2005 年年報

Annual Report 2005

SEEC MEDIA GROUP LIMITED
財訊傳媒集團有限公司

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立之有限公司）

Stock Code 股份代號：0205

Contents

Corporate Information

Board of Directors

Executive Directors:

Mr. WANG Boming *(Chairman)*
Mr. ZHANG Zhifang
Mr. DAI Xiaojing
Mr. LI Shijie
Mr. LAU See Him Louis
Mr. YEH Shuen Ji (resigned on 25th November, 2005)

Independent Non-Executive Directors:

Mr. FU Fengxiang
Mr. WANG Xiangfei
Mr. GE Ming
Mr. DING Yu Cheng (appointed on 21st June, 2005)

Company Secretary

Mr. TSEUNG Sheung Shun

Principal Place of Business

Room 2502 Alexandra House
18 Chater Road
Central
Hong Kong

Registered Office

P.O. Box 897 GT
Second Floor
One Capital Place
Grand Cayman
Cayman Islands
British West Indies

Principal Bankers

Bank of America (Asia) Ltd.
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants
26th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

Legal Advisers

So Keung Yip & Sin
17th Floor
Standard Chartered Bank Building
4 Des Voeux Road Central
Hong Kong

Share Registrars and Transfer Offices

Principal Share Registrar and Transfer Office

The Harbour Trust Company Limited
P.O. Box 897 GT
Second Floor
One Capital Place
Grand Cayman
Cayman Islands
British West Indies

Hong Kong Branch Share Registrar and Transfer Office

Secretaries Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

Chairman's Statement

On behalf of the board of directors (the "Board") of SEEC Media Group Limited (the "Company"), I am pleased to present to you the 2005 annual results for the Company and its subsidiaries (collectively referred to as the "Group" or "SEEC Media").

For the year ended 31st December, 2005, the Group recorded total revenues of approximately HK$101.5 million, representing an increase of 31.8% from HK$77.0 million in 2004.

Profit attributable to shareholders amounted to approximately HK$30.6 million, compared to HK$52.4 million in 2004. Basic earnings per share were HK$0.0197 versus HK$0.0339 in 2004. Profit attributable to shareholders for the year ended 31st December, 2004 included certain one-time non-recurring items such as gain on disposal of a long-term exclusive advertising right to China Business Post. Excluding such gains, operating profit before taxation for the year ended 31st December, 2005 was HK$49.8 million, representing an increase of 43.9% from the previous year's amount of HK$34.6 million.

The Board recommends a final dividend of HK$0.004 per share (2004: HK$0.01).

Business Review

2005 was a year of unprecedented challenges for the print media in China. Although the overall advertising market still outpaced the GDP growth in 2005, the macro-economic control measures adopted by the People's Republic of China government targeted at certain sectors such as real estate and automobile continued to negatively impact advertisers' spending on print media. According to CTR Market Research, the overall advertising expenditures and magazine advertising expenditures both recorded 18% growth in 2005, the lowest for the past three years. Advertising expenditures in print media by some key sectors such as real estate, automobile and telecommunications even declined in 2005.

As of 31st December, 2005, the Group owned the advertising rights to a portfolio of 6 leading magazines in China. During the year, revenues and earnings from the Group's core print media advertising business delivered strong growth over the same period of 2004 despite the sluggish growth in print advertising. Our revenues grew by 31.8% to HK$101.5 million. The encouraging increase in revenues was primarily the result of an increase in advertising rate card and advertising pages. Apart from print advertising sales, we have benefited from our efforts in brand extension by organizing more branded conferences and events in 2005.

The top three contributors to the Group's advertising revenues remained to be the real estate, automobile and IT industries. We have also witnessed growth from areas like the financial services and personal consumer product sectors, as the gradual opening of the financial services industry according to WTO accession and diminishing import tax on certain consumer products have driven clients from these sectors to adopt more sophisticated advertising strategies to boost their sales and market shares.

Chairman's Statement

The solid performance reflects the leadership positions of our magazine titles command across all the magazine segments we operate in. Throughout the year, the Group has been focusing on strengthening the prominent brand names of the magazine titles under our portfolio through putting more sales and marketing efforts. Increased emphasis was also placed on providing advertisers with innovative marketing tools by way of new content and advertising format or packaging and bundle sale with branded conferences and events.

Our flagship title Caijing Magazine continued to deliver strong performance leveraging on its brand power as well as strengthened sales efforts. In 2005, approximately HK$43.8 million, or 43.2% of the total revenues of the Group was derived from Caijing Magazine, representing a 33.0% increase from the same period of last year. Three years in a row, Caijing Magazine have managed to increase its advertising rates, by 12% on average in 2005 due to strong demand for its advertising space.

