Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

2015 *HK$'000**		**2015** *RMB'000*	2014 *RMB'000*	Variance
711,057	**Turnover**	**595,725**	603,801	**-1.3%**
24,577	**Profit for the year**	**20,591**	37,793	**-45.5%**
0.06	**Earnings per share — Basic** (RMB)**	**0.05**	0.09	**-44.4%**
811,342	**Total assets**	**679,744**	675,822	**0.6%**

The Board recommends the payment of final dividend of HK$2.5 cents (RMB2.1 cents) (2014: HK$2.5 cents) per share for the year ended 31 December 2015.

* The above amounts are translated into Hong Kong dollars ("HK$") at the rate of HK$1.1936 to RMB1.

** The amount is rounded to nearest two decimal places.

The board (the "Board") of directors (the "Directors") of Modern Media Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

		Year ended 31 December	
	Note	**2015**	2014
		RMB'000	*RMB'000*
Revenue	*3*	**595,725**	603,801
Cost of sales	*4*	**(293,391)**	(268,242)
Gross profit		**302,334**	335,559
Distribution expenses	*4*	**(143,084)**	(150,752)
Administrative expenses	*4*	**(133,506)**	(139,576)
Other income		**6,984**	6,378
Other losses — net		**(2,621)**	(1,302)
Operating profit		**30,107**	50,307
Finance income		**489**	808
Finance expenses		**(4,908)**	(4,421)
Finance expenses — net	*5*	**(4,419)**	(3,613)
Share of losses of investments accounted for using the equity method		**(608)**	(663)
Losses on disposal of an associate		**–**	(777)
Profit before income tax		**25,080**	45,254
Income tax expense	*6*	**(4,489)**	(7,461)
Profit for the year		**20,591**	37,793

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of financial statements of:			
— overseas subsidiaries		**4,239**	(1,102)
— an overseas associate		**–**	290
Total comprehensive income for the year		**24,830**	36,981
Profit attributable to:			
— Owners of the Company		**20,923**	37,793
— Non-controlling interests		**(332)**	–
		20,591	37,793
Total comprehensive income attributable to:			
— Owners of the Company		**25,162**	36,981
— Non-controlling interests		**(332)**	–
		24,830	36,981
Earnings per share attributable to the owners of the Company for the year (expressed in RMB per share)			
Basic earnings per share	*7*	**RMB0.0478**	RMB0.0867
Diluted earnings per share	*7*	**RMB0.0478**	RMB0.0867

CONSOLIDATED BALANCE SHEET

At 31 December 2015

		As at 31 December	
	Note	**2015**	2014
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*9*	**186,839**	212,172
Intangible assets	*10*	**25,596**	23,449
Goodwill		**30,032**	30,032
Software development in progress		**11,971**	3,410
Interests in an associate		**4,333**	4,024
Interest in a joint venture		**347**	1,264
Available-for-sale financial assets	*11*	**6,160**	8,160
Prepayments of equity investments	*12*	**6,500**	–
Deferred income tax assets		**2,791**	3,955
		274,569	286,466
Current assets			
Trade and other receivables	*12*	**306,813**	283,914
Available-for-sale financial assets		**20,000**	–
Inventories	*13*	**16,907**	39
Cash and cash equivalents		**61,455**	104,363
Restricted cash		**–**	1,040
		405,175	389,356
Total assets		**679,744**	675,822
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**3,852**	3,851
Reserves		**189,468**	184,134
Retained earnings	*8*	**279,005**	270,613
		472,325	458,598
Non-controlling interests		**(332)**	–
Total equity		**471,993**	458,598

	Note	As at 31 December 2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	*14*	**26,877**	48,318
Deferred income tax liabilities		**3,072**	888
		29,949	49,206
Current liabilities			
Trade and other payables	*15*	**76,680**	87,163
Current income tax liabilities		**7,665**	12,829
Borrowings	*14*	**93,457**	68,026
		177,802	168,018
Total liabilities		**207,751**	217,224
Total equity and liabilities		**679,744**	675,822

NOTES TO THE FINANCIAL STATEMENTS

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 7F, Global Trade Square, No. 21 Wong Chuk Hang Road, 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, printing and distribution of magazines, provision of advertising-related services, artwork trading and related services.

As mentioned in the Company's announcement dated 3 December 2015 and other previous announcements concerning the proposed spin-off of the digital and television businesses of the Group, in respect of the decision given by the Listing Division that the spin-off proposal did not meet two of the requirements laid down in Practice Note 15 of the Listing Rules (which decision was upheld by the Listing Committee), such decision was overturned by the Listing (Review) Committee. Following that, the Company has been continuing with the relevant work regarding the proposed spin-off, which may or may not finally proceed.

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, except that available-for-sale financial assets are carried at fair value, and certain financial assets and liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The amounts in the consolidated financial statements are presented in RMB. The translation into Hong Kong dollars("HKD") of the consolidated financial statements as of, and for the year ended 31 December 2015 is for convenience only and has been made at the rate of HKD 1.1936 to RMB1. This translation should not be construed as a representation that the RMB amounts actually represented have been, or could be, converted into Hong Kong dollars at this or any other rate.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

- Amendment to IAS 19 on contributions from employees or third parties to defined benefit plans.
- Amendments from annual improvements to IFRSs — 2010 — 2012 Cycle, on IFRS 8 "Operating segments", IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets" and IAS 24 "Related party disclosures".
- Amendments from annual improvements to IFRSs — 2011 — 2013 Cycle, on IFRS 3 "Business combinations", IFRS 13 "Fair value measurement" and IAS 40 "Investment property".

The adoption of the amendments above does not have a significant effect on the consolidated financial statements.

