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OUTDOOR

ADVERTISING

CSR

EDITORIAL

EVENTS

DIGITAL

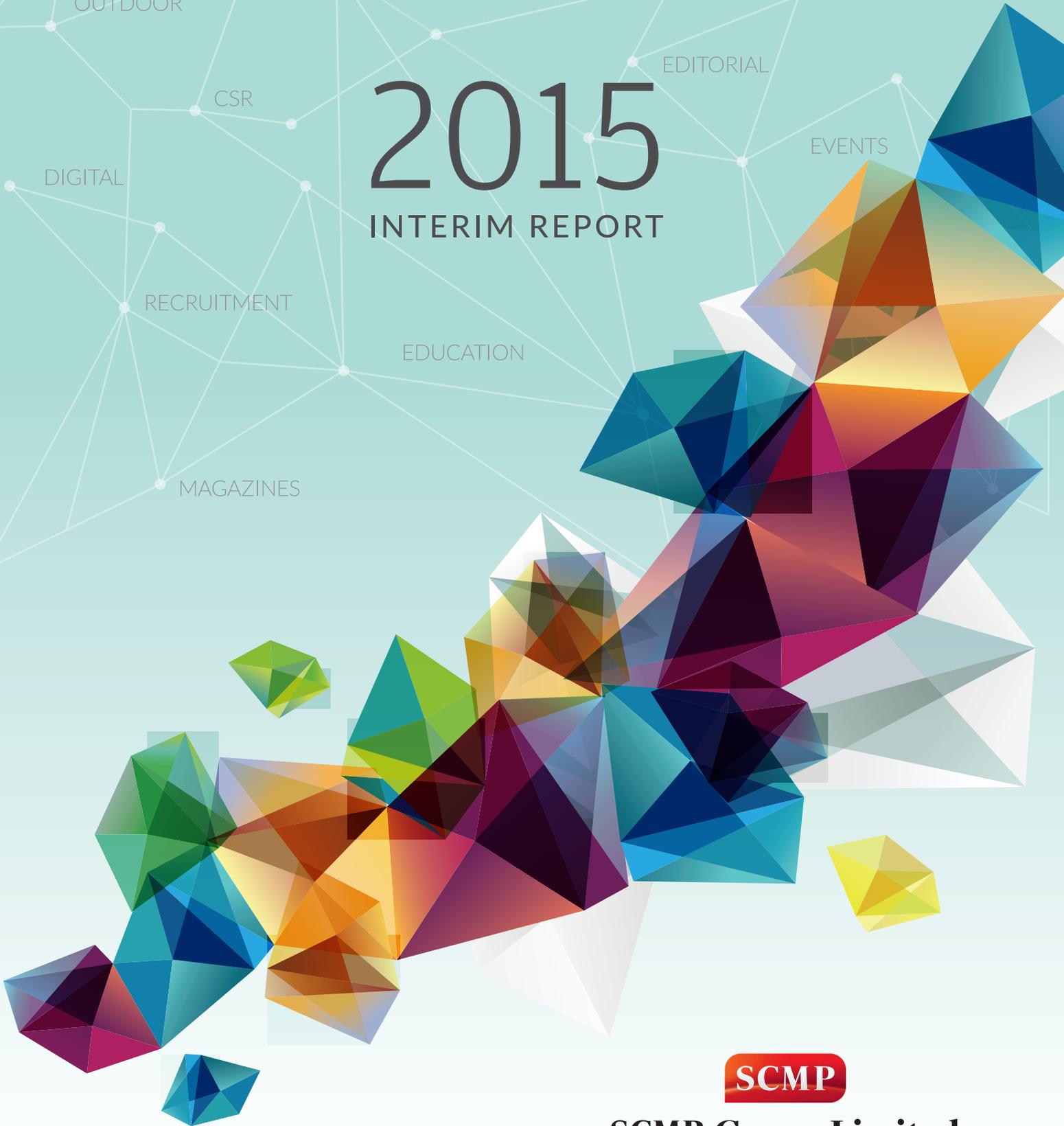
2015

INTERIM REPORT

RECRUITMENT

EDUCATION

MAGAZINES



SCMP

SCMP Group Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 583



OUTLOOK

Hong Kong experienced a muted first half of the year, with the secular challenges from 2014 carrying over into the first two quarters. Locally, retail sales value for the first five months dropped 1.8%¹, and luxury retail sales decreased year-on-year by more than 10% in June 2015². With diminished retail consumption, a narrowed IPO pipeline in Hong Kong and China, together with stock market volatility in the US, Europe and at home, the overall anemic market sentiment has caused advertisers to pull back on their spending.

In spite of this, the SCMP Group remains steadfast on its path to continue fortifying existing revenue drivers, while growing and developing new growth thrusts. Importantly, the Group's fundamentals are strong.

Advertisers remain focused on partnering with established media brands that deliver results for them. Our global brand coupled with our customizable campaigns, help them reach more business decision makers in Hong Kong³. Importantly, our newspaper and our digital channels are essential tools that help advertisers tell their brand stories, restore confidence, and respond effectively to meet their business objectives.

The ability to help clients connect with our readers is also at the heart of our digital strategy. To continue growing our international market share, we launched a newly redesigned and reengineered *SCMP.com*, which is built to deepen user engagement with content, increase social media sharing, and facilitate big data analytics that allow us to optimize our offerings to meet our global audience's evolving needs. Together with the new *SCMP.com*, we also revamped our *International Edition*, which now delivers even more original and insightful coverage on China politics, technology and wealth every day. This introduction has also seen us bring more dynamic and at times, live coverage of big stories including the passing of Singapore's founding father Lee Kuan Yew, the trial of China's former security czar Zhou Yong Kang, our original post-occupy introspection series called *Moving Forward*, and our daily China tech series, namely *The Next Big Thing*, have all been well received by our global readers. Driven by these and other initiatives, our online traffic increased by 20% growth in pageviews, with digital revenue also increasing by 50% over the same period.

¹ "Hong Kong Monthly Digest of Statistics, July 2015 Report", Census and Statistics Department, HKSAR Government

² "Report on Monthly Survey of Retail Sales, June 2015", Census and Statistics Department, HKSAR Government

³ IPSOS Business Elite: Asia (Hong Kong Report 2014)



The SCMP Group's high-impact marketing solutions are pivotal for top brands to tell their brand stories.



The Classified Post web portal is revamped as CPJobs.com in order to better acquire, retain and upsell our registered users.



SCMP's events and conferences business is growing with popular events such as Redefining Hong Kong Debate Series and Game Changers.



The South China Morning Post's editorial excellence is recognised locally and internationally with 122 awards in the first half of the year.



SCMP's customizable campaigns help advertisers expand reach.



The SCMP's dynamic coverage of big stories such as the trial of China's former security czar Zhou Yong Kang and Beijing's crackdown on illicit funds funneled into Macau helped us garner peer recognition locally and overseas.



Our original post-Occupy introspection series called *Moving Forward* and daily China tech series *The Next Big Thing* have all been well received by our global readers.

On the global stage, our flagship publication, the *South China Morning Post* extended its reputation for editorial excellence by winning 122 awards in the first half, garnering peer recognition locally and overseas for our coverage of Occupy Central, and Beijing's crackdown on illicit funds funneled into Macau, among other original articles. We believe our continued investment in quality journalism will yield positive outcomes – including increased global readership and digital subscribers. As observed in the upward trajectory of our online overseas subscribers, we anticipate this to be an important growth driver in the future.

The importance of our digital platforms also extends to our recruitment business where we saw the revamp of *CPJobs.com* – our *Classified Post* web portal. Redeveloped from ground up with a crisp new user experience, it is future-proofed with behavioral analytics for more targeted job recommendations to better acquire, retain and upsell our registered users to job opportunities and related services. Furthermore, our recruitment adjacencies remain robust with our custom publishing and recruitment event businesses contributing positively to the Group. Importantly, traffic and conversion have both improved significantly with this revamp.

Our magazines business continues to dominate the lifestyle segment in terms of share of voice, with the men's magazine portfolio now owning the top two positions in terms of advertising volume through *Esquire* and *ELLE MEN*. While print advertising delivers a large portion of our magazines revenue, our digital advertising revenue is starting to contribute healthily to the entire magazines portfolio, with *ELLE*, *Cosmopolitan*, *Harper's BAZAAR*, and our men's magazines all making part of a healthy sum. As beauty and fashion clients increasingly place more focus on digital advertising, we see our market-leading digital platforms being perfectly placed to capture this unyielding trend. Of note, our elite luxury business magazine *The PEAK* celebrated its first anniversary with the Group, and is expected to continue its growth by strengthening its support base, especially the banking and property sectors, in addition to the luxury market.



Lastly, our growth shoots businesses continue its value-adding role to its more established cohorts. Our events and conferences business grew admirably with our most popular event series Redefining Hong Kong, the introduction of a new quarterly series aimed at the start-up scene called Game Changers, and the launch of our by-invitation private corporate network called Insight Confidential for C-Suite business leaders. Our outdoor media business enhances our marketing solutions offering through our exclusive premium sites across the Hong Kong island, and has featured high impact exposure for top brands including Mercedes-Benz, Dior and the Venetian Macau, and our Education business has also strengthened in terms of audience growth, topic verticals covered, and product diversification.