Despite a contraction in advertising expenditures by real estate sector in 2005, the New Real Estate Magazine Series generated approximately HK$29.4 million in revenue for the Group, representing an increase of 34.7% from the same period of last year, and accounted for 29.0% of the Group's total revenues. The strong growth achieved by the New Real Estate Magazine Series was attributable to its continuous focus on promotion through more magazine display channels, and more importantly, increasingly diversifying revenue streams from conferences and events leveraging on its strong brand name.

As an important step of expanding our magazine portfolio, the Group formed a joint venture with Ziff Davis Media Inc. and launched the No.1 technology publication in the United States, PC Magazine, in the China market in November 2005. Apart from the Chinese edition of PC Magazine, the joint venture will also establish related online properties and integrated marketing capabilities, including the offering of live and online events. Moreover, the joint venture may determine to launch Chinese editions of additional Ziff Davis Media magazines and services in the future.

Business Outlook

The Group remained positive about the advertising market potential for the coming years in China. We believe that the overall advertising industry will continue to expand at a pace in line with its present rate, as the government aims to further promote consumption as a key stimulus for China's economic growth and two major events, including the 2008 Beijing Olympics and 2010 World Expo, draw near. On the other hand, in accordance with its WTO commitment, the PRC government has allowed foreign companies to wholly own advertising agency companies in China since 11th December, 2005. The relaxation of foreign ownership in advertising agency companies may provide a favorable environment for the Group to further expand its advertising agency business in China.

In the coming years, the Group will continue our focus on magazine advertising business through further expansion of our magazine portfolio. We aim to achieve this through both organic growth and acquisitions. As we have successfully concluded negotiations with various top international media groups to introduce the Chinese editions of their leading magazine titles into China in the near future, we are also in the process of exploring acquisition opportunities for long-term, exclusive advertising rights to other quality magazine titles in China, with a focus on consumer driven segments.

Acknowledgement

On behalf of the Board, I would like to take this opportunity to thank our business partners, customers, and shareholders. I would also like to thank our staff for their loyalty and dedication. We remain committed to further growing and strengthening our business and maximizing the shareholders' value.

Wang Boming
Chairman

Hong Kong, 19th April, 2006

Management Discussion and Analysis

During the year of 2005, turnover of the Group was approximately HK101.5 million as compared to approximately HK$77.0 million in 2004, representing an increase of approximately 31.8%.

The profit attributable to shareholders of the parent for the year of 2005, amounted to approximately HK$30.6 million, representing a decrease of 41.6% from approximately HK$52.4 million in 2004.

In 2004, the Company disposed of a subsidiary, which held an exclusive advertising right to a financial newspaper, China Business Post, with a gain on disposal of approximately HK$30.7 million. Excluding the effect of this non-recurring item, the profit for the year in 2005 increased to approximately HK$39.5 million from approximately HK$25.6 million in 2004.

Liquidity and Financial Resources

The Group's daily operating activities were financed by internal sources. As at 31st December, 2005, the Group's equity attributable to equity holders of the parent was approximately HK$268.8 million (2004: HK$254.2 million). The Group had no long term debt as at 31st December, 2005 and 31st December, 2004. The gearing ratio, which was computed by current liabilities over equity attributable to equity holders of the parent was 13.8% (2004: 9.9%).

As at 31st December, 2005, the Group had cash and time deposits amounted to approximately HK$172.8 million (2004: HK$102.5 million)

As at 31st December, 2005, the Group had investments of value approximately HK$10.4 million (2004: HK$26.2 million)

Contingent Liabilities

The Group and the Company did not have any significant contingent liability as at 31st December, 2005. (2004: Nil)

Charges on Assets

As at 31st December, 2005, the Group and the Company did not have any charges on assets. (2004: Nil)

Foreign Currencies and Treasury Policy

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

Employees

As at 31st December, 2005, the Group had approximately 121 (2004: 126) employees in Hong Kong and the PRC. Salaries, bonuses and benefits were decided in accordance with market conditions and performance of the respective employees.

Share Option Schemes

The Company's share option scheme was adopted on 26th August, 2002. As at 31st December, 2005, the number of shares issuable under share options granted under this share option scheme was 35,900,000.

Corporate Governance Report

Corporate Governance Practices

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests.

The code on Corporate Governance Practices (the "Code") was introduced to Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which became effective for accounting periods commencing on or after 1st January, 2005 with the exceptions in respect of the code provision C.2 on internal controls and the disclosure requirements in the Corporate Governance Report relating to the internal control. Appropriate actions were duly taken by the Directors to put Company in compliance of code provisions in the Code.