(b) New and amended standards issued but are not effective and not yet adopted by the Group

- IFRS 14 "Regulatory Deferral Accounts", effective for the annual periods beginning on or after 1 January 2016.
- Amendment to IFRS 11 "Accounting for acquisitions of interests in joint operations", effective for the annual periods beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortisation", effective for the annual periods beginning on or after 1 January 2016.
- Amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture", effective for the annual periods beginning on or after 1 January 2016.
- Amendment to IAS 27 "Equity method in separate financial statements", effective for the annual periods beginning on or after 1 January 2016.
- Some amendments included in Annual Improvement 2014 which are effective for the accounting periods on or after 1 January 2016, including:

  — IFRS 5, "Non-current assets held for sale and discontinued operations"

  — IFRS 7, "Financial instruments: Disclosures"

  — IAS 19, "Employee benefits"

  — IAS 34, "Interim financial reporting"

- Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment entities: applying the consolidation exception", effective for the annual periods beginning on or after 1 January 2016.

- Amendments to IAS 1 “Disclosure initiative”, effective for the annual periods beginning on or after 1 January 2016.

- IFRS 15 “Revenue from Contracts with Customers”, effective for the annual periods beginning on or after 1 January 2018.

- IFRS 9 “Financial Instruments”, effective for the annual periods beginning on or after 1 January 2018.

- IFRS 16 “Leases” provides updated guidance on the definition of leases, and the guidance on the combination and separation of contracts, effective for the accounting period beginning on or after 1 January 2019. Early application is permitted if IFRS 15 is also applied. The Group is yet to assess full impact of IFRS 16.

Management anticipates that the adoption of these new standards, amendments to standards and interpretation to standards will not result in a significant impact on the results and financial position of the Group.

(c) *New Hong Kong Companies Ordinance (Cap. 622)*

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

3. 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 profit/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 (2014: three) reportable segments as described below, which are the Group’s strategic business units. During the year ended 31 December 2015, the Group strategically restructured its business into two business segments, 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 years ended 31 December 2015 and 2014 were set out as follows:

	Year ended 31 December	
	2015	2014
		(Restated)
	RMB'000	*RMB'000*
Reportable segment		
— Print media and art (i)	**484,064**	496,337
— Digital media and television	**89,145**	100,745
	573,209	597,082
Revenue derived from other operations		
— Management consultancy services (ii)	**15,094**	–
— Exhibition, event arrangement and others (iii)	**23,649**	23,732
Less: sales taxes and other surcharges	**(16,227)**	(17,013)
	595,725	603,801

(i) In June 2015, the Group entered into an agreement with Mr. Shao Zhong, the controlling shareholder of the Group, pursuant to which the Group sold 17 pieces of artworks including canvases, photograph and sculpture to Mr. Shao Zhong, 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. The sales were recorded as revenue in the segment of print media and art for segment reporting (Note 3(b)(i)) (2014: nil).

(ii) For the year ended 31 December 2015, the Group entered into two management consultancy service agreements with external customers. The corresponding revenue derived from these services was approximately RMB15,094,000 (2014: nil).

(iii) 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 years ended 31 December 2015 and 2014 were set out as follows:

	Year ended 31 December	
	2015	2014 (Restated)
	RMB'000	*RMB'000*
Print media and art (i)	**38,848**	55,050
Digital media and television	**16,940**	23,633
	55,788	78,683
Revenue derived from other operations *(Note 3(a))*	**38,743**	23,732
Depreciation	**(16,525)**	(19,639)
Amortisation	**(9,763)**	(9,368)
Finance expenses — net	**(4,419)**	(3,613)
Share of losses of investments accounted for using equity method	**(608)**	(663)
Losses on disposal of an associate	**–**	(777)
Fair value losses on available-for-sale financial assets	**(2,000)**	–
Unallocated head office and corporate expenses	**(36,136)**	(23,101)
Profit before tax	**25,080**	45,254

(i) The EBITDA derived from the sell of artworks to Mr. Shao Zhong was approximately RMB14,155,000 (Note 3(a)(i)).

	Year ended 31 December 2015		
Business segment	**Depreciation**	**Amortisation**	**Finance expenses-net**
	RMB'000	***RMB'000***	***RMB'000***
Print media and art	**12,745**	**86**	**4,419**
Digital media and television	**3,780**	**9,677**	**–**
	16,525	**9,763**	**4,419**

	Year ended 31 December 2014 (Restated)		
Business segment	Depreciation	Amortisation	Finance expenses-net
	RMB'000	*RMB'000*	*RMB'000*
Print media and art	15,659	454	3,613
Digital media and television	3,980	8,914	–
	19,639	9,368	3,613

(c) Total assets

Business segment	As at 31 December 2015 *RMB'000*	2014 (Restated) *RMB'000*
Print media and art	**359,877**	328,249
Digital media and television	**148,656**	153,306
	508,533	481,555
Corporate and unallocated assets	**2,157**	4,714
Interest in an associate	**4,333**	4,024
Interest in a joint venture	**347**	1,264
Available-for-sale financial assets	**26,160**	8,160
Prepayment of equity investments	**500**	–
Deferred income tax assets	**2,791**	3,955
Other receivables	**73,468**	66,747
Cash and deposits	**61,455**	105,403
Total assets	**679,744**	675,822

(d) Geographic information

The geographic location of the Group's property, plant and equipment, intangible assets, goodwill, software development in progress, available-for-sale financial assets and interests in an associate and a joint venture ("specified non-current assets") were mainly in the PRC, Hong Kong and Taiwan as at 31 December 2015 and 2014.

The geographical location of the specified non-current assets is based on (i) the physical location of the asset, in the case of fixed assets; (ii) the location of the operation to which they are allocated, in the case of intangible assets, goodwill and software development in progress; and (iii) the location of operations, in the case of investments and interests in an associate and a joint venture.