As we enter the second half of 2015, signs of significant recovery are not yet evident. In spite of this, the SCMP remains an indispensable platform for advertisers, and we will actively partner with clients to explore new and meaningful ways to help them broaden their reach through our media universe. Importantly, we believe our comprehensive suite of products which covers print, digital, outdoor and events, collectively adds to the resilience of our business during challenging times, as advertisers increasingly seek to diversify their media investments.

Reaping the fruits of previous years, we anticipate further growth in digital-specific revenues for the Group, and with our digital infrastructure bolstered by big data analytics and social marketing capabilities, we look forward to the upside in digital advertising revenue, and the continued growth of our international subscriber base. Internally, efficiency improvement programmes are already in place to strategically reduce operating expenses and optimise our processes to nurture homegrown talent, innovate greenfield products, and capture emerging opportunities. By activating these growth and cost control strategies, together with prudently managing our strong fundamentals, the Group remains steadfast in building and managing our existing core business, accompanied by growth strategies for sustainable development. 



INTERIM RESULTS

The board of directors (the “Board” or “Directors”) of SCMP Group Limited (the “Company”) are pleased to announce the unaudited interim results of the Company and its group of companies (the “Group”) for the six months ended 30 June 2015. These results have been reviewed by the Company’s auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and by the Audit Committee of the Company. The review report of the auditor is set out on page 17.

Condensed Consolidated Balance Sheet

	Notes	(Unaudited) 30 June 2015 HK\$'000	(Audited) 31 December 2014 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	514,425	530,526
Investment properties	4	1,869,100	1,732,000
Intangible assets	5	163,526	160,162
Deposits paid for property, plant and equipment		670	-
Investment in associates		5,276	43,203
Available-for-sale financial assets		187,562	184,687
Defined benefit plan’s assets		73,202	73,964
Deferred income tax assets		4,763	6,875
		2,818,524	2,731,417
Current assets			
Inventories		16,223	19,823
Accounts receivable	6	232,454	290,906
Prepayments, deposits and other receivables		20,908	26,873
Amount due from an associate		-	124
Cash and bank balances		565,415	464,137
		835,000	801,863
Assets held for sale		20,216	-
		855,216	801,863
Total assets		3,673,740	3,533,280
EQUITY			
Capital and reserves			
Share capital	7	156,106	156,106
Reserves		3,106,647	2,901,057
Proposed dividend		20,294	59,320
		3,126,941	2,960,377
Shareholders’ funds		3,283,047	3,116,483
Non-controlling interests		61,533	53,396
Total equity		3,344,580	3,169,879
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		83,330	85,566
		83,330	85,566
Current liabilities			
Accounts payable and accrued liabilities	9	205,950	232,363
Amounts due to associates		3,204	2,672
Subscriptions in advance		19,517	26,432
Current income tax liabilities		10,119	9,328
Loans from a non-controlling shareholder		7,040	7,040
		245,830	277,835
Total liabilities		329,160	363,401
Total equity and liabilities		3,673,740	3,533,280
Net current assets		609,386	524,028
Total assets less current liabilities		3,427,910	3,255,445

The notes on pages 9 to 16 form an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

	Notes	(Unaudited)	
		For the six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Revenue	2	549,277	597,925
Other income		2,270	2,136
Staff costs		(270,126)	(265,925)
Cost of production materials		(92,086)	(107,229)
Rental and utilities		(16,460)	(14,977)
Depreciation and amortisation		(32,396)	(33,636)
Advertising and promotion		(15,293)	(18,710)
Other operating expenses		(78,579)	(87,189)
Fair value gain on investment properties	1	137,100	-
Operating profit		183,707	72,395
Finance income	11	2,607	2,416
Share of losses of associates		(4,317)	(3,113)
Gain on partial disposal of interests in an associate		43,349	-
Profit before income tax		225,346	71,698
Income tax expense	12	(8,548)	(10,935)
Profit for the period		216,798	60,763
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plan obligation		4,450	(5,916)
Share of remeasurement of defined benefit plan obligation of an associate		(721)	(371)
		3,729	(6,287)
Items that may be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on available-for-sale financial assets		2,880	(31,607)
Currency translation difference on consolidation		520	205
Currency translation difference released upon partial disposal of interests in an associate		10,011	-
		13,411	(31,402)
Other comprehensive income/(loss) for the period, net of tax		17,140	(37,689)
Total comprehensive income for the period		233,938	23,074
Profit attributable to:			
Shareholders of the Company		208,661	48,176
Non-controlling interests		8,137	12,587
		216,798	60,763
Total comprehensive income attributable to:			
Shareholders of the Company		225,801	10,487
Non-controlling interests		8,137	12,587
		233,938	23,074
Earnings per share	13		
Basic		13.37 cents	3.09 cents
Diluted		13.36 cents	3.08 cents

The notes on pages 9 to 16 form an integral part of these condensed consolidated interim financial information.

		HK\$'000	HK\$'000
Dividends	14	20,294	34,343

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	(Unaudited)							
	Attributable to shareholders						Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Other reserves (Note 8) HK\$'000	Retained profits HK\$'000	Total HK\$'000		
Balance at 1 January 2015	156,106	41,126	803,234	66,222	2,049,795	3,116,483	53,396	3,169,879
Profit for the period	-	-	-	-	208,661	208,661	8,137	216,798
Other comprehensive income	-	-	-	13,411	3,729	17,140	-	17,140
Total comprehensive income	-	-	-	13,411	212,390	225,801	8,137	233,938
Transaction with shareholders:								
Dividends declared and paid (Note 14)	-	-	-	-	(59,320)	(59,320)	-	(59,320)
Employee share-based compensation benefits	-	-	-	83	-	83	-	83
Total transactions with shareholders	-	-	-	83	(59,320)	(59,237)	-	(59,237)
Balance at 30 June 2015	156,106	41,126	803,234	79,716	2,202,865	3,283,047	61,533	3,344,580
Balance at 1 January 2014	156,106	41,126	803,234	111,287	1,992,523	3,104,276	50,474	3,154,750
Profit for the period	-	-	-	-	48,176	48,176	12,587	60,763
Other comprehensive loss	-	-	-	(31,402)	(6,287)	(37,689)	-	(37,689)
Total comprehensive income	-	-	-	(31,402)	41,889	10,487	12,587	23,074
Transaction with shareholders:								
Dividends declared and paid (Note 14)	-	-	-	-	(65,564)	(65,564)	-	(65,564)
Employee share-based compensation benefits	-	-	-	214	-	214	-	214
Total transactions with shareholders	-	-	-	214	(65,564)	(65,350)	-	(65,350)
Balance at 30 June 2014	156,106	41,126	803,234	80,099	1,968,848	3,049,413	63,061	3,112,474

The notes on pages 9 to 16 form an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

	(Unaudited)	
	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from operations	118,217	129,217
Hong Kong profits tax paid	(7,881)	(5,616)
Overseas tax paid	-	(355)
Net cash generated from operating activities	110,336	123,246
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets	(20,335)	(15,370)
Acquisition of subsidiaries	-	(6,224)
Interest received	2,829	2,439
Dividends received from:		
Listed investments	1,264	930
Associates	-	3,548
Proceeds from partial disposal of interests in an associate	66,504	-
Proceeds from sale of property, plant and equipment	-	3
Net cash generated from/(used in) investing activities	50,262	(14,674)
Cash flows from financing activities		
Dividend paid to the Company's shareholders	(59,320)	(65,564)
Proceeds from short term loan from a non-controlling shareholder	-	4,800
Net cash used in financing activities	(59,320)	(60,764)
Net increase in cash and cash equivalents	101,278	47,808
Cash and cash equivalents at 1 January	464,137	395,511
Cash and cash equivalents at 30 June	565,415	443,319

The notes on pages 9 to 16 form an integral part of these condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial information (“interim financial information”) for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

Except as described below, the accounting policies and methods of computation used in the preparation of this interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2014.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the critical accounting estimates and judgements were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

The investment properties were valued by an independent professional valuer to determine their fair value as at 30 June 2015. The Group has adopted such valuation and recognised a fair value gain of HK\$137,100,000 accordingly. The principal assumptions underlying management’s estimation of fair values of the investment properties and the basis of valuation are consistent with those applied in the annual financial statements for the year ended 31 December 2014.

Amendments to HKFRSs effective for the financial year ending 31 December 2015 do not have a material impact on the Group.

2. Revenue and segment information

The chief operating decision-maker has been identified as the Chief Executive Officer of the Group, who reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group has three reportable segments: newspaper, magazine and property. Newspaper segment is engaged in the publication of *South China Morning Post*, *Sunday Morning Post* and other related print and digital publications. It derives its revenue mainly from advertising and sales of newspapers and contract printing. Magazine segment is engaged in the publication of various magazines in Chinese and English language and related print and digital publications. Its revenue is derived from advertising and sales of magazines. Property segment holds various commercial and industrial properties in Hong Kong. It derives revenue through leasing out its properties.

The chief operating decision-maker assesses the performance of the operating segments based on a number of measures, including adjusted EBITDA (defined as earnings before interest, tax, depreciation and amortisation, other income and fair value gain on investment properties) and profit or loss after tax. The Group considers that the measurement principles for profit or loss after tax are most consistent with those used in measuring the corresponding amounts in the Group’s financial statements. Hence, profit or loss after tax is used for reporting segment profit or loss.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the annual financial statements for the year ended 31 December 2014 and Note 1 above, except that interest in the profit or loss of an associate is accounted for on the basis of dividend received or receivable in segment profit or loss while such interest is accounted for under the equity method in the Group’s consolidated financial statements.