During the year under review, the Company has complied with all relevant code provisions set out in the Code, except for the deviations stated below:

(1) Code Provision A.2.1

Code A.2.1 stipulates that the roles of chairman and managing director (or chief executive officer ("CEO")) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

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

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

(2) Code Provision A.4.1

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

The term of office for non-executive Directors are the same as for all Directors (i.e. not appointed for a specific term but only subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Company's Articles of Association). At each annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least one every three years.

(3) Code Provision E.2.1

Code E.2.1 stipulates that the chairman of a meeting and/or directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting shall demand a poll in certain circumstances where, on a show of hands, a meeting votes in the opposite manner to that instructed in those proxies. If a poll is required under such circumstances, the chairman of the meeting should disclose to the meeting the total number of votes represented by all proxies held by directors indicating an opposite vote to the votes cast at the meeting on a show of hands.

In compliance with the code provision Code E.2.1, the Company proposes to put forward to its shareholders for approval at the forthcoming annual general meeting a special resolution to amend the Articles of Association of the Company to the effect that if required by the Listing Rules, at any general meeting a poll may be demanded by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at such meeting; and the Company shall disclose the voting figures on a poll.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by directors on exactly the terms and the required standard contained in the Model Code for Securities Transactions by Directors set out in Appendix 10 to the Listing Rules (the "Model Code").

Having made specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31st December, 2005.

Board of Directors

The Board of the Company collectively oversees the management of the business and affairs of the Group with the overriding objective of enhancing share value. With delegating authorities from the Board, management of the Company is responsible for the day-to-day operations of the Group.

The Board currently comprises five executive Directors who are Mr. Wang Boming, Mr. Zhang Zhifang, Mr. Dai Xiaojing, Mr. Li Shijie and Mr. Lau See Him Louis; and four independent non-executive Directors who are Mr. Fu Fengxiang, Mr. Wang Xiangfei, Mr. Ge Ming and Mr. Ding Yu Cheng. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to the Listing Rules and the Company considers the independent non-executive Directors to be fully independent.

There is no financial, business, family, or other material/relevant relationship between the Directors. The Company considers that the Board has the necessary skills and experience appropriate for discharging their duties as Directors in the best interest of the Company and that the current board size as adequate for its present operations.

Corporate Governance Report

The Board held full board meetings at approximately quarterly intervals. The attendances of the Board meeting for the year ended 31st December, 2005 are as follows:

Directors	Attendance
Mr. Wang Boming	4/4
Mr. Zhang Zhifang	4/4
Mr. Dai Xiaojing	1/4
Mr. Li Shijie	4/4
Mr. Lau See Him Louis	4/4
Mr. Yeh Shuen Ji (resigned on 25th November, 2005)	0/4
Mr. Wang Xiangfei	4/4
Mr. Fu Fengxiang	4/4
Mr. Ge Ming	4/4
Mr. Ding Yu Cheng (appointed on 21st June, 2005)	3/4

Chairman and Chief Executive Officer

As mentioned above, Mr. Wang Boming performs both the roles of the Chairman and CEO. The Directors consider that vesting the roles of the Chairman and CEO in Mr. Wang Boming is presently the most beneficial structure and is for the best interests of the Company and the shareholders of the Company.

Remuneration of Directors

The emoluments of the Directors are determined by reference to the skill, knowledge and experience of the respective Directors and their involvement in the Company's affairs as well as the prevailing market conditions. Share options may also be granted to the Directors as long-term incentive or rewards for their continuous contributions to the Group.

The Company has set up a Remuneration Committee in accordance with the relevant requirements of the Code on 9th September, 2005. The Committee comprises of two independent non-executive Directors, namely Mr. Ge Ming, being the Chairman of the Committee and Mr. Ding Yu Cheng.

The principal responsibilities of the Remuneration Committee include reviewing, considering and approving proposals as well as making recommendations to the Board on the Company's policy and structure relating to the remuneration of Directors and senior management.

No meeting of the Remuneration Committee was held during the year.

Nomination of Directors

The Board is empowered under the Company's Articles of Association to appoint any person as a Director either to fill a casual vacancy on or as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience.

A Nomination Committee was set up on 9th September, 2005 which comprises of three members. The members are two independent non-executive Directors, namely Mr. Ding Yu Cheng, chairman of the committee, and Mr. Ge Ming and Mr. Zhang Zhifang, an executive Director.

No meeting of the Nomination Committee was held during the year.

Auditors' Remuneration

During the year, the fees paid or payable to the auditors of the Company, Messrs. Deloitte Touche Tohmatsu were approximately HK$500,000 and HK$32,000 for statutory audit services and non-audit services rendered to the Group respectively.