Specified non-current assets excluding deferred income tax assets by geographical location as at 31 December 2015 and 2014 were as follows:

	As at 31 December 2015 *RMB'000*	2014 *RMB'000*
Hong Kong	**198,361**	146,782
The PRC	**72,980**	135,102
Taiwan	**437**	627
	271,778	282,511

Revenue by geographical location for the year ended 31 December 2015 and 2014 was as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
The PRC	**497,674**	545,319
Hong Kong	**98,051**	58,482
	595,725	603,801

4. EXPENSES BY NATURE

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Cost of artworks sold	**14,345**	–
Employee benefit expenses	**211,186**	215,460
Advertising production expenses	**97,732**	74,739
Printing costs of magazines and periodicals	**56,994**	62,828
Marketing and promotion expenses	**56,334**	61,375
Office rental costs	**30,560**	31,847
License fee	**23,402**	25,452
Office expenses including utility costs	**19,122**	19,742
Travelling and communication expenses	**18,047**	23,419
Depreciation	**17,531**	20,540
Amortisation	**10,115**	9,442
Consultation expenses	**6,163**	5,788
Auditor's remuneration		
— Audit services	**1,830**	1,780
— Non-audit services	**350**	350
Stamp duties and other taxes	**941**	1,077
Provision for/(reversal of) impairment of receivables	**55**	(362)
Other expenses	**5,274**	5,093
Total cost of sales, distribution and administrative expenses	**569,981**	558,570

5. FINANCE EXPENSES — NET

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Finance income:		
Interest income derived from bank deposits	**489**	808
Finance expenses:		
— Interest expense on borrowings wholly repayable within 5 years	**(3,670)**	(2,650)
— Interest expense on borrowings wholly repayable after 5 years	**(1,238)**	(1,771)
	(4,908)	(4,421)
Finance expenses — net	**(4,419)**	(3,613)

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current income tax:		
Current income tax on profits for the year (d)	**1,740**	6,937
Adjustments in respect of prior years	**(599)**	722
	1,141	7,659
Deferred income tax	**3,348**	(198)
	4,489	7,461

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

(b) Enterprises incorporated in Hong Kong are subject to income tax rates of 16.5% for the years ended 31 December 2015 and 2014. No provision for Hong Kong Profits Tax for the years ended 31 December 2015 and 2014 has been made on the subsidiaries in Hong Kong as either the tax losses brought forward from previous years exceed the estimated assessable profits for the year or the subsidiaries had no estimated assessable profits in Hong Kong.

(c) 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 corporate income tax rate applicable to the Group's subsidiaries located in the PRC is 25%.

(d) During the year ended 31 December 2015, income not subject to tax mainly represented the net profit of RMB29,552,000 derived by Kashi Yazhimei Culture Media Co., Ltd., which is a subsidiary incorporated in Xinjiang, the PRC and entitled to an income tax exemption period from 1 January 2015 to 31 December 2019.

(e) During the year ended 31 December 2015, current income tax on profits for the year included a provision of RMB1,680,000 (year ended 31 December 2014: RMB2,049,000) in respect of withholding income tax on (i) dividends distributed by Modern Media (Zhuhai) Technology Co., Ltd. ("Zhuhai Technology") and (ii) services income charged to PRC subsidiaries.

7. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share was computed by dividing the net profit attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the years.

	Year ended 31 December	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	**20,923**	37,793
Issued ordinary shares as at 1 January (thousands)	**438,210**	437,850
Weighted average number of shares held for share award scheme (thousands)	**(557)**	(2,215)
Weighted average number of shares awarded in respect of Linkchic acquisition (thousands)	**42**	210
Weighted average number of ordinary shares in issue (thousands)	**437,695**	435,845
Basic earnings per share (RMB per share)	**0.0478**	0.0867

(b) Diluted earnings per share

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: employee share-based compensation.

For the employee share-based compensation, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise of the share options. The calculation of the diluted earnings per share for the year ended 31 December 2015 and 2014 was shown as:

	Year ended 31 December	
	2015	2014
Earnings		
Profit attributable to owners of the Company (RMB'000)	**20,923**	37,793
Weighted average number of ordinary shares in issue (thousands)	**437,695**	435,845
Effect of deemed issue of shares for nil consideration with respect to the Linkchic Acquisition (thousands)	**71**	286
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**437,766**	436,131
Diluted earnings per share (RMB per share)	**0.0478**	0.0867

8. DIVIDENDS

(i) Proposed dividends payable to equity shareholders of the Company attributable to the year:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Final dividends proposed after the end of the financial year of HK2.50 cents (equivalent to RMB2.09 cents) (2014: HK2.50 cents (equivalent to RMB1.97 cents)) per ordinary share	**9,171**	8,642

(ii) Dividends to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Final dividends in respect of the previous financial year of HK2.50 cents, equivalent to RMB1.97 cents per share (2014: HK5.00 cents, equivalent to RMB4.00 cents per share)	**8,642**	17,258

9. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2015, the Group acquired items of fixed assets in aggregate of RMB15,509,000, which primarily consisted of leasehold improvement, office equipment, furniture and fixture and motor vehicles amounted to RMB2,828,000, RMB2,646,000, RMB7,481,000 and RMB2,554,000 respectively.

10. INTANGIBLE ASSETS

For the year ended 31 December 2015, additions to intangible assets amounting to RMB12,199,000 comprising largely of development expenditures and related directly attributable costs on computer software system of the Group.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS — UNLISTED EQUITY INVESTMENTS

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Unlisted equity investments	**10,160**	10,160
Less: provision for impairment (a)	**(4,000)**	(2,000)
Unlisted equity investments — net	**6,160**	8,160
Commercial bank financing products (b)	**20,000**	–
	26,160	8,160

(a) In October 2013, the Group acquired 20% equity interests in 天津假日傳媒發展有限公司 ("Tianjin Holiday") from an independent third party for a consideration of RMB8,160,000. Tianjin Holiday is principally engaged in the publication of newspaper in the PRC. The Group does not have significant influence nor participate in the policy-making process and the operating and financial decisions of Tianjin Holiday.

The Group assessed the fair value of the interest in Tianjin Holiday based on the estimated discounted future cash flow by a discount rate of 15% and an impairment loss of RMB2,000,000 was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2015.

As at 31 December 2015 and 2014, another unlisted equity investment with original consideration of RMB2,000,000 was fully impaired.

(b) As at 31 December 2015, the Group purchased commercial bank financing products of RMB20,000,000. This investment has no fixed maturity term and can be redeemed on the second day after submitting the redemption application to the bank. As at 31 December 2015, the carrying amount of this investment approximated the fair value.

12. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade receivables (a)		
— Due from third parties	**216,201**	218,589
— Due from controlling shareholder	**18,621**	–
Less: provision for impairment of receivables	**(1,477)**	(1,422)
Trade receivables — net	**233,345**	217,167
Value-added tax recoverable	**21,640**	23,014
Prepayments	**21,274**	8,660
Printing deposits	**14,179**	13,690
Rental, utility and other deposits	**11,054**	10,645
Advances and loans to employees	**6,392**	3,881
Others	**5,429**	6,857
	313,313	283,914
Less:		
Non-current portion: prepayments of equity investments (b)	**(6,500)**	–
Current portion	**306,813**	283,914

As at 31 December 2015 and 2014, the fair value of the trade and other receivables of the Group approximated their carrying amounts.

(a) The ageing analysis of trade receivables, before provision for impairment, as at 31 December 2015 and 2014 was as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade receivables, gross		
— Within 30 days	**80,829**	61,861
— Over 31 days and within 90 days	**71,043**	84,360
— Over 90 days and within 180 days	**36,927**	44,681
— Over 180 days	**46,023**	27,687
	234,822	218,589

The credit period granted to its advertising and circulation customers is between 30 to 180 days (with a certain limited number of customers granted a credit period of 270 days). No interest is charged on the outstanding trade receivables.

All of the trade receivables are expected to be recovered within one year.

(b) During the year ended 31 December 2015, the Group made prepayments of RMB3,000,000 as an investment of 20% equity interests in Beijing Camart Technology Co., Ltd., and of RMB500,000 as an investment of 7.14% equity interests in Beijing Qingchuangtou Investment Company. Pursuant to the share-holding entrustment agreements entered into between Mr. Shao Zhong and the Group dated on 27 March 2015 and 25 November 2015, respectively, Mr. Shao Zhong is entrusted as shareholder of both investments on behalf of the Group.

The remaining balance represents the prepayment of RMB3,000,000 as an investment of 20% equity interests in Shanghai Youxian Information Technology Co., Ltd..

As at 31 December 2015, the consideration to acquire these three investments have been fully paid.

13. INVENTORIES

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Artworks	**16,842**	–
Other goods	**65**	39
	16,907	39

In 2015, management of the Group determined the strategy to develop its business in artwork trading and auction, art exhibition and education. Accordingly, the carrying amount of the artworks of RMB28,693,000 were reclassified from property, plant and equipment to inventories. As at 31 December 2015, the balance of inventories was not impaired.

14. BORROWINGS

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current		
— Unsecured bank borrowings (a)	**51,955**	59,377
— Secured bank borrowings (b)	**26,908**	7,865
— Other secured borrowings (c)	**14,594**	784
	93,457	68,026
Non-current		
— Secured bank borrowings (b)	**26,877**	34,576
— Other secured borrowings (c)	**–**	13,742
	26,877	48,318
	120,334	116,344

(a) As at 31 December 2015, unsecured bank borrowings of RMB14,450,000 (31 December 2014: RMB27,600,000) were guaranteed by Mr. Shao, the controlling shareholder of the Company and Modern Media (Zhuhai) Technology Company Limited, an indirect wholly-owned subsidiary of the Group; and unsecured bank borrowings of RMB10,000,000 (31 December 2014: RMB16,000,000) were guaranteed by Mr. Shao, the controlling shareholder of the Company; and unsecured bank borrowings of RMB10,749,000 (31 December 2014: Nil) was guaranteed by the Company;

The remaining unsecured bank borrowings of RMB16,756,000 (31 December 2014: RMB15,777,000) were credit loans.

(b) As at 31 December 2015, secured bank borrowings of RMB53,785,000 (31 December 2014: RMB38,341,000) were secured by the buildings of the Group with a carrying amount of RMB18,260,000 and HKD102,598,000 (31 December 2014: RMB33,251,000 and HKD104,878,000), among which RMB25,000,000 (31 December 2014: Nil) were guaranteed by Mr. Shao, the controlling shareholder of the Company.

As at 31 December 2014, the remaining secured bank borrowings of RMB4,100,000 were secured by the pledged deposits of RMB1,040,000 and were guaranteed by Modern Media (Zhuhai) Technology Company Limited, an indirect wholly-owned subsidiary of the Group, which were fully repaid by the Group in 2015.

(c) As at 31 December 2015, other secured borrowing of RMB14,594,000 (31 December 2014: 14,526,000), borrowed from a developer of a property in Hong Kong, was secured by the property with a carrying amount of HKD102,598,000 (also included as pledged assets for bank borrowings as mentioned in Note 14(b)) and was also guaranteed by Mr. Shao, the controlling shareholder of the Company, and Ms. Zhong Yuanhong , a director of one subsidiary of the Group.

15. TRADE AND OTHER PAYABLES

(a) An analysis of the nature of trade and other payables of the Group was as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade payables:		
— Due to third parties	**27,047**	29,632
Other payables:		
Advances from customers	**15,615**	19,123
Accrued taxes other than income tax (i)	**11,161**	10,977
Accrued expenses	**6,684**	7,374
Advertising and promotion expenses payable	**3,991**	6,921
Salaries, wages, bonus and benefits payable	**509**	3,598
Other liabilities	**11,673**	9,538
	76,680	87,163

(i) Accrued taxes other than income tax mainly consisted of value-added tax payables, business tax payables and related surcharges, and individual income tax payables. The revenue of the Group is subject to turnover taxes in the PRC and Taiwan.

As at 31 December 2015 and 2014, all trade and other payables of the Group were non-interest bearing, and their fair value, excluding the advances from customers, staff salaries and welfare payables and accrued taxes other than income tax which are not financial liabilities, approximated their carrying amounts due to their short maturities.

(b) An aging analysis of trade payables of the Group was as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade payables		
— Within 30 days	**22,569**	10,902
— Over 31 days and within 90 days	**751**	13,373
— Over 91 days and within 180 days	**288**	3,137
— Over 180 days	**3,439**	2,220
	27,047	29,632

16. CONTINGENCIES

At 31 December 2015 and 2014, the Group had no material contingent liabilities.