2. Revenue and segment information (continued)

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different marketing strategies. Transactions between reportable segments are accounted for on arm's length basis.

Turnover consists of revenue from all of the Group's reportable segments, which comprise newspaper, magazine, property, as well as other segments whose contributions to the Group's revenue and profit or loss are below the quantitative threshold for separate disclosures. The turnover for the six months ended 30 June 2015 and 2014 were HK\$549,277,000 and HK\$597,925,000 respectively.

The segment information for the six months ended 30 June 2015 and 2014 is as follows:

(a) Reportable segment profit or loss

	(Unaudited)				
	Newspaper HK\$'000	Magazine HK\$'000	Property HK\$'000	Others HK\$'000	Total HK\$'000
For the six months ended 30 June 2015					
Total segment revenue	373,039	138,316	17,098	26,395	554,848
Inter-segment revenue	(1,118)	(3,077)	(1,376)	-	(5,571)
Revenue from external customers	371,921	135,239	15,722	26,395	549,277
Reportable segment (loss)/profit	(319)	26,379	147,097	4,305	177,462

	Newspaper HK\$'000	Magazine HK\$'000	Property HK\$'000	Others HK\$'000	Total HK\$'000
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For the six months ended 30 June 2014

Total segment revenue	406,148	158,099	15,409	22,896	602,552
Inter-segment revenue	(794)	(2,499)	(1,334)	-	(4,627)
Revenue from external customers	405,354	155,600	14,075	22,896	597,925
Reportable segment profit	15,692	38,724	8,844	3,531	66,791

(b) Reconciliation of reportable segment profit or loss

	(Unaudited)	
	For the six months ended 30 June 2015 HK\$'000	2014 HK\$'000
Profit for reportable segments	173,157	63,260
Profit for other segments	4,305	3,531
	177,462	66,791
Reconciling items:		
Share of losses of associates under equity method of accounting	(4,317)	(3,113)
Dividend received from an associate	-	(3,548)
Gain on partial disposal of interests in an associate	43,349	-
Deferred tax on undistributed profit of an associate	304	633
	39,336	(6,028)
Profit for the period	216,798	60,763

3. Property, plant and equipment

	(Unaudited)				
	Leasehold land and buildings HK\$'000	Plant & machinery HK\$'000	Other fixed assets HK\$'000	Assets in progress HK\$'000	Total HK\$'000
At 1 January 2015	278,669	183,410	67,135	1,312	530,526
Additions	-	393	4,390	4,757	9,540
Depreciation	(4,876)	(11,669)	(9,090)	-	(25,635)
Disposals	-	-	(5)	-	(5)
Reclassification	-	1,411	1,132	(2,543)	-
Translation differences	-	-	(1)	-	(1)
Net book value at 30 June 2015	273,793	173,545	63,561	3,526	514,425
At 30 June 2015					
Cost	420,375	847,675	189,062	3,526	1,460,638
Accumulated depreciation	(146,582)	(674,130)	(125,501)	-	(946,213)
Net book value at 30 June 2015	273,793	173,545	63,561	3,526	514,425

4. Investment properties

	(Unaudited) 30 June 2015 HK\$'000	(Audited) 31 December 2014 HK\$'000
Opening balance	1,732,000	1,720,600
Fair value gain	137,100	11,400
Ending balance	1,869,100	1,732,000

5. Intangible assets

	(Unaudited)						Total HK\$'000
	Publishing titles HK\$'000	Software costs HK\$'000	Goodwill HK\$'000	Customer relationships HK\$'000	Other intangible assets HK\$'000	Assets in progress HK\$'000	
At 1 January 2015	10,246	17,906	62,666	56,150	9,976	3,218	160,162
Additions	-	297	-	-	-	9,828	10,125
Reclassification	-	170	-	-	-	(170)	-
Amortisation	(268)	(3,954)	-	(2,327)	(212)	-	(6,761)
Net book value at 30 June 2015	9,978	14,419	62,666	53,823	9,764	12,876	163,526
At 30 June 2015							
Cost	1,830,941	95,409	62,666	67,015	11,007	12,876	2,079,914
Accumulated amortisation	(1,820,963)	(80,990)	-	(13,192)	(1,243)	-	(1,916,388)
Net book value at 30 June 2015	9,978	14,419	62,666	53,823	9,764	12,876	163,526

6. Accounts receivable

The Group allows an average credit period of 7 to 90 days to its trade customers. An ageing analysis of accounts receivable by due date is as follows:

	(Unaudited) 30 June 2015		(Audited) 31 December 2014	
	Balance HK\$'000	Percentage %	Balance HK\$'000	Percentage %
Current	120,452	50.9	161,638	55.0
Less than 30 days past due	54,849	23.2	27,212	9.3
31 to 60 days past due	7,351	3.1	51,841	17.7
61 to 90 days past due	29,875	12.6	32,747	11.1
Over 90 days past due	24,175	10.2	20,232	6.9
Total	236,702	100.0	293,670	100.0
Less: Allowance for impairment	(4,248)		(2,764)	
	232,454		290,906	

7. Share capital

	(Unaudited) 30 June 2015		(Audited) 31 December 2014	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.10 each	5,000,000,000	500,000	5,000,000,000	500,000
Issued and fully paid:				
Opening and ending balance	1,561,057,596	156,106	1,561,057,596	156,106

8. Other reserves

	(Unaudited)					
	Investment revaluation reserve HK\$'000	Asset revaluation reserve HK\$'000	Translation Reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Capital reserve HK\$'000	Total HK\$'000
At 1 January 2015	55,783	26,117	(21,017)	3,792	1,547	66,222
Other comprehensive income						
Available-for-sale financial assets						
- Fair value gain credited to equity	2,880	-	-	-	-	2,880
Currency translation difference on consolidation	-	-	520	-	-	520
Currency translation differences released upon partial disposal of interests in an associate	-	-	10,011	-	-	10,011
Total other comprehensive income	2,880	-	10,531	-	-	13,411
Employee share-based compensation benefits	-	-	-	83	-	83
At 30 June 2015	58,663	26,117	(10,486)	3,875	1,547	79,716

8. Other reserves (continued)

	Investment revaluation reserve HK\$'000	Asset revaluation reserve HK\$'000	Translation reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Capital Reserve HK\$'000	Total HK\$'000
At 1 January 2014	102,929	26,117	(21,162)	3,403	-	111,287
Other comprehensive (loss)/income						
Available-for-sale financial assets						
- Fair value loss charged to equity	(31,607)	-	-	-	-	(31,607)
Currency translation difference on consolidation	-	-	205	-	-	205
Total other comprehensive (loss)/income	(31,607)	-	205	-	-	(31,402)
Employee share-based compensation benefits	-	-	-	214	-	214
At 30 June 2014	71,322	26,117	(20,957)	3,617	-	80,099

9. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are set out as below:

	(Unaudited) 30 June 2015		(Audited) 31 December 2014	
	Balance HK\$'000	Percentage %	Balance HK\$'000	Percentage %
0 to 30 days	24,732	73.6	33,900	67.4
31 to 60 days	6,478	19.3	11,918	23.7
61 to 90 days	612	1.8	2,290	4.6
Over 90 days	1,780	5.3	2,172	4.3
Total accounts payable	33,602	100.0	50,280	100.0
Accrued liabilities	172,348		182,083	
Total accounts payable and accrued liabilities	205,950		232,363	

10. Capital commitments

	(Unaudited) 30 June 2015 HK\$'000	(Audited) 31 December 2014 HK\$'000
Capital commitments for property, plant and equipment		
Contracted, but not provided for	32,020	33,456
Authorised, but not contracted for	40,958	56,481
	72,978	89,937

11. Finance income

	(Unaudited)	
	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interest income on bank deposits	1,865	1,674
Interest income on available-for-sales financial assets	742	742
	2,607	2,416

12. Income tax expense

Hong Kong profits tax has been provided for at a rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rates used for the six months ended 30 June 2015 and 2014 were 3.8% and 15.3% respectively. The lower tax rate in the first half of 2015 was because the fair value gains on investment properties and gain on partial disposal of interests in an associate are not taxable.

	(Unaudited)	
	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	8,672	13,293
Overseas taxation	-	355
Deferred income tax		
Deferred tax credits	(124)	(2,713)
	8,548	10,935

13. Earnings per share

The calculation of basic earnings per share is based on the profit for the period attributable to shareholders of HK\$208,661,000 (2014: HK\$48,176,000) and 1,561,057,596 weighted average number of shares in issue (2014: 1,561,057,596 weighted average number of shares in issue) during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares arising from exercise of all outstanding share options granted under the Company's share option scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined with reference to the latest closing market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The calculation of diluted earnings per share is based on 1,561,057,596 (2014: 1,561,057,596 weighted average number of shares in issue) which is the weighted average number of shares in issue during the period plus the weighted average number of 1,263,940 shares (2014: 1,320,245 shares) deemed to be issued if all outstanding share options granted under the Company's share option scheme has been exercised.

14. Dividends

A 2014 final dividend of HK3.8 cents per share, totaling HK\$59,320,000 was paid out of the Company's retained profits in June 2015. A 2013 final dividend of HK4.2 cents per share, totaling HK\$65,564,000 was paid out of the Company's retained profits in June 2014.