Audit Committee

The Audit Committee comprises three independent non-executive Directors. The Committee is chaired by Mr. Fu Fengxiang and comprising two other members, namely Mr. Ge Ming and Mr. Wang Xiangfei.

The Audit Committee held 2 meetings during the year under review. Details of the attendance of the Audit Committee meetings are as follows:

Members	**Attendance**
Mr. Fu Fengxiang	2/2
Mr. Wang Xiangfei	2/2
Mr. Ge Ming	2/2

The Group's interim results for the six months ended 30th June, 2005 and annual audited results for the year ended 31st December, 2005 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

Directors' Responsibility on the Accounts

The Directors of the Company acknowledge their responsibility for preparing the accounts for the year ended 31st December, 2005, which were prepared in accordance with statutory requirements and applicable accounting standards.

Directors' Profile

Directors

Executive Directors

Mr. WANG Boming, aged 51, is the chairman of the Group and is also a director of the Government Bond Association, an editor in chief of Caijing Magazine and Securities Market Weekly, the vice-chairman of the China Securities Industry Institute and a director of Asia Securities Industry Institute. Mr. Wang was a leading participant in the initial formation of China's capital markets. He also played a pioneering role in creating the first underwriting syndicate of government bonds, which revolutionized the bond distribution system in China. Before his return to China, he worked as an economist at the research department of the New York Stock Exchange, responsible for macro-economic studies and market movement analysis in the USA. Mr. Wang obtained his bachelor's degree at the City University of New York and his master of business administration degree at Columbia University majoring in international finance. Mr. Wang joined the Group in December 1998.

Mr. ZHANG Zhifang, aged 52, is the managing director of the Group and is responsible for the Group's investment and business planning in the PRC. Mr. Zhang graduated from Peking University with a bachelor's degree in international relations and a master's degree in international law, in 1984 and 1986, respectively. He earned his second master's degree in international commercial law and politics from the Fletcher School of Law and Diplomacy in the U.S.A. in 1987. Before he joined the Group in December 1997, he was employed as an investment consultant of Fair Field Maxwell Financial Services Corp. in the USA in 1987. He has served as an executive officer of the Executive Commission of Securities Trading Automated Quotations System of the PRC since 1989.

Mr. DAI Xiaojing, aged 46, joined the Group in December 1998. He graduated from Guangzhou Zhong Shan University with a bachelor's degree in science and a master's degree in laws, in 1981 and 1984, respectively. He was engaged in economic policy research at the Economic Development Research Institute of State Council of the PRC from 1984 to 1989. Mr. Dai is also the Chairman of SEEC Investment Development Co., Ltd in Shanghai.

Mr. LI Shijie, aged 43, has over 11 years of experience in the advertising, marketing and publishing industries. Mr. Li was the advertising manager of Securities Market Weekly, a well-known financial magazine, for the period from February 1994 to March 2000 and has been the general manager of Beijing Caixun Advertising Co., Ltd since March 2000. Mr. Li graduated from Capital Normal University in the PRC with a bachelor's degree in physics and taught physics in Beijing Automobile Industry School from 1985 to 1994. Mr. Li obtained his EMBA degree in BiMBA Center of Peking University. Mr. Li has been appointed as an executive director since December 2002.

Mr. LAU See Him Louis, aged 43, is responsible for the Group's investment planning. Mr. Lau graduated from the University of International Business and Economics with a bachelor's degree in economics. Mr. Lau has over 18 years of experience in the securities industry and financial services sector. Prior to joining the Group, Mr. Lau held various senior positions in securities companies in Hong Kong. Mr. Lau has been appointed as an executive director since December 2004.

Independent Non-executive Directors

Mr. FU Fengxiang, aged 76, has participated in the establishment and management of the securities market in the PRC for over 16 years. Mr. Fu holds a bachelor's degree and was the deputy chairman of China Securities Regulatory Commission, the vice-chairman of China Investment Institute, a part-time professor of the Guanghua School of Management of Peking University and an executive officer of Asia Securities Research Institute. Since December 1997, Mr. Fu has been appointed as an independent non-executive director.

Mr. WANG Xiangfei, aged 54, graduated from Renmin University of the PRC with a bachelor's degree in economics and major in finance. He was directors of many listed companies owned by China Everbright Holdings Company Limited in Hong Kong and Singapore and the chief executive officer of a listed company in Hong Kong. He is an independent non-executive director of Chongqing Iron & Steel Company Limited and Tianjin Capital Environmental Protection Company Limited, both being listed companies in Hong Kong. Mr. Wang has extensive business connection and rich experience in investment, industrial management, finance, accounting, trading and management of listed company. In June 2003, Mr. Wang was appointed as an independent non-executive director.