17. EVENTS AFTER THE BALANCE SHEET DATE

After the end of the reporting period, the Directors proposed a final dividend for 2015. Details were disclosed in Note 8.

18. COMMITMENTS

(a) Capital commitments

As at 31 December 2015 and 2014, the Group did not have significant capital commitments.

(b) Operating lease commitments

The Group leases various buildings under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Operating leases expiring:		
— Within 1 year	**21,863**	24,459
— After 1 year but within 5 years	**24,953**	22,570
	46,816	47,029

(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 31 December 2015, the total future minimum payments under non-cancellable licensing agreements were as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Licensing agreement expiring:		
— Within 1 year	**17,169**	29,549
— After 1 year but within 5 years	**69,899**	86,552
— After 5 years	**5,993**	29,636
	93,061	145,737

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT SUMMARY

The global economy still faced crucial challenges with uncertainty and complexity in 2015. The world's three largest economies are undergoing major transitions. The U.S. Federal Government began to taper its quantitative easing policy and tighten its dollar liquidity by raising the interest rate in late 2015. Europe was struggling to preserve the public's confidence in its common currency and the creditability of its institutional issuers especially Britain had threatened with the intention to leave European Community. But for the PRC, there were both good and bad news on the economic development in 2015. The year of 2015 was a landmark year on the road to upgrade its economic structure and start maintaining its economic development under a new normal scale. China's Gross Domestic Products ("GDP") growth was decreased marginally from 7.6 % in 2014 to 6.9 % in 2015 and it seems that the GDP growth will maintain a far more similar speed in the coming years. Even the PRC government achieved several milestones in 2015, such as the establishment of the Asia Infrastructure Investment Bank and the recognition of Renminbi to be one of the reserve currency with special drawing rights under the International Monetary Fund, the general economic situation still faced with many challenges including the irrational slump in its securities market and deterioration of consumers' confidence. The lack of consumers' confidence inevitably had a negative impact on the retail market and also advertising industry as well. Many advertisers and media operators in the region were struggling for their survival in 2015.

In recent years, the PRC government had continued on with its anti-corruption crack down which severely impacted the sentiment of the retail market, especially in luxury consumption. The brand advertisers became more and more cautious with their advertising spending and tightened their marketing budgets in the PRC market. Under this current situation, the Group managed to deliver a fair financial result throughout the year. For the current reporting year, the Group's turnover amounted to approximately RMB595.7 million, which represented only a decrease of 1.3% as compared with that of year 2014. The Group's three flagship weekly/bi-weekly magazines, "Modern Weekly", "Modern Lady Weekly" and "Bloomberg Businessweek/China" recorded different performances. "Modern Weekly" and "Modern Lady Weekly" showed a decrease in the turnover when compared with that in 2014 which was affected by the sluggishness of the advertising market in luxury goods. However, "Bloomberg Businessweek/China" outperformed the market and still maintained a mild increase when compared with that of year 2014. Similarly, the Group's three major Chinese media applications ("App"), namely "iWeekly", "iBloomberg" and "iLady", also showed different performances. "iWeekly" recorded a decrease in turnover but "iBloomberg" achieved year-on-year revenue growths of 47.0%, "iLady" also recorded a mild increase in revenue in 2015 as compared to that of 2014. The Group's core print media and digital media remained as the major profit contributor, while its TV business maintained a slight loss in the last year. The Group recorded a net profit of RMB20.6 million for the year, with an decrease of 45.5% as compared with that of year 2014.

At the end of 2015, the Group had strategically restructured its business into two business segments, namely print media and art, and digital media with television programme production. In 2015, print media remained as the major income contributor of advertising revenue while digital media continued generating additional revenue to the Group. As at 31 December 2015, the segment results are as follows:

	Print Media & Art *RMB'000*	Digital Media & TV *RMB'000*	Total *RMB'000*
2015			
Reportable segment revenue	484,064	89,145	573,209
Reportable segment profit before tax	21,598	3,483	25,081
Segment EBITDA	38,848	16,940	55,788
2014			
Reportable segment revenue	496,337	100,745	597,082
Reportable segment profit before tax	35,324	10,739	46,063
Segment EBITDA	55,050	23,633	78,683

Regarding to the segment results, the segment revenue for the print media & art in 2015 suffered an 2.5% decrease when compared with 2014. Moreover, the segment earnings before interest, tax, depreciation and amortization ("EBITDA") also showed a downward trend when we compared it with the segment profit in 2015 with 2014. On the other hand, the digital media & TV segment also recorded a decline in segment revenue by 11.5%. The management of the Group has confidence that the digital media will continue its profitable trend afterwards.

The directors are satisfied with the financial performance under the tough operating environment and also with the achievements of some strategic milestones of the Group in 2015.

(A) BUSINESS REVIEW

(i) Print Media and Art

The overall printed media market followed the downward trend as in the past few years. The total advertising revenue of printed magazine category has been decreased by 19.8% as compared with that of last year, in which all the four major industries recorded a decrease in the advertising spending: the cosmetics industry, the fashion industry, the auto industry and the watch and jewelry industry, all recorded a negative growth, of 20.8%, 24.9%, 20.2% and 12.4%, respectively. The advertising market hence experienced a lusterless performance given to the stagnation in retail business.

* *Remark:* Advertising information from the above paragraph is extracted from Advertising Expenditure Report of 2015 produced by CTR China.

The Group commenced in year 2015 with six weekly/bi-weekly and nine monthly/bi-monthly magazines in both the PRC and Hong Kong, covering the subjects of lifestyle, news, finance, culture, art, health, etc. In April 2015, the Group launched another high-end magazine focused on lifestyle and interior design, namely “Ideat” in the PRC market.

In 2015, the Group’s portfolio of printed magazine titles contributed to the advertising revenue of approximately RMB450.4 million (2014: RMB504.4 million), which recorded a decrease of approximately 10.7% as compared to 2014.