The Directors have declared an interim dividend of HK1.3 cents per share for the period, totaling HK\$20,294,000 (2014: HK2.2 cents per share, totaling HK\$34,343,000).

15. Fair value measurement of financial instruments

(a) Financial assets measured at fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Group's financial assets that are measured at fair value at 30 June 2015 and 31 December 2014.

	Level 1 30 June 2015 HK\$'000	Level 1 31 December 2014 HK\$'000
Recurring fair value measurement		
Financial assets:		
Available-for-sale financial assets		
- Equity securities	162,536	159,217
- Debt investments	25,026	25,470
	187,562	184,687

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost, including accounts and other receivables, amounts due from/to associates, cash and bank balances, accounts payable and loan from a non-controlling shareholder, are not materially different from their fair values as at 30 June 2015 and 31 December 2014.

16. Related party transactions

Kerry Media Limited, a company incorporated in the British Virgin Islands, is the immediate holding company of the Company. Kerry Group Limited, a company incorporated in the Cook Islands, is the ultimate holding company of Kerry Media Limited. The directors regard Kerry Group Limited as the ultimate holding company of the Company as of the balance sheet date.

(a) Transactions with Kerry Group

Significant transactions with Kerry Group Limited and its subsidiaries ("Kerry Group"), which were carried out in the normal course of the Group's business at terms determined and agreed by the underlying parties, are as follows:

	(Unaudited)	
	For the six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Rendering of services		
- Advertising revenue	722	373
- Newspaper subscription	839	-
- Magazine production service fee	-	685
	1,561	1,058

16. Related party transactions (continued)**(b) Balances arising from transactions with Kerry Group**

	(Unaudited) 30 June 2015 HK\$'000	(Audited) 31 December 2014 HK\$'000
Receivables arising from advertising services	69	82
Receivables arising from newspaper subscription	102	213
Receivables arising from magazine production services	-	708
	171	1,003

(c) Transactions with HCI group

Hearst Communications Inc. ("HCI"), a company formed under the laws of the State of Delaware in the United States of America, through its subsidiaries, exercises significant influence over SCMP Hearst Publications Limited, SCMP Hearst Hong Kong Limited and SCMP Hearst Magazines Limited, all of which are indirect subsidiaries of the Company. During the period, the Group had significant transactions with HCI and its subsidiaries, which were carried out in the normal course of the Group's business at terms determined and agreed by the underlying parties, as follows:

	(Unaudited) For the six months ended 30 June 2015 HK\$'000	2014 HK\$'000
Rendering of services		
- Royalty expenses	5,950	6,721
- Payment in respect of advertising sales/agency agreement	3,867	4,160
	9,817	10,881

(d) Balances arising from transactions with HCI group

	(Unaudited) 30 June 2015 HK\$'000	(Audited) 31 December 2014 HK\$'000
Royalty expenses payable	6,616	3,899
Amount payable in respect of advertising sales/agency agreements	111	396
	6,727	4,295

(e) Key management personnel compensation

	(Unaudited) For the six months ended 30 June 2015 HK\$'000	2014 HK\$'000
Salaries and other short-term employee benefits	15,509	14,531
Post-employment benefits	331	303
Employee share-based compensation benefits	55	156
	15,895	14,990

17. Approval of the interim financial information

This interim financial information was approved by the Board of Directors on 24 August 2015.

REVIEW REPORT OF THE AUDITOR



羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF SCMP GROUP LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 5 to 16, which comprises the condensed consolidated balance sheet of SCMP Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2015 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 24 August 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results of the Group

The Group's consolidated operating results for the six months ended 30 June 2015 and 2014 were as follows:

<i>(HK\$ millions, except per share amounts)</i>	For the six months ended 30 June		% Change
	2015	2014	
Revenue	549.3	597.9	(8)
Staff costs	(270.1)	(265.9)	2
Production costs	(92.1)	(107.2)	(14)
Rental and utilities	(16.5)	(15.0)	10
Advertising and promotions	(15.3)	(18.7)	(18)
Other operating expenses	(78.6)	(87.2)	(10)
Operating costs before depreciation and amortisation	(472.6)	(494.0)	(4)
Depreciation and amortisation	(32.4)	(33.6)	(4)
Adjusted operating profit[^]	44.3	70.3	(37)
Other income	2.3	2.1	10
Fair value gain on investment properties	137.1	-	*
Operating profit	183.7	72.4	*
Net interest income	2.6	2.4	8
Share of losses of associates	(4.3)	(3.1)	39
Gain on partial disposal of interests in an associate	43.3	-	*
Taxation	(8.5)	(10.9)	(22)
Profit for the period	216.8	60.8	*
Non-controlling interests	(8.1)	(12.6)	(36)
Profit attributable to shareholders	208.7	48.2	*
Earnings per share (HK cents)	13.4	3.1	*

* Represents a change in excess of 100%

[^] Adjusted operating profit is defined as operating profit before other income and fair value gain on investment properties

Net profit for the first half of 2015 was \$208.7 million, compared with \$48.2 million in 2014. The profit for the current period includes a fair value gain on investment properties of \$137.1 million and a gain on partial disposal of interests in an associate of \$43.3 million. Carving out these gains, net profit from normal operations for first half of 2015 was \$28.3 million, compared with \$48.2 million in 2014.

Revenue for the first half of 2015 was \$549.3 million, 8% lower than last year. The weak retail market and its impact on advertising dollar have adversely affected our financial performance. The drop resulting from the lower advertising revenue from our newspaper and magazine businesses was partly compensated by the growth in revenue from investment properties and outdoor media business. Management has initiated various cost control measures including, inter alia, headcount freeze and reduction in marketing and promotion expenses. Overall, our adjusted operating profit for the period has dropped 37% to \$44.3 million.

Revenue

The consolidated revenue for the six months ended 30 June 2015 and 2014 by business segment and for the Group were as follows:

(HK\$ millions)	For the six months ended 30 June		
	2015	2014	% Change
Newspaper publishing	373.0	406.1	(8)
Magazine publishing	138.3	158.1	(13)
Property	17.1	15.4	11
Others [#]	26.5	22.9	16
Inter-segment eliminations	(5.6)	(4.6)	22
Total revenue	549.3	597.9	(8)

[#] Includes the outdoor media business

Operating Costs and Expenses

Operating costs and expenses for the six months ended 30 June 2015 and 2014 were as follows:

(HK\$ millions)	For the six months ended 30 June		
	2015	2014	% Change
Staff costs	270.1	265.9	2
Production costs	92.1	107.2	(14)
Rental and utilities	16.5	15.0	10
Advertising and promotions	15.3	18.7	(18)
Other operating expenses	78.6	87.2	(10)
Depreciation and amortisation	32.4	33.6	(4)
Total operating costs and expenses	505.0	527.6	(4)

Staff costs rose 2% or \$4.2 million mainly due to increase in salary. The headcount freeze policy largely offset the effect of the annual salary increment. Production costs decreased 14% or \$15.1 million, due to lower newsprint cost and lower production cost for our magazine titles. Increase in rental and utilities was mainly due to one-off relocation costs to consolidate our offices. Advertising and promotions and other operating expenses went down due to our cost control measures across various businesses.

Adjusted EBITDA and Operating profit

Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation, other income and fair value gain on investment properties. Adjusted EBITDA and adjusted operating profit for the six months ended 30 June 2015 and 2014 by business segment and for the Group were as follows:

(HK\$ millions)	Adjusted EBITDA			Adjusted operating profit		
	2015	2014	% Change	2015	2014	% Change
Newspaper publishing	21.8	36.1	(40)	(2.7)	10.1	*
Magazine publishing	35.9	50.8	(29)	31.6	46.4	(32)
Property	14.8	13.4	10	12.2	10.8	13
Others	4.2	3.6	17	3.2	3.0	7
Total	76.7	103.9	(26)	44.3	70.3	(37)

* Represents a change in excess of 100%

Financial Review by Business

Newspaper Publishing

(HK\$ millions)	For the six months ended 30 June		
	2015	2014	% Change
Revenue	373.0	406.1	(8)
Adjusted EBITDA	21.8	36.1	(40)
Adjusted operating (loss)/profit	(2.7)	10.1	*
Net (loss)/profit attributable to shareholders	(0.3)	15.7	*

* Represents a change in excess of 100%

Revenue from the Newspaper division decreased 8% or \$33.1 million to \$373.0 million. The drop was mainly attributable to the reduction in sales volume of newspaper display advertisements and IPO notices. Print recruitment revenues from *Classified Post* and *Jiu Jik* also dropped. However, the drop was partly mitigated by the higher revenues from both digital subscription and online advertising. The Newspaper division absorbs the central administrative costs of the Group and reported a loss of \$0.3 million for the period, as compared with a profit of \$15.7 million in the same period last year. The previous period when the division reported a loss was in the first half of 2009 at the time of the global financial crisis.

Of the various lines of business, revenue from advertising & marketing solutions declined 12% from the same period last year. Our newspaper print advertising revenue was affected by the decline in Mainland visitors and their spending that resulted in a slumped retail business especially in the luxury market. Our online business remained strong, with digital revenue increased by 50% over last year.

Recruitment & education business revenue decreased 8%. Our print recruitment revenue declined as the shift of recruiters from print to online platforms continued. During the period, we have achieved gain in market share of online job volume through aggressive campaign for CPjobs.com and jiujik.com.