Mr. GE Ming, aged 54, has more than 22 years of experience in accounting and financial management. Mr. Ge holds a master's degree in economics from the Research Institute of Fiscal Science affiliated to the Ministry of Finance, the PRC and is a member of China Institute of Certified Public Accountants. Mr. Ge is an executive director of CCAFM-E&Y Management Services Limited and has distinctive knowledge of the business and regulatory environment in the PRC and Hong Kong. Mr. Ge has been appointed as an independent non-executive director since September 2004.

Mr. DING Yu Cheng, aged 39, has more than 10 years experience in management. Mr. Ding holds a master of business administration degree from the University of Pittsburg and a doctor of philosophy degree in economics from Tsinghua University. Mr. Ding is also a non-executive director of Asia Satellite Telecommunications Holdings Limited which is listed on the stock exchanges in Hong Kong and New York. During the period between 3th June, 2004 and 15th November, 2004, Mr. Ding was an executive director of Tidetime Sun (Group) Limited (previously known as Sun Sports Media Group Limited and Sun Media Group Holdings Limited) which is listed on the stock exchange of Hong Kong. Mr. Ding has been appointed as an independent non-executive director of the Company since 21st June, 2005.

Directors' Report

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31st December, 2005.

Principal Activities

The principal activity of the Company is investment holding. Its principal subsidiaries are engaged in the provision of advertising agency services in the People's Republic of China.

Results and Appropriations

The results of the Group for the year ended 31st December, 2005 are set out in the consolidated income statement on page 22.

The directors recommend the payment of a final dividend of HK$0.004 per share to shareholders on registered of members on 12th May, 2006, amounting to approximately HK$6,207,000.

Summary of Financial Information

A summary of the published results and of the assets, liabilities and minority interests of the Group for the last five financial years is set out on page 60.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 12 to the financial statements.

Share Capital

Details of movements in the Company's share capital are set out in note 23 to the financial statements.

Distributable Reserves

At 31st December, 2005, the amount of the Company's reserves available for distribution to shareholders was approximately HK$18,332,000.

Major Customers and Suppliers

For the year ended 31st December, 2005, the aggregate purchases attributable to the Group's largest supplier and five largest supplier taken together accounted for 37% and 49% respectively of the Group's total cost of sales for the year. The aggregate sales attributable to the Group's five largest customer taken together were less than 30% of the Group's total revenue for the year.

As far as the directors are aware, neither the directors, their associates, nor those shareholders which to the knowledge of the directors own more than 5% of the Company's share capital, had any interest in the five largest suppliers of the Group during the year.

Directors

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Wang Boming
Mr. Zhang Zhifang
Mr. Dai Xiaojing
Mr. Li Shijie
Mr. Lau See Him Louis
Mr. Yeh Shuen Ji (resigned on 25th November, 2005)

Independent non-executive directors:

Mr. Fu Fengxiang
Mr. Wang Xiangfei
Mr. Ge Ming
Mr. Ding Yu Cheng (appointed on 21st June, 2005)

In accordance with articles 119 and 120 of the Company's articles of association, Messrs. Wang Boming, Zhang Zhifang, Dai Xiaojing and Ding Yu Cheng shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' Service Contracts

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

The term of office of each non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

Directors' Interests in Contracts

Other than those disclosed in note 30 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31st December, 2005 or at any time during the year.

Directors' Report

Directors' Interests in Securities

At 31st December, 2005, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise 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 Companies were as follows:

Rights to acquire shares

Pursuant to the Company's share option schemes, the directors may, at their discretion, invite participants to take up options at a consideration of HK$10 per grant to subscribe for ordinary shares of the Company.

Details of the movements in the share options to subscribe for shares of HK$0.10 each in the Company granted to a director were as follows:

Name of Director	Capacity	Date of grant	Exercise price HK$	Exercisable period	Number of share options outstanding at 1.1.2005 and 31.12.2005	Number of underlying shares
Li Shijie	Beneficial owner	25.7.2003	0.21	25.7.2004 to 24.7.2009	6,900,000	6,900,000

Save as disclosed above, as at 31st December, 2005, none of the directors nor their associates had any long or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

Share Option Schemes

Particulars of the Company's share option schemes and details of movements in the Company's share options during the year to subscribe for shares of HK$0.10 each in the Company granted under the share option schemes are set out in note 28 to the financial statements.