Although the PRC advertising market of magazine category was quite challenging, our Group still made an effort to achieve a satisfactory performance in 2015. The revenue of our flagship magazine, “Modern Weekly”, suffered a decease when facing the industrial depression in the overall printed media market. However, it has still been ranked no. 1 in 2015 in terms of revenue in weekly magazine market according to audit report by Admango and continuously maintained the irreplaceable position by most of the print media brand advertisers while many other print competitors were still struggling in the matter of survival. Furthermore, the supplement of “The Art Newspaper” which is an international well-known art informative newspaper had successfully attracted a number of advertising clients including some international auction houses and art galleries, etc. which created extra revenue of more than RMB15.7 million, representing an increase of approximately 143.1 % as compared to 2014.

The revenue of another flagship magazine of the Group, “Modern Lady Weekly”, was also affected under the downward trend of macro environment in magazine market. However, it has been ranked no. 2 in 2015 in terms of circulation among all women lifestyle magazines in the PRC according to the market survey published by Beijing Kai Yuen Circulation Research Company. Moreover, the Group has successfully organized a series of marketing events through the readers’ club, namely “You Jia Hui” (優家薈) in 2015. Those marketing events were well-accepted by both the readers and members of “You Jia Hui” (優家薈) and created synergy effect on the online and offline promotion. Moreover, the members of “You Jia Hui” (優家薈) have increased significantly in recent years and the club membership fees had created additional income stream of the Group starting from 2015.

Our flagship business magazine, “Bloomberg Businessweek/China” (Simplified Chinese edition) recorded an increase in the advertising performance as compared to the same period of 2014 which many other competitors had faced the downward trend in revenue in 2015. By comparing with 40 other business and financial magazines, it ranked no. 3 in 2015 according to audit report by Admango regarding to the advertising revenue in all categories, versus No. 5 in 2014. Moreover, the “Bloomberg Businessweek/China” (Traditional Chinese edition) recorded an increase of revenue by RMB3.8 million, which represented a rise of 82.8% when compared with that of last year owing to the increase of marketing awareness after the launching of a series of marketing events including the “Top Fund Awards”, “Young Entrepreneur Forum” and “The Year Ahead”.

The other monthly or bi-monthly magazines of the Group in the PRC and Hong Kong had been recorded different operating performances. Some titles, such as "Life", "LEAP" and "City" magazines etc., were recorded better revenue as compared to the same period of 2014, whilst the other monthly or bi-monthly titles experienced revenue declines as per the general trend of the overall printed media market. The Group will continue to review such portfolio of magazines and target to attain an optimal operating result in 2016 and onwards.

During the reporting period, the art business had contributed revenue of RMB47.6 million, which included the advertising revenue and event income from our art-related magazines — LEAP and the Art Newspaper, and the income from selling of artworks. In the coming year, the Group is also planning to expand in the field of art exhibition, online auction of artworks and art education, whilst continue to seek business opportunities in artwork trading. It is firmly believed that our art business will become another income generator of the Group in the near future.

(ii) Digital Media & TV

By comparing to the stagnant advertising environment in printed media sector, the overall market sentiment of the digital sector was still optimistic. With the Group's strategy to expand the digital media, the Group has incurred capital expenditure of RMB7.8 million to maintain and conduct major upgrades on existing Apps.

For the year 2015, the number of downloads of "iWeekly" on both smartphone and tablet PC reached approximately 13.0 million together, an increase by 11.4% from the year 2014. "iWeekly" continued to be recognized as one of the most successful Chinese media Apps on both Apple iOS and Android platforms but the advertising revenue of "iWeekly" in 2015 was decreased when compared with that of 2014. It was because some of the advertising clients were coming from the luxury sector which was deeply affected by market slowdown in their retail business. "iWeekly" will undergo a content revamp which target to attract some more advertising clients from different sectors and also in the meantime to enlarge the readers' base and to increase their adherence.

"iBloomberg" has successfully enlarged its user base on both smartphone and tablet PC by reaching approximately 6.4 million, which represented an increase by 34.1% from the year 2014. Further, "iBloomberg" was recommended to be one of the Best Apps for the 4th quarter of year 2015 in Apple's AppStore. The iPhone version was within the Top 10 list in Newsstand Top Grossing List in AppStore and, "iBloomberg" has also got the Top 1 ranking for a long period of time in 2015. The advertising revenue of "iBloomberg" achieved a year-on-year increase by 47.0% in 2015 which it had outperformed among many competitors in the market. Obviously, "iBloomberg" has achieved a leading position and was well accepted by both the readers and advertisers.

"iLady" has already accumulated more than 4.5 million users on both smartphones and tablet PC as at the end of 2015 which represented an increase by 36.4% when compared with that of 2014. By offering the unprecedented "Ready-to-Buy" digital media experience to users, "iLady" was well-accepted by both the users and brand advertisers. "iLady" has recorded an mild increase in advertising revenue in 2015 as compared to 2014. It had proven that the advertisers appreciated the direct promotional solution provided by the App. Meanwhile, "iLady" has been gradually transformed into a vertical e-Commerce platform for fast fashion supported by mix-and-match themes in 2015. We believe that "iLady" is a strategic move for the Group to ride on the recent trend of e-Commerce outbreak and will also become another income generator in the coming future.

Besides, there were two more important Apps in the digital platform of the Group, namely "LOHAS" and "iArt" which had been accumulated the number of downloads on both smartphones and tablet PC by approximately 3.4 million and 2.4 million respectively as at the end of 2015. It is anticipated that those Apps will create additional advertising opportunities when the user base being further enlarged in the future.

Given the expansion plan in progress, the Group's digital media business had maintained its profitability in year 2015. The management team is confident that the continuing growth in downloads of our App products will make us a leading digital platform, and will further generate considerable revenue in future. We believe that the operations of the digital media segment will be on the right track and continue to deliver satisfactory operating results in the coming years.

The TV team created value-added series by focusing on the customized production for its brand advertisers. TV business had achieved a revenue of RMB9.1 million in 2015 (2014: RMB10.8 million) which represented a decrease of approximately 15.7% when compared with that of 2014. Looking forward, the Group's TV business will continue this business model and focus on customized production for advertisers in future and meanwhile will look for ways of optimizing cost structure to achieve better operating result. Hence, the Group believed that TV team will deliver an optimal operating result in the coming years.