Overall circulation copies of *South China Morning Post* and *Sunday Morning Post* remained stable. Digital subscription continued to grow strongly to offset the decline in print circulation. Total circulation revenue recorded a growth of 2% for the period.

Magazine Publishing

(HK\$ millions)	For the six months ended 30 June		
	2015	2014	% Change
Revenue	138.3	158.1	(13)
Adjusted EBITDA	35.9	50.8	(29)
Adjusted operating profit	31.6	46.4	(32)
Net profit attributable to shareholders	18.3	26.1	(30)

Total revenue from our Magazine division dropped 13% while net profit attributable to shareholders decreased 30%. The lackluster retail market has taken its toll on advertising spending. Among all, print media, especially those targeting beauty and luxurious goods including jewelry, watches, and high fashion, were highly affected. Despite the tough conditions, our women's titles, including *Cosmopolitan*, *Harper's BAZAAR* and *ELLE* were able to gain market share from our competitors and further strengthened our dominant position in women's monthly magazine market.

Property

(HK\$ millions)	For the six months ended 30 June		
	2015	2014	% Change
Revenue	17.1	15.4	11
Adjusted EBITDA	14.8	13.4	10
Adjusted operating profit	12.2	10.8	13
Net profit attributable to shareholders [#]	147.1	8.9	*

* Represents a change in excess of 100%

Net profit for first half of 2015 included fair value gains on investment properties of \$137.1m. There was no valuation gain or loss for first half of 2014

Rental income increased 11% was mainly driven by the higher income from rental reversion for some investment properties.

The Group's investment property portfolio comprises of a vacant property in TV City, certain floors of the Bank of America Tower, Ko Fai Industrial Building and Seaview Estate. The original cost of the portfolio was \$913 million and the carrying value as of 30 June 2015 was \$1,869 million.

The Group's investment properties were revalued at 30 June 2015 by independent professionally qualified valuers, DTZ Debenham Tie Leung Limited, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The revaluation gains or losses are shown as "Fair value gain or loss on investment properties" in the income statement. Fair values of the office buildings and industrial properties are derived using the income capitalisation approach and fair value of the vacant property is derived using the residual method. There were no changes to the valuation techniques during the period.

TV City

SCMP acquired TV City in 1996 and continues to hold this piece of property for long-term investment. We have explored different options to enhance value of this property. As one of the options, the company is looking into the feasibility of developing the property into a residential project. However, the development process is complex, in view of the size of the development and the adjacent parcel of different ownership. The Government authorities are processing our application alongside with the adjacent plot owners' application. A revised Master Layout Plan was approved, with conditions by the Hong Kong SAR Government in November 2014. The planning process and the land lease negotiation with the Government are in progress, the completion of which will lead to the determination by the Government of the amount of land premium payable.

Investment in associates

The Group disposed 8.3% of investment in Post Publishing Public Company Limited, an associate of the Group, and recognised a gain on disposal of \$43.3 million for the first half of 2015. The Group further disposed a 2% stake in this associate in July 2015. As the investment is not a core business of the Group, the disposals allow the Group to focus on its core business and growth projects. The terms and conditions of the disposals were determined on normal commercial terms after arms' length negotiations between the Company and the purchasers.

Liquidity and Capital Resources

The Group's main source of liquidity is recurring cash flows from the publishing business. The Group's financial position as at 30 June 2015 and 31 December 2014 were as follows:

(HK\$ millions)	30 June 2015	31 December 2014	% Change
Cash and bank balances	565.4	464.1	22
Shareholders' funds	3,283.0	3,116.5	5
Current ratio	3.5	2.9	21

Cash and bank balances are held predominantly in Hong Kong dollars and Renminbi. Apart from the deposits in Renminbi, the Group has no significant exposure to foreign exchange fluctuations.

As at 30 June 2015, the Group had total borrowing of \$7.0 million, which were unsecured short-term loans from a non-controlling shareholder. The loans are repayable within one year. Other than this, the Group had no gearing (after deducting cash and cash equivalents) as at 30 June 2015. The ratio of current assets to current liabilities was 3.5 times.

The Group managed to maintain a very strong cash position and expects its cash and cash equivalents, cash generated from operations and funds available from external sources to be adequate to meet its working capital requirements, to finance planned capital expenditures and to pay dividends.

Operating Activities

Net cash generated from operating activities for the six months ended 30 June 2015 was \$110.3 million, compared with \$123.2 million in 2014. The decrease in operating cash flows was mainly due to lower revenues in the current period.

Investment Activities

Net cash generated from investing activities for the period was \$50.3 million, compared with an outflow of \$14.7 million in 2014. In the first half of 2015, the Group disposed 8.3% of investment in Post Publishing Public Company Limited, an associate of the Group, and received a total consideration of \$66.5 million.

Capital expenditure for the period was \$20.3 million, compared with \$15.4 million in the same period last year. Most of this amount was IT related spending.

Financing Activities

Net cash used in financing activities was \$59.3 million, which represents dividend paid to the shareholders of the Company (the “Shareholders”).

OUTLOOK

Hong Kong experienced a muted first half of the year, with the secular challenges from 2014 carrying over into the first two quarters. Locally, retail sales value for the first five months dropped 1.8%¹, and luxury retail sales decreased year-on-year by more than 10% in June 2015². With diminished retail consumption, a narrowed IPO pipeline in Hong Kong and China, together with stock market volatility in the US, Europe and at home, the overall anemic market sentiment has caused advertisers to pull back on their spending.

In spite of this, the SCMP Group remains steadfast on its path to continue fortifying existing revenue drivers, while growing and developing new growth thrusts. Importantly, the Group’s fundamentals are strong.

Advertisers remain focused on partnering with established media brands that deliver results for them. Our global brand coupled with our customizable campaigns, help them reach more business decision makers in Hong Kong³. Importantly, our newspaper and our digital channels are essential tools that help advertisers tell their brand stories, restore confidence, and respond effectively to meet their business objectives.

The ability to help clients connect with our readers is also at the heart of our digital strategy. To continue growing our international market share, we launched a newly redesigned and reengineered *SCMP.com*, which is built to deepen user engagement with content, increase social media sharing, and facilitate big data analytics that allow us to optimize our offerings to meet our global audience’s evolving needs. Together with the new *SCMP.com*, we also revamped our *International Edition*, which now delivers even more original and insightful coverage on China politics, technology and wealth every day. This introduction has also seen us bring more dynamic and at times, live coverage of big stories including the passing of Singapore’s founding father Lee Kuan Yew, the trial of China’s former security czar Zhou Yong Kang, our original post-Occupy introspection series called *Moving Forward*, and our daily China tech series, namely *The Next Big Thing*, have all been well received by our global readers.

On the global stage, our flagship publication, the *South China Morning Post* extended its reputation for editorial excellence by winning 122 awards in the first half, garnering peer recognition locally and overseas for our coverage of Occupy Central, and Beijing’s crackdown on illicit funds funneled into Macau, among other original articles. We believe our continued investment in quality journalism will yield positive outcomes – including increased global readership and digital subscribers. As observed in the upward trajectory of our online overseas subscribers, we anticipate this to be an important growth driver in the future.

¹ “Hong Kong Monthly Digest of Statistics, July 2015 Report”, Census and Statistics Department, HKSAR Government

² “Report on Monthly Survey of Retail Sales, June 2015”, Census and Statistics Department, HKSAR Government

³ IPSOS Business Elite: Asia (Hong Kong Report 2014)

The importance of our digital platforms also extends to our recruitment business where we saw the revamp of *CPJobs.com* – our *Classified Post* web portal. Redeveloped from ground up with a crisp new user experience, it is future-proofed with behavioral analytics for more targeted job recommendations to better acquire, retain and upsell our registered users to job opportunities and related services. Furthermore, our recruitment adjacencies remain robust with our custom publishing and recruitment event businesses contributing positively to the Group. Importantly, traffic and conversion have both improved significantly with this revamp.

Our magazines business continues to dominate the lifestyle segment in terms of share of voice, with the men's magazine portfolio now owning the top two positions in terms of advertising volume through *Esquire* and *ELLE MEN*. While print advertising delivers a large portion of our magazines revenue, our digital advertising revenue is starting to contribute healthily to the entire magazines portfolio, with *ELLE*, *Cosmopolitan*, *Harper's BAZAAR*, and our men's magazines all making part of a healthy sum. As beauty and fashion clients increasingly place more focus on advertising effectiveness, we see our digital platform being perfectly placed to capture this unyielding trend. Of note, our elite luxury business magazine *The PEAK* celebrated its first anniversary with the Group, and is expected to continue its growth by strengthening its support base, especially the banking and property sectors.

Lastly, our growth shoots businesses continue its value-adding role to its more established cohorts. Our events and conferences business grew admirably with our most popular event series Redefining Hong Kong, and the introduction of a new quarterly series called *Game Changers*. Thought leaders featured include those from CLP, Fidelity, Google, Uber, the HKSAR government, and the Qianhai Liaison Office among others. Our outdoor media business enhances our marketing solutions offering through our exclusive premium sites across the Hong Kong island, and has featured high impact exposure for top brands including Mercedes-Benz, Dior and the Venetian Macau. Our Education business has grown from strength-to-strength in terms of audience growth, topic verticals covered, and product diversification. Of interest to customers such as universities and learning organisations has been the custom publishing and events services, which has produced engaging events for clients such as the Hong Kong Design Centre, and the Hong Kong Polytechnic University.