Arrangements to Purchase Shares or Debentures

Save as disclosed in "Directors' Interests in Securities" above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders

At 31st December, 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of the relevant interests and short positions in the issued share capital of the Company:

Long positions

Name	Capacity	Number of shares beneficially held	Percentage of holding
United Home Limited (Note 1)	Beneficial owner and controlled corporation	338,096,988	21.80%
Carlet Investments Ltd. (Note 1)	Beneficial owner	172,644,210	11.13%
China Assets (Holding) Limited	Person having a security interest in shares	339,746,836	21.91%
Arisaig Greater China Fund Limited (Note 2)	Beneficial owner	133,846,000	8.63%
Arisaig Partners (Mauritius) Limited (Note 2)	Investment manager	133,846,000	8.63%
Cooper Lindsay William Ernst (Note 3)	Held by controlled corporation	133,846,000	8.63%
Madeleine Ltd. (Note 3)	Held by controlled corporation	133,846,000	8.63%
Arisaig Partners (Holdings) Ltd. (Note 2)	Held by controlled corporation	133,846,000	8.63%
Arisaig Partners (BVI) Limited (Note 2)	Held by controlled corporation	133,846,000	8.63%

Notes:

(1) The 172,644,210 shares held by Carlet Investments Ltd. were indirectly owned by United Home Limited by virtue of its 100% ownership of Carlet Investments Ltd. In addition to the 172,644,210 shares held by Carlet Investments Ltd., 165,452,778 shares which represents approximately 10.67% of the issued share capital of the Company, were directly owned by United Home Limited.

(2) The 133,846,000 shares held by Arisaig Greater China Fund Limited were indirectly owned by Arisaig Partners (Holdings) Ltd. by virtue of its 100% ownership of Arisaig Partners (BVI) Limited. Arisaig Partners (Mauritius) Limited is a direct wholly owned subsidiary of Arisaig Partners (BVI) Limited and the immediate holding company of Arisaig Greater China Fund Limited.

(3) This referred to the same number of 133,846,000 shares as mentioned in note (2) above through 33% interests in Arisaig Partners (Holdings) Ltd. held by Madeleine Ltd.. Madeleine Ltd. is beneficially owned by Cooper Lindsay William Ernst.

Directors' Report

Short positions

Name	Capacity	Number of shares beneficially held (Note)	Percentage of holding
United Home Limited	Beneficial owner	339,746,836	21.91%

Note: These shares were pledged to a non financial institution in Hong Kong by United Home Limited.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31st December, 2005.

Appointment of Independent Non-executive Directors

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange. The Company considers all of the independent non-executive directors are independent.

Emolument Policy

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 28 to the financial statements.

Connected Transactions

During the year, the Group had the following connected transactions:

(i) During the year, the Group paid rental of approximately HK$992,000 to Shanghai SEEC Investment and Development Co., Ltd. ("SEEC Development"). SEEC Development is a substantial shareholder of Hainan Caixun Infomedia Co., Ltd. ("Hainan Caixun"), an indirect non wholly-owned subsidiary of the Company and is considered as a connected party.

(ii) On 17th August, 2004, Shanghai Caixun Media Conference Exhibition Limited ("Shanghai Caixun Media"), a direct wholly-owned subsidiary of the Company entered into a loan agreement with Shenzhen Caixun Advertising Co., Ltd. ("Shenzhen Caixun"), a non wholly-owned subsidiary of the Company (the "Loan Agreement") pursuant to which Shanghai Caixun Media agreed to lend RMB9 million (equivalent to approximately HK$8,654,000) to Shenzhen Caixun at a rate of interest of 5.04% per annum repayable on demand with 30 days prior written notice. Details of the transaction is set out in the Company's announcement dated 17th August, 2004. At the balance sheet date, the loan balance is RMB9 million (equivalent to approximately HK$8,654,000).

The independent non-executive directors reviewed the continued connected transaction set out in (i) above and confirmed that the transaction has been entered into by the Company in the ordinary course of its business, on normal commercial terms and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pre-emptive Rights

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

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31st December, 2005.

Purchase, Sale and Redemption of Listed Securities

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

Donations

During the year, the Group made charitable donations amounting to approximately HK$143,000.

Directors' Report

Subsequent Events

Details of significant events occurring after the balance sheet date are set out in note 32 to the financial statements.