(B) BUSINESS OUTLOOK

Looking forward to 2016, the macroeconomic situation around the globe is still pessimistic. The economic shock in 2015 will entail a more challenging year for China. For global media industry, some of the famous traditional media both within and outside China over the past year were closed or shutdown, leading to serious loss of media players. The market will still face a bleak winter in 2016 with a slump in traditional advertising, which has been our major income source. The market will probably undergo transformation while new profit-making model is yet to form.

Notwithstanding the market environment, competition also represents new market opportunities and elimination of sub-standard industry players. With the rise and impact of new media over the past few years, there saw an obvious trend in the demand of the general public, especially consumers of elite class, shifting from "fragmented information consumption" to "looking for high quality content". Thus, we will adhere to our position as a media platform for Chinese elite culture with trendy, high quality, internationalization and social responsibility as the core corporate values and "High Taste, High Touch, High Tech" as its core competitiveness.

Luxury brands, the primary client base of the Group, will also be subject to market adjustment this year under the influence of macroeconomics and regional economies. In view of this, we will closely monitor the situation and act with caution. In addition to providing continuous media service covering regional, national and international brands to existing customers with lifestyle and innovation marketing, we will strive to broaden our client base more comprehensively. For instance, the magazine "IDEAT" has been featured in professional exhibitions like "Design Shanghai" as an official partner media. This has not only promoted the magazine and tagged it into the design sector, but also expanded its business channels through offline cooperation and activities.

Throughout 2015, we are delighted to see steady development of our digital media business and growing customer demand. As mentioned in the Company's announcement dated 3 December 2015 and other previous announcements concerning the proposed spin-off of the digital and television businesses of the Group, in respect of the decision given by the Listing Division that the spin-off proposal did not meet two of the requirements laid down in Practice Note 15 of the Listing Rules (which decision was upheld by the Listing Committee), such decision was overturned by the Listing (Review) Committee. Following that, the Company has been continuing with the relevant work regarding the proposed spin-off, which may or may not finally proceed. The Group is undergoing in-depth market research and analysis as well as formulating strategies for the digital media business segment. We will continue to position our Group as a platform for the online media of Chinese elite culture by adhering to the principle of "professional content creation" in order to provide high-quality and comprehensive content product for users and offer a wide range of marketing solutions in respect of brand consultation, creative planning, advertising production for various brands. Moreover, we will carry out functional and application upgrades on the mobile apps of our leading digital products such as iWeekly, iBloomberg, iLady with a view to providing more interactive functions to optimize user experience and attract more new users.

Since the establishment of the video team of Modern Media, not only has it accumulated extensive experience, but also developed into a well-established team with stable client base. Over the past year, there was a pressing need for high-quality video content in the market. We will grasp such opportunity to tap into a new market of video content production by giving full play to the experience of our team and taking advantage of the integrated platforms of the Group. In the coming year, apart from continuing the production of customised TV programmes for brand advertisers, we will also produce wide-ranging video programmes in respect of commerce, finance, arts, lifestyle and dramas segments. We will integrate the Group's exclusive team of creation, production and marketing, and leverage the strengths of our platforms, so as to broaden the source of revenue of the video team and enhance its competitive edge over the industry players.

In 2016, for internal management purposes, we will streamline our management structure, strictly control costs and expenses, encourage internal departments to come up with technical innovation and develop new business based on the existing value of our platforms. We will continue to foster the implementation of vertical industry chain integration, upgrade and optimize the existing assisted purchase feature on e-commerce, enhance online and offline activity and experience, and develop the integrated marketing brand consultancy service in a more comprehensive manner, in addition to using the traditional advertising channels. To cater for the rapid development in art markets in the Greater China region, we will also fully leverage the existing strengths of art and commercial media platforms of the Group and play a more active role in commercial art sector through participating in art exhibitions and activities, and providing art consultation service with a view to developing new business models and creating new sources of revenue.

(C) FINAL DIVIDEND

The Directors proposed to declare a final dividend of HK$2.5 cents (2014: HK$2.5 cents) per share, amounting to approximately HK$11.0 million, subject to the approval of the shareholders of the Company ("Shareholders") at the forthcoming annual general meeting ("AGM"), the proposed dividend will be payable to Shareholders whose names appear on the register of members of the Company on 13 May 2016 and payable on 3 June 2016. This proposal is subject to Shareholders' approval at the AGM to be held.

(D) BOOK CLOSURE

The AGM of the Company is scheduled on 4 May 2016. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 29 April 2016 to 4 May 2016 both days inclusive, during which period no transfer of share will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 28 April 2016.

The proposed final dividend is subject to the passing of an ordinary resolution by the Shareholders at the AGM. The record date for entitlement to the proposed final dividend is 13 May 2016. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 11 May 2016 to 13 May 2016, both days inclusive, during which period no transfer of share will be effected. In order to be qualifying for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited for registration not later than 4:30 p.m. on 10 May 2016. The payment of final dividend will be made on 3 June 2016.

LIQUIDITY AND FINANCIAL RESOURCES

Net cash flows

During the year, the Group had a net cash inflow for operating activities of approximately RMB35.3 million (2014: RMB23.2 million), the increase in operating cashflow was largely attributable to the decrease in tax payment in 2015. On the other hand, the Group's cash outflow from investing activities amounted to RMB59.3 million (2014: RMB38.2 million) which was mainly attributable to the investment in fixed assets of RMB15.5 million on purchase of furniture, fixtures and equipment for operation, and investment of RMB16.3 million on software development. The cash outflow of the Group from financing activities amounted to RMB19.0 million (2014: RMB7.1 million) which was mainly owing to the payment of dividend of RMB8.6 million and purchase of shares for the share award scheme of RMB5.5 million.

