.1

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

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

### Code Provision A.2.1

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

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

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

#### Code Provision A.4.1

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

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

#### Code Provision A.6.7

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

On 13 May 2016, Ms. Wensy Ip, an independent non-executive director, did not attend the Company's annual general meeting due to her other business engagements.

#### Code Provision E.1.2

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

The chairman of the Board was absent from the annual general meeting held on 13 May 2016 due to his prior business engagement. Mr. Zhang Zhifang, an executive director and the elected chairman of that meeting, was available to answer questions in that meeting.

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

Rules 3.10(1), 3.10A and 3.21 of the Listing Rules stipulate the required minimum number of independent non-executive directors, the Audit Committee members, the Remuneration Committee members and the Nomination Committee members. Upon the resignations of Mr. Dai Xiaojing and Mr. Ding Yu Cheng as directors on 19 April 2016, the Company failed to comply with the aforesaid Rules. The Company has appointed Mr. Wong Ching Cheung as an independent non-executive director, chairman of Nomination Committee, and members of Remuneration Committee and Audit Committee with effect from 18 July 2016, Rules 3.10(1), 3.10A and 3.21 of the Listing Rules have then been complied with.

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors. The Audit Committee is chaired by Mr. Law Chi Hung and comprising two other members, namely Ms. Wensy Ip and Mr. Wong Ching Cheung. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements for the six months ended 30 June 2016.

## CHANGE OF DIRECTORS' INFORMATION

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

Mr. Dai Xiaojing resigned as an executive Director of the Company with effected from 19 April 2016.

Mr. Ding Yu Cheng resigned as an independent non-executive Director and member of Audit Committee and Remuneration Committee and chairman of Nomination Committee of the Company with effected from 19 April 2016.

Mr. Wong Ching Cheung has been appointed as an independent non-executive Director and member of Audit Committee and Remuneration Committee and chairman of Nomination Committee of the Company with effect from 18 July 2016.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company for the six months ended 30 June 2016.

### MEMBERS OF THE BOARD OF DIRECTORS

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

*Executive Directors:*

Mr. Wang Boming (*Chairman*)  
Mr. Zhang Zhifang  
Mr. Zhou Hongtao  
Mr. Li Leong  
Mr. Li Xi

*Independent Non-Executive Directors:*

Mr. Law Chi Hung  
Ms. Wensy Ip  
Mr. Wong Ching Cheung

By Order of the Board

**Li Leong**  
*Director*

Hong Kong, 31 August 2016