Auditors

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Wang Boming
Director

Hong Kong, 19th April, 2006

Auditors' Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF
SEEC MEDIA GROUP LIMITED
財訊傳媒集團有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of SEEC Media Group Limited (the "Company") and its subsidiaries (hereafter collectively referred to as the "Group") from pages 22 to 59 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective Responsibilities of Directors and Auditors

The Company's directors are responsible for the preparation of consolidated financial statements which give a true and fair view. In preparing consolidated financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of Opinion

We conducted our audit in accordance with Hong Kong Standards of Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st December, 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
19th April, 2006

Consolidated Income Statement

For the year ended 31st December, 2005

	NOTES	2005 HK$'000	2004 HK$'000 (restated)
Revenue	6	101,463	76,987
Cost of sales		(23,336)	(13,439)
Gross profit		78,127	63,548
Other income		4,456	6,090
Selling and distribution costs		(21,577)	(20,416)
Administrative expenses		(11,044)	(9,126)
Other operating expenses		(172)	(5,534)
Gain on disposal of subsidiaries		–	30,704
Profit before taxation	7	49,790	65,266
Taxation	10	(10,283)	(8,934)
Profit for the year		39,507	56,332
Attributable to:			
Equity holders of the parent		30,565	52,397
Minority interests		8,942	3,935
		39,507	56,332
Dividends:			
Proposed final dividend of HK$0.004 (2004: HK$0.01) per share		6,207	15,492
Final dividend paid for 2004 of HK$0.01 per share		15,492	–
Earnings per share (HK cents)	11		
Basic		1.97	3.39
Diluted		1.96	3.34

Consolidated Balance Sheet

At 31st December, 2005

	NOTES	2005 HK$'000	2004 HK$'000
Non-current assets			
Property, plant and equipment	12	2,255	1,585
Intangible assets	13	23,664	24,872
Goodwill	14	60,387	60,387
Interest in a jointly controlled entity	15	–	–
Available-for-sale investments	16	5,185	–
Investments in securities	17	–	13,154
		91,491	99,998
Current assets			
Loan receivable	18	19,000	–
Available-for-sale investments	16	5,185	–
Investments in securities	17	–	13,080
Amount due from a jointly controlled entity	15	5,856	–
Trade receivables	19	30,114	31,264
Other receivables and prepayments	20	4,838	31,825
Amounts due from related companies	21	889	15,712
Bank balances and cash	20	172,780	102,523
		238,662	194,404
Current liabilities			
Trade payables	22	2,774	41
Other payables and accruals	20	15,220	11,706
Tax payable		19,114	13,415
		37,108	25,162
Net current assets		201,554	169,242
Total assets less current liabilities		293,045	269,240
Capital and reserves			
Share capital	23	155,082	154,787
Reserves		113,730	99,447
Equity attributable to equity holders of the parent		268,812	254,234
Minority interests		24,233	15,006
		293,045	269,240

The financial statements on pages 22 to 59 were approved and authorised for issue by the Board of Directors on 19th April, 2006 and are signed on its behalf by:

Wang Boming
Director

Zhang Zhifang
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2005

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Reserve funds HK$'000 (note i)	Exchange translation reserve HK$'000	Share option reserve HK$'000	Investments revaluation reserves HK$'000	Accumulated (losses) profit HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1st January, 2004	154,577	343,035	1,140	11	–	–	(298,127)	200,636	16,322	216,958
Net profit for the year and total recognised income for the year	–	–	–	–	–	–	52,397	52,397	3,935	56,332
Issue of shares upon exercise of share options	210	283	–	–	–	–	–	493	–	493
Minority interests in subsidiaries acquired	–	–	–	–	–	–	–	–	(5,251)	(5,251)
Reduction of share premium transferred to accumulated losses (note ii)	–	(324,473)	–	–	–	–	324,473	–	–	–
Transfer to reserve funds	–	–	987	–	–	–	(987)	–	–	–
Recognition of equity-settled share based payment	–	–	–	–	708	–	–	708	–	708
	210	(324,190)	987	–	708	–	323,486	1,201	(5,251)	(4,050)
At 31st December, 2004 and 1st January, 2005	154,787	18,845	2,127	11	708	–	77,756	254,234	15,006	269,240
Loss on fair value changes of available-for-sale investments	–	–	–	–	–	(2,784)	–	(2,784)	–	(2,784)
Exchange differences arising on translation of foreign operations	–	–	–	1,527	–	–	–	1,527	285	1,812
Net income and expenses recognised directly in equity	–	–	–	1,527	–	(2,784)	–	(1,257)	285	(972)
Net profit for the year	–	–	–	–	–	–	30,565	30,565	8,942	39,507
Total recognised income for the year	–	–	–	1,527	–	(2,784)	30,565	29,308	9,227	38,535
Issue of shares upon exercise of share options	295	325	–	–	–	–	–	620	–	620
Dividends paid (2004 final dividend of HK$0.01 per share)	–	–	–	–	–	–	(15,492)	(15,492)	–	(15,492)
Transfer to reserve funds	–	–	1,998	–	–	–	(1,998)	–	–	–
Recognition of equity-settled share based payment	–	–	–	–	142	–	–	142	–	142
	295	325	1,998	–	142	–	(17,490)	(14,730)	–	(14,730)
At 31st December, 2005	**155,082**	**19,170**	**4,125**	**1,538**	**850**	**(2,784)**	**90,831**	**268,812**	**24,233**	**293,045**