Borrowings and gearing

As at 31 December 2015, the Group's outstanding borrowings was approximately RMB120.3 million (2014: RMB116.3 million). The total borrowings comprised secured bank loans of approximately RMB68.4 million (2014: RMB57.0 million) and other unsecured bank loan of approximately RMB52.0 million (2014: RMB59.3 million). The gearing ratio as at 31 December 2015 was 17.7% (31 December 2014: 17.1%), which was calculated based on the total debts divided by total assets at the end of the year and multiplied by 100%.

As at 31 December 2015, the total debts of the Group were repayable as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 year or on demand	**93,457**	68,026
After 1 year but within 2 years	**1,952**	4,772
After 2 years but within 5 years	**6,133**	13,608
After 5 years	**18,792**	29,938
	26,877	48,318
	120,334	116,344

CAPITAL EXPENDITURE

Capital expenditure of the Group for the year ended 31 December 2015 included expenditure on fixed assets, intangible assets and software development of approximately RMB32.0 million (2014: RMB43.6 million). Major expenditure included the purchase of furniture, fixtures and equipment, and development cots for mobile applications and websites.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

Save for the corporate guarantee given to banks and the Group's major printing supplier to secure the banking facilities and printing credit line, as at 31 December 2015, the Group did not have any material contingent liabilities or guarantees other than those disclosed below.

As at 31 December 2015, the Group's bank loan of RMB28.8 million and loan from developer of RMB14.6 million were secured by a mortgage over the Group's property in Hong Kong, guaranteed by Mr. Shao, the controlling shareholder of the Group, and Ms. Zhong Yuanhong, a member of senior management of the Group. In addition, the Group's bank loan of RMB25 million was secured by the Group's office property in Beijing and guaranteed by Mr. Shao.

As at 31 December 2015, the Group's printing credit line in an amount of approximately HK$12.0 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 year 2015.

EMPLOYEES AND SHARE AWARD PLAN

As at 31 December 2015, the Group had a total of 992 staff (2014: 1,059 staff), total staff costs (including Directors' remuneration) were approximately RMB211.2 million (2014: RMB215.5 million). The emoluments of the Directors are reviewed by the Remuneration Committee. The decrease in head counts was due to the restructuring of sales and editorial staff to further improve the corporate efficiency.

To recognize and reward the contribution of eligible employees for contributing to the continual operation and development of the Group and to attract suitable personnel for further development of the Group, the Company approved an employee share award plan on 3 December 2009. The Plan has become effective on 7 December 2009. The Plan does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. During the year 2015, the Company contributed RMB5.5 million to the Plan to acquire shares of the Company. During the year ended 31 December 2015, 1,780,000 shares were awarded and vested to selected employees, under the Share Award Plan, as approved by the Board of Directors of the Company.

REVIEW OF ANNUAL RESULTS AND PRELIMINARY RESULTS ANNOUNCEMENT

The annual results of the Group for the year ended 31 December 2015 have been reviewed by the audit committee of the Board (the "Audit Committee").

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Company's auditor, PricewaterhouseCoopers, Certified Public Accountants, to the amounts set out in the Group's audited financial statements for the year ended 31 December 2015 and the amounts were found to be in agreement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles or the laws in Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2015, the Company continued to apply the principles set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the "CG Code").

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

Mr. Shao is the Chairman and Chief Executive Officer of the Company. The Board believes that with the support of the management, vesting the roles of both chairman of the Board and Chief Executive Officer in Mr. Shao, the founder of the Group, can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Mr. Wong Shing Fat, the vice chairman of the Group oversees the daily operation and management of the Group's business with the assistance of the Group's senior management team. The Board therefore considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The division of responsibilities between the Chairman and the Chief Executive Officer is clearly established and set out in the job mandate of the Chairman and the Chief Executive Officer.

The balance of power and authority is also ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. There is a strong independent element in the composition of the Board. Out of the 9 Board members, 4 are non-executive Directors, including 3 Independent Non-executive Directors. The Board believes that the current structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently and the interests of the Shareholders will be adequately and fairly represented. The Board believes that Mr. Shao's appointment to the posts of Chairman and the Chief Executive Officer is beneficial to the business prospects and management of the Company.

As at 1 September 2015, the Board comprised of five executive Directors, two non-executive Directors and three independent non-executive Directors which such composition fell short of the requirement specified in Rule 3.10A of the Listing Rules, requiring the number of independent non-executive directors of an issuer must represent at least one-third of the board. On 19 November 2015, Mr. Li Jian (厲劍), one of the then non-executive Director, resigned from his office. As at and since 19 November 2015, the Board comprised of five executive Directors, one non-executive Director and three independent non-executive Directors. As a result, the Company has, in accordance with Rule 3.11 of the Listing Rules, ensured appointment of sufficient number of independent non-executive directors within three months after failing to meeting the requirement. And thus the Company has complied with Rule 3.10A of the Listing Rules since 19 November 2015.

Saved as disclosed above, the Directors are of the opinion that the Company had complied with the code provisions set out in the CG Code throughout the year of 2015. The Group also adhered to the recommended best practices of the CG Code insofar as they are relevant and practicable during the same year.

AUDIT COMMITTEE

The Company established the Audit Committee with terms of reference on 24 August 2009. Latest terms of reference of the Audit Committee, a copy of which is posted on the website of the Company and the Stock Exchange, has been adopted by the Board on 25 December 2015 to be in line with the provisions of the CG Code. The Audit Committee has three members of independent non-executive Directors, namely, Mr. Au-Yeung Kwong Wah, Mr. Wang Shi and Mr. Jiang Nanchun.

During the year 2015, the Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed the year end closing and internal audit process, internal control and financial reporting matters for the year ended 31 December 2015 with management, the internal auditor and the external auditor. The Audit Committee has also reviewed the annual results of the Group for the year ended 31 December 2015.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions for the year ended 31 December 2015.

PUBLICATION OF THE ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's annual report for the year ended 31 December 2015 will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.modernmedia.com.cn in due course.

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

Hong Kong, 14 March 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 and Mr. Li Jian; (b) as non-executive director, Dr. Cheng Chi Kong; (c) as independent non-executive directors, Mr. Jiang Nanchun, Mr. Wang Shi and Mr. Au-Yeung Kwong Wah.