As we enter the second half of 2015, signs of significant recovery is not yet evident. In spite of this, the *SCMP* remains a key platform for advertisers, and we will actively partner with clients to explore new and meaningful ways to help them broaden their reach through our media universe. Importantly, we believe our comprehensive suite of products which covers print, digital, outdoor and events, collectively adds to the resilience of our business during challenging times, as advertisers increasingly seek to diversify their media investments. Reaping the fruits of previous years, we anticipate further growth in digital-specific revenues for the Group, and with our digital infrastructure bolstered by big data analytics and social marketing capabilities, we look forward to the upside in advertising revenue, and the continued growth of our international subscriber base. Internally, efficiency improvement programmes are already in place to strategically reduce operating expenses and optimise our processes to nurture homegrown talent, innovate greenfield products, and capture emerging opportunities. By activating these growth and cost control strategies, together with prudently managing our strong fundamentals, the Group remains steadfast in building and managing our existing core business, accompanied by growth strategies for sustainable development.

STAFF

The success of the Company hinges on the performance and commitment of our employees. As the Company continues to grow, the Company's compensation philosophy is designed to provide employees with the opportunity to excel and grow, while aligning with our business strategies and values. The Group's remuneration policy aims to recognize outstanding performance, retain and attract key talents and ensure alignment with the interests of our businesses, and thereby enhancing the Shareholders' value. As at 30 June 2015, the Group had 1,069 employees compared with 1,094 as at 31 December 2014.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK1.3 cents per share (2014: HK2.2 cents per share), amounting to HK\$20,294,000, payable to the Shareholders whose names appear on the Register of Members of the Company on Tuesday, 29 September 2015 and payable on Friday, 9 October 2015.

BOOK CLOSURE

The Register of Members of the Company will be closed from Thursday, 24 September 2015 to Tuesday, 29 September 2015, both days inclusive. All transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 23 September 2015 so as to qualify for the interim dividend. The interim dividend will be paid on Friday, 9 October 2015 to the Shareholders whose names appear on the Register of Members of the Company on Tuesday, 29 September 2015.

DIRECTORS' REPORT

DIRECTORS

The Directors during the six months ended 30 June 2015 and up to the date of this report were:

Non-executive Directors

Dr. David J. Pang (Chairman)

Tan Sri Dr. Khoo Kay Peng

Mr. Roberto V. Ongpin (Deputy Chairman)(retired with effect from 1 June 2015)

Independent Non-executive Directors

Dr. Fred Hu Zu Liu

Dr. the Hon. Sir David Li Kwok Po

Mr. Wong Kai Man

Executive Director

Ms. Kuok Hui Kwong

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

Dr. David J. Pang

Chairman

Dr. Pang was appointed a Non-Executive Director of the Company in December 2007 and became the Non-Executive Chairman in January 2009. He has been a director of Kerry Holdings Limited, a substantial shareholder of the Company, since 15 March 2007. Dr. Pang also serves as chief executive officer of Kerry Group Kuok Foundation Limited, a charitable organisation and on the board of Visa Inc. (listed on the New York Stock Exchange). He previously held senior global business management positions with multinational corporations and taught at universities in North America and Asia. Dr. Pang served as chief executive officer of Airport Authority Hong Kong from January 2001 to February 2007 after a successful career with the conglomerate E.I. DuPont, where he was corporate vice president in charge of DuPont worldwide nonwovens business and chairman, DuPont Greater China. During his career with DuPont, Dr. Pang held a number of progressively senior positions across various DuPont businesses and with responsibilities spanning the Asia Pacific, North America, Europe and South America since 1980.

Tan Sri Dr. Khoo Kay Peng

Tan Sri Dr. Khoo is the chairman and chief executive of The MUI Group, which is a business corporation with diversified operations in the Asia Pacific, the United States of America (USA) and the United Kingdom (UK). Tan Sri Dr. Khoo is the chairman and chief executive of Malayan United Industries Berhad and MUI Properties Berhad, both are public companies incorporated in Malaysia and listed on Bursa Malaysia Securities Berhad. He is also the chairman of Pan Malaysian Industries Berhad, a public company incorporated in Malaysia, and a director of Metrojaya Berhad and MUI Continental Berhad, both are public companies incorporated in Malaysia. Dr. Khoo is also the chairman of Laura Ashley Holdings plc (listed in London) and Corus Hotels Limited, UK. He is also a director of The Bank of East Asia, Limited (listed in Hong Kong). He was the chairman of Morning Star Resources Limited (listed in Hong Kong) until October 2010. Dr. Khoo is a trustee of the Regent University, Virginia, USA and a board member of Northwest University, Seattle, USA. He also serves as a Council Member of the Malaysian-British Business Council, the Malaysia-China Business Council and the Asia Business Council.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Fred Hu Zu Liu

Dr. Hu is chairman and founder of Primavera Capital Group, a China-based global investment firm. He was formerly a partner, managing director and chairman of Greater China at Goldman Sachs and was instrumental in building the firm's franchise in the region. He also served as an economist at the IMF in Washington, D.C., where he was engaged in macroeconomic research, policy consultations and technical assistance for member country governments including China. He has been co-director at the National Center for Economic Research and professor at Tsinghua University since 1996 and is a member of the editorial board for several academic journals and a columnist for China's leading business magazines. Dr. Hu has advised the Chinese government on financial and pension reform, SOE restructuring and macroeconomic policies. He is a member of the advisory committees of Harvard China Fund, Stanford Center for International Development and the Chazen Institute of Columbia Business School. He is also a trustee of China Medical Board and a trustee of the Nature Conservancy's China Board. Dr. Hu is an independent non-executive director of Hang Seng Bank Limited, Dalian Wanda Commercial Properties Co., Ltd. and Hong Kong Exchanges and Clearing Limited (all of which are listed in Hong Kong) and an external supervisor of Shanghai Pudong Development Bank Co., Ltd. (listed in Shanghai). Dr. Hu holds a Master in Engineering Science from Tsinghua University, and a Master and PhD in economics from Harvard University.

Dr. the Hon. Sir David Li Kwok Po

GBM, GBS, OBE, JP, MA Cantab. (Economics & Law), Hon. LLD (Cantab), Hon. DSc. (Imperial), Hon. LLD (Warwick), Hon. DBA (Edinburgh Napier), Hon. D.Hum.Litt. (Trinity, USA), Hon. LLD (Hong Kong), Hon. DSocSc (Lingnan), Hon. D.Litt. (Macquarie), Hon. DSocSc (CUHK), FCA, FCPA, FCPA (Aust.), FCIB, FHKIB, FBCS, CITP, FCI Arb, Officier de l'Ordre de la Couronne, Grand Officer of the Order of the Star of Italian Solidarity, The Order of the Rising Sun, Gold Rays with Neck Ribbon, Commandeur dans l'Ordre National de la Légion d'Honneur

Sir David is chairman and chief executive of The Bank of East Asia, Limited (listed in Hong Kong). He is the chairman of The Chinese Banks' Association Limited. He is also a member of the Council of the Treasury Markets Association. Sir David is an independent non-executive director of Guangdong Investment Limited, The Hong Kong and China Gas Company Limited, The Hongkong and Shanghai Hotels, Limited, PCCW Limited, San Miguel Brewery Hong Kong Limited and Vitasoy International Holdings Limited (all listed in Hong Kong). Sir David was a director of CaixaBank, S.A. (listed in Spain), an independent non-executive director of China Overseas Land & Investment Limited (listed in Hong Kong) and a non-independent non-executive director of AFFIN Holdings Berhad (listed in Malaysia). He was a member of the Legislative Council of Hong Kong from 1985 to 2012.

Mr. Wong Kai Man

BBS, JP

Mr. Wong is an accountant with 32 years of audit, initial public offering and computer audit experience. He was a member of the Growth Enterprise Market Listing Committee of The Stock Exchange of Hong Kong Limited from 1999 to 2003. He retired as an audit partner from PricewaterhouseCoopers, Hong Kong on 30 June 2005 and is currently a director of two charity foundations: Victor and William Fung Foundation Limited and Fung (1906) Foundation Limited, and an Honorary Associate Professor of the School of Business of the University of Hong Kong. He was an independent non-executive director of China Construction Bank Corporation (listed in Hong Kong and Shanghai) from 2007 to 2013 and Shangri-la Asia Limited (listed in Hong Kong and Singapore) from 2007 to May 2015. He was a non-executive director of the Securities and Futures Commission from 2009 to May 2015. He is currently an independent non-executive director of SUNeVision Holdings Ltd. and VTech Holdings Limited (both listed in Hong Kong). He is a member of the Financial Reporting Council. In addition, he serves in a number of government committees and the board of certain non-governmental organisations. Mr. Wong obtained his Bachelor of Science in Physics from the University of Hong Kong and Master of Business Administration from the Chinese University of Hong Kong, and is a fellow of the Association of Chartered Certified Accountants, United Kingdom and a fellow of the Hong Kong Institute of Certified Public Accountants.

EXECUTIVE DIRECTOR**Ms. Kuok Hui Kwong**

Ms. Kuok was appointed an Executive Director of SCMP Group in February 2004 and became the Managing Director and Chief Executive Officer in January 2009 until she decided to step down in June 2012. She remains an Executive Director of the Company to work with the Board to focus on the overall growth strategy of the Company. Ms. Kuok is a director of Kerry Holdings Limited, a substantial shareholder of the Company and a director of Kerry Group Kuok Foundation Limited, a charitable organisation. She is also a board director of The Post Publishing Public Company Limited (publisher of the Bangkok Post and listed in Thailand). She is a non-executive director of Shangri-La Asia Limited (listed in Hong Kong and Singapore). Prior to joining SCMP Group in October 2003, Ms. Kuok worked as an analyst in the investment banking unit of JP Morgan. Ms. Kuok received her undergraduate degree from Harvard University.

CORPORATE EXECUTIVES

Mr. Robin Hu Yee Cheng

Chief Executive Officer

Mr. Hu joined the SCMP Group as Chief Executive Officer in June 2012. Before joining SCMP, he was senior EVP with the Singapore Press Holdings overseeing its Chinese Newspaper Business and the group's Newspaper Services function. Prior to that, he held various senior management positions with Singtel's IT services arm NCS Ltd, the Singapore Economic Development Board based in Suzhou and Beijing and later Asiacontent.com in Beijing where he was instrumental in launching and managing several portals for leading international media brands. Mr. Hu graduated from the University of Kent with a BSc in Mathematics and the University of Wales with an MSc in Computer Science.

Mr. Wang Xiangwei

Editor-in-Chief, South China Morning Post Publishers Limited

Mr. Wang took up the role of Editor-in-Chief of South China Morning Post Publishers Limited in February 2012, responsible for the editorial direction and newsroom operations. He started his 20-year career at the *China Daily*, before moving to the UK, where he gained valuable experience at a number of news organisations, including the BBC Chinese Service. In 1993, he moved to Hong Kong and worked at the *Eastern Express* before joining the *South China Morning Post* in 1996 as our China Business Reporter. He was subsequently promoted to China Editor in 2000 and Deputy Editor in 2007, a position he held for four years prior to being promoted to his current position. Mr. Wang has a Master degree in Journalism, and a Bachelor degree in English.

Ms. Elsie Cheung Hoi Sze

Chief Operating Officer

Ms. Cheung was promoted to Chief Operating Officer of the SCMP Group in January 2011, and is in charge of all commercial operations within the newspaper group. Ms. Cheung began her career at the *South China Morning Post*, before building broad experience across other blue-chip media organisations including TVB, Hong Kong Telecom and SUNeVision. She returned to the SCMP Group in 2001 and continued growing her career, first within the Recruitment Services division, then as the director of Advertising and Marketing Services, before being promoted to her current position.

Mr. Alex Kam Kwong Fai

Chief Financial Officer

Mr. Kam joined the SCMP Group on 10 March 2011. With a career spanning Hong Kong, England and Sydney, Mr. Kam is a qualified Chartered Accountant with more than 30 years' experience that covers corporate finance, treasury, financial control and strategic planning. He was most recently in a general management position at the Airport Authority Hong Kong, where he has held multiple senior management positions over a period of 11 years. Prior to this he held senior positions at HSBC Markets, Chase Manhattan Asia Ltd, Credit Suisse First Boston HK and Citicorp International Ltd.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the Directors and Chief Executive Officer of the Company had the following interests or short positions in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules"):

(i) Company

Name of Director	Capacity/ Nature of interests	Number of ordinary shares held	Approximate % of issued share capital
Dr. the Hon. Sir David Li Kwok Po	Personal	4,778,000	0.31% ⁹

(ii) Associated Corporations

Name of Associated Corporation	Name of Director	Number of ordinary shares held			Number of underlying ordinary shares held under equity derivatives	Total	Approximate % of issued share capital
		Personal interests	Corporate interests	Family/ Other interests			
Kerry Group Limited	Dr. David J. Pang	1,600,000	-	-	400,000 ¹	2,000,000	0.13% ¹⁰
	Ms. Kuok Hui Kwong	-	-	181,784,983 ²	2,000,000 ³	183,784,983	12.05% ¹⁰
Kerry Properties Limited	Ms. Kuok Hui Kwong	77,000	-	8,341,945 ⁴	1,100,000 ⁵	9,518,945	0.66% ¹¹
Kerry Logistics Network Limited	Ms. Kuok Hui Kwong	38,500	-	4,865,973 ⁶	-	4,904,473	0.29% ¹²
Vencedor Investments Limited	Ms. Kuok Hui Kwong	5	-	5 ⁷	-	10	10% ¹³
Medallion Corporate Limited	Ms. Kuok Hui Kwong	26	-	26 ⁸	-	52	5.2% ¹⁴

Notes:

- This represents interests in options held by Dr. David J. Pang to subscribe for the relevant underlying ordinary shares in respect of option shares granted by Kerry Group Limited, details of which are set out in the section headed "Directors' and Chief Executive Officer's rights to acquire shares or debentures" below.
- This includes 1,500,000 shares held by the spouse of Ms. Kuok Hui Kwong and 180,284,983 shares held by discretionary trusts of which Ms. Kuok and/or her spouse are contingent beneficiaries.
- This represents interests in options held by Ms. Kuok Hui Kwong and her spouse to subscribe for the relevant underlying ordinary shares in respect of option shares granted by Kerry Group Limited, details of which are set out in the section headed "Directors' and Chief Executive Officer's rights to acquire shares or debentures" below.
- This includes 60,000 shares held by the spouse of Ms. Kuok Hui Kwong and 8,281,945 shares held by discretionary trusts of which Ms. Kuok Hui Kwong and/or her spouse are contingent beneficiaries.
- This represents interests in options held by the spouse of Ms. Kuok Hui Kwong to subscribe for the relevant underlying ordinary shares in respect of option shares granted by Kerry Properties Limited, details of which are set out in the section headed "Directors' and Chief Executive Officer's rights to acquire shares or debentures" below.
- This includes 725,000 shares held by the spouse of Ms. Kuok Hui Kwong and 4,140,973 shares held by discretionary trusts of which Ms. Kuok Hui Kwong and/or her spouse are contingent beneficiaries.
- This represents interests held by the spouse of Ms. Kuok Hui Kwong.

8. This represents interests held by the spouse of Ms. Kuok Hui Kwong.
9. Approximate percentage calculated based on the 1,561,057,596 ordinary shares of the Company in issue as at 30 June 2015.
10. Approximate percentage calculated based on the 1,524,568,043 ordinary shares of Kerry Group Limited in issue as at 30 June 2015.
11. Approximate percentage calculated based on the 1,445,831,228 ordinary shares of Kerry Properties Limited in issue as at 30 June 2015.
12. Approximate percentage calculated based on the 1,693,920,612 ordinary shares of Kerry Logistics Network Limited in issue as at 30 June 2015.
13. Approximate percentage calculated based on the 100 ordinary shares of Vencedor Investments Limited in issue as at 30 June 2015.
14. Approximate percentage calculated based on the 1,000 ordinary shares of Medallion Corporate Limited in issue as at 30 June 2015.

All the interests stated above represent long positions in the shares of the Company or its associated corporations.

Apart from the aforesaid, as at 30 June 2015, none of the Directors and Chief Executive Officer of the Company had any interest or short position in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

(i) Company

During the six months ended 30 June 2015, none of the Directors and Chief Executive Officer (including their spouses and children under 18 years of age) have any interest in, or had been granted, or had exercised, any rights to subscribe for shares or debentures of the Company required to be disclosed pursuant to the SFO.

(ii) Associated Corporations

(a) Kerry Group Limited

Dr. David J. Pang, Ms. Kuok Hui Kwong and her spouse have interests in the share options ("KGL Options") to subscribe for shares in Kerry Group Limited, an associated corporation of the Company (within the meaning of the SFO), during the six months ended 30 June 2015. Details are set out as follows:

Name of Director	Date of grant (DD/MM/YYYY)	Number of KGL Options held as at 01/01/2015	Number of KGL Options granted during the period	Number of KGL Options exercised during the period	Number of KGL Options held as at 30/06/2015	Exercise price/share HK\$	Exercise period (DD/MM/YYYY)
Dr. David J. Pang	19/07/2010	500,000	-	(100,000)	400,000	10.00	19/07/2010 - 15/07/2017
Ms. Kuok Hui Kwong	19/07/2010 ¹	1,000,000	-	-	1,000,000	10.00	19/07/2010 - 15/07/2017
	26/07/2010	1,000,000	-	-	1,000,000	10.00	26/07/2010 - 15/07/2017

Note:

1. The KGL Options were granted to the spouse of Ms. Kuok Hui Kwong.

(b) Kerry Properties Limited

The spouse of Ms. Kuok Hui Kwong has interests in the share options (“KPL Options”) to subscribe for shares in Kerry Properties Limited, an associated corporation of the Company (within the meaning of the SFO), during the six months ended 30 June 2015. Details are set out as follows:

Date of grant (DD/MM/YYYY)	Number of KPL Options held as at 01/01/2015	Number of KPL Options granted during the period	Number of KPL Options exercised during the period	Number of KPL Options held as at 30/06/2015	Exercise price/share HK\$	Exercise period (DD/MM/YYYY)
02/04/2008	300,000	-	-	300,000	47.70	Tranche I (75,000) - 02/04/2009 - 01/04/2018 Tranche II (75,000) - 02/04/2010 - 01/04/2018 Tranche III (150,000) - 02/04/2011 - 01/04/2018 -
30/04/2012	300,000	-	-	300,000	35.45	Tranche I (150,000) - 31/10/2012 - 29/04/2022 Tranche II (150,000) - 31/10/2013 - 29/04/2022 -
08/01/2014	500,000	-	-	500,000	26.88	Tranche I (250,000) - 08/07/2014 - 07/01/2024 Tranche II (250,000) - 08/01/2015 - 07/01/2024

Save as stated above, at no time during the six months ended 30 June 2015 had any Directors and Chief Executive Officer (including their spouses and children under 18 years of age) have any interest in, or had been granted, or had exercised, any rights to subscribe for shares or debentures of the associated corporations of the Company required to be disclosed pursuant to the SFO.

SUBSTANTIAL INTERESTS IN SHARE CAPITAL

As at 30 June 2015, the following persons (other than the Directors and Chief Executive Officer of the Company) had interests or short positions in the shares and underlying shares of the Company representing 5% or more of the voting power at any general meeting of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	Capacity/ Nature of interests	Number of ordinary shares held	Long position/ Short position	Approximate % of issued share capital ⁶
Kerry Group Limited	Interest of controlled corporations	1,155,061,308	Long position	73.99%
Kerry Holdings Limited	Interest of controlled corporations	1,155,061,308 ¹	Long position	73.99%
Kerry 1989 (C.I.) Limited	Interest of controlled corporations	1,078,717,308 ²	Long position	69.10%
Kerry Media Limited	Beneficial owner	1,078,717,308 ³	Long position	69.10%
Silchester International Investors LLP	Investment manager	221,365,000	Long position	14.18%
Silchester International Investors International Value Equity Trust	Beneficial owner	108,275,634 ^{4,5}	Long position	6.94%

Notes:

- The interests in the 1,155,061,308 shares held by Kerry Holdings Limited are duplicated in the interests reported above for Kerry Group Limited.
- The interests in the 1,078,717,308 shares held by Kerry 1989 (C.I.) Limited are duplicated in the respective interests reported above for Kerry Group Limited and Kerry Holdings Limited.
- The interests in the 1,078,717,308 shares held by Kerry Media Limited are duplicated in the respective interests reported above for Kerry Group Limited, Kerry Holdings Limited and Kerry 1989 (C.I.) Limited.

4. The Company has been notified informally that as at 31 December 2014, Silchester International Investors International Value Equity Trust was interested in 100,513,634 shares (representing approximately 6.44% of the Company's issued share capital) and this decrease in shareholding was not required to be disclosed under Part XV of the SFO.
5. The interests held by Silchester International Investors International Value Equity Trust are duplicated in the interests reported above for Silchester International Investors LLP.
6. Approximate percentage calculated based on the 1,561,057,596 ordinary shares of the Company in issue as at 30 June 2015.

Save as stated above, as at 30 June 2015, the register maintained by the Company pursuant to section 336 of the SFO recorded no other interests or short positions in the shares and underlying shares of the Company.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Scheme") which was approved at the annual general meeting of the Company held on 24 May 2010. The Scheme is designed to motivate the eligible persons, whose contributions are or will be beneficial to the performance, growth and success of the Group, to optimise their future contributions to the Group and reward them for their past contributions and enable the Group to attract and retain individuals with experience and ability.

No share option was granted, exercised, cancelled or lapsed under the Scheme during the six months ended 30 June 2015.

The outstanding shares in respect of options granted under the Scheme as at 30 June 2015 are summarised below:

	Number of shares in respect of options granted
Outstanding at 1 January 2015	6,988,000
Granted during the Period	-
Exercised during the Period	-
Cancelled during the Period	-
Lapsed during the Period	-
Outstanding at 30 June 2015	6,988,000

Details of the movements during the Period in the options granted under the Scheme are as follows:

(i) Options granted to Directors and Chief Executive Officer

None of the Directors and Chief Executive Officer of the Company has any outstanding options or has any options exercised, cancelled or lapsed during the Period.

(ii) Options granted to employees**Continuous contract**

Date of grant (DD/MM/YYYY)	Tranche	Number of options				Outstanding at 30/06/2015	Exercise price/share HK\$	Exercise period (DD/MM/YYYY)
		Outstanding at 01/01/2015	Granted during the period	Exercised during the period	Lapsed during the period			
28/11/2011	1	912,000	-	-	-	912,000	1.484	19/07/2012 - 27/11/2021
28/11/2011	2	342,000	-	-	-	342,000	1.484	19/10/2012 - 27/11/2021
28/11/2011	3	342,000	-	-	-	342,000	1.484	19/01/2013 - 27/11/2021
28/11/2011	4	366,000	-	-	-	366,000	1.484	19/04/2013 - 27/11/2021
28/11/2011	5	526,000	-	-	-	526,000	1.484	19/07/2013 - 27/11/2021
28/11/2011	6	487,000	-	-	-	487,000	1.484	19/10/2013 - 27/11/2021
28/11/2011	7	487,000	-	-	-	487,000	1.484	19/01/2014 - 27/11/2021
28/11/2011	8	487,000	-	-	-	487,000	1.484	19/04/2014 - 27/11/2021
28/11/2011	9	487,000	-	-	-	487,000	1.484	19/07/2014 - 27/11/2021
28/11/2011	10	558,000	-	-	-	558,000	1.484	19/10/2014 - 27/11/2021
28/11/2011	11	558,000	-	-	-	558,000	1.484	19/01/2015 - 27/11/2021
28/11/2011	12	558,000	-	-	-	558,000	1.484	19/04/2015 - 27/11/2021
28/11/2011	13	558,000	-	-	-	558,000	1.484	19/07/2015 - 27/11/2021
28/11/2011	14	80,000	-	-	-	80,000	1.484	19/10/2015 - 27/11/2021
28/11/2011	15	80,000	-	-	-	80,000	1.484	19/01/2016 - 27/11/2021
28/11/2011	16	80,000	-	-	-	80,000	1.484	19/04/2016 - 27/11/2021
28/11/2011	17	80,000	-	-	-	80,000	1.484	19/07/2016 - 27/11/2021
Total		6,988,000	-	-	-	6,988,000		

Note: No options were granted, exercised, cancelled or lapsed during the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2015.

CORPORATE GOVERNANCE

The Board and management are committed to upholding the Group's obligations to the Shareholders. We regard the promotion and protection of the Shareholders' interests as one of our priorities and keys to success.

Over the years, the Group has put in place sound corporate governance practices to ensure it adheres to high ethical and business standards. The key test of corporate governance practices is if they align the interests of management with those of the Shareholders to adequately protect and promote the Shareholders' interests. The Group constantly reviews these guidelines and policies and implements new ones to ensure they remain relevant and practical in today's fast changing business environment and market expectations.

The corporate governance principles adopted by the Group during the six months ended 30 June 2015 are in line with the corporate governance statement as set out in the Company's 2014 Annual Report. During the Period, the Group's corporate governance practices have complied with the applicable code provisions of the Corporate Governance Code (the "Corporate Governance Code") as set out in Appendix 14 of the Listing Rules. The Group also adheres to the recommended best practices of the Corporate Governance Code insofar as they are relevant and practicable.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code as the code for securities transactions by Directors of the Company. All Directors of the Company have confirmed their compliance with the required standard set out in the Model Code during the period from 1 January 2015 to 30 June 2015.

AUDIT COMMITTEE

The Company established an Audit Committee in 1998 with written terms of reference. The Audit Committee currently comprises two Independent Non-executive Directors, namely Mr. Wong Kai Man as Committee Chairman and Dr. the Hon. Sir David Li Kwok Po, and the Non-executive Director cum Chairman, Dr. David J. Pang. The Audit Committee met once in the first six months of 2015. The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2015.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee in 2000 with written terms of reference. The Remuneration Committee currently comprises two Independent Non-executive Directors, namely Dr. the Hon. Sir David Li Kwok Po as Committee Chairman and Mr. Wong Kai Man, and an Executive Director, Ms. Kuok Hui Kwong.

NOMINATION COMMITTEE

The Company established a Nomination Committee in 2005 with written terms of reference. The Nomination Committee currently comprises two Independent Non-executive Directors, namely Dr. Fred Hu Zu Liu as Committee Chairman and Mr. Wong Kai Man, and a Non-executive Director cum Chairman, Dr. David J. Pang.

STRATEGY COMMITTEE

The Company established a Strategy Committee in 2010 with written terms of reference. The Strategy Committee currently comprises an Executive Director, Ms. Kuok Hui Kwong as Committee Chairman, a Non-executive Director cum Chairman, Dr. David J. Pang and an Independent Non-executive Director, Dr. Fred Hu Zu Liu.

PUBLIC FLOAT

Trading in the shares of the Company had been suspended as from 26 February 2013 when the public float of the Company fell below 25%. The Stock Exchange indicated that the Company is required to suspend trading in the shares of the Company until the minimum public float is restored.

As disclosed in the Company's announcement dated 9 January 2015 (the "Latest Public Float Announcement"), despite the Company's best efforts, the Company did not reach an agreement with its substantial Shareholders to support the proposal on share buy-backs by general offer (the "Buyback Proposal") and consequently the Board has resolved to terminate the Buyback Proposal and the Company will not proceed any further with the Buyback Proposal.

The Company has been in constant dialogue with the relevant regulators to explore alternatives, which might afford the Shareholders the opportunity to realize their investment in the Company. As of 30 June 2015, there has been no further progress and update since the Latest Public Float Announcement. Further announcements will be made at the appropriate time to keep the Shareholders updated on material progress of the Company in this regard.

On behalf of the Board
David J. PANG
Chairman

Hong Kong, 24 August 2015