Notes:

(i) According to the relevant laws and regulations in the People's Republic of China ("PRC") and the Articles of Association of the Company's subsidiaries in the PRC, they are required to set aside 10% of their profit after taxation for the statutory revenue reserve (except where the reserve has reached 50% of the subsidiaries' registered capital) and 5% to 10% of their profit after taxation for the statutory public welfare fund. The profit after taxation is determined under accounting principles generally accepted in the PRC. These reserves cannot be used for purposes other than those for which they are created and are not distributable as dividends without the prior approval by the shareholders under certain conditions.

(ii) Pursuant to the minutes of a directors' meeting held on 2nd July, 2004, an amount of approximately HK$324,473,000 was transferred from share premium account to offset the accumulated losses of the Company at 2nd July, 2004.

Consolidated Cash Flow Statement

For the year ended 31st December, 2005

	2005 HK$'000	2004 HK$'000 (restated)
OPERATING ACTIVITIES		
Profit for the year	39,507	56,332
Adjustments for:		
Interest income	(2,647)	(4,840)
Bad debts written off	2,540	627
Depreciation of property, plant and equipment	740	414
Amortisation of goodwill	–	4,147
Amortisation of intangible assets	1,686	2,225
Loss on disposal of property, plant and equipment	22	–
Loss on disposal of investments held for trading	3	–
Gain on disposal of subsidiaries	–	(30,704)
Taxation	10,283	8,934
Realised loss on investments in securities	–	591
Unrealised holding gain on trading securities	–	(513)
Allowances for bad and doubtful debts	–	1,240
Share-based payment expense	142	708
Operating cash flows before movements in working capital	52,276	39,161
Decrease (increase) in trade receivables	237	(12,761)
Increase in other receivables and prepayments	(2,696)	(2,963)
Decrease in amounts due from related companies	14,823	683
Increase in amount due from a jointly controlled entity	(6)	–
Increase (decrease) in trade payables	2,733	(1,814)
Increase in other payables and accruals	3,514	5,335
Decrease in amounts due to related companies	–	(1,234)
Cash from operations	70,881	26,407
Overseas tax paid	(4,654)	(3,404)
NET CASH FROM OPERATING ACTIVITIES	66,227	23,003

Consolidated Cash Flow Statement

For the year ended 31st December, 2005

	NOTES	2005 HK$'000	2004 HK$'000 (restated)
INVESTING ACTIVITIES			
Decrease in receivable from securities brokers		–	76,073
Interest received		2,647	4,840
Increase in amount due from a jointly controlled entity		(5,850)	–
Proceeds from disposals of financial assets held for trading		13,077	–
Proceeds from disposal of investments in securities		–	3,397
Proceeds from disposals of subsidiaries	24	9,056	943
Acquisitions of subsidiaries	25	–	(34,777)
Purchase of intangible assets		–	(8,490)
Purchase of property, plant and equipment		(1,406)	(652)
NET CASH FROM INVESTING ACTIVITIES		17,524	41,334
FINANCING ACTIVITIES			
Increase in amounts due from related companies		–	(9,744)
Proceeds from issue of shares		620	493
Dividend paid to shareholders		(15,492)	–
NET CASH USED IN FINANCING ACTIVITIES		(14,872)	(9,251)
NET INCREASE IN CASH AND CASH EQUIVALENTS		68,879	55,086
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		102,523	47,437
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES		1,378	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		172,780	102,523

Notes to the Financial Statements

For the year ended 31st December, 2005

1. General

The Company is incorporated as an exempted company with limited liability in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed on page 2 to the annual report.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Group is principally engaged in the provision of advertising agency services in the PRC.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1st January, 2005. The application of the New HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests has been changed. The changes in presentation have been applied retrospectively. The adoption of the New HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting years are prepared and presented:

Business combinations

In the current year, the Group has applied HKFRS 3 "Business combinations" which is effective for business combinations for which the agreement date is on or after 1st January, 2005. The principal effects of the application of HKFRS 3 to the Group are summarised below:

Goodwill

In previous years, goodwill arising on acquisitions was capitalised on the balance sheet and amortised over its estimated useful life. The Group has discontinued amortising such goodwill from 1st January, 2005 onwards and goodwill will be tested for impairment at least annually. Goodwill arising on acquisitions after 1st January, 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current year. Comparative figures for 2004 have not been restated.

In the current year, the Group has also applied HKAS 21 "The effects of changes in foreign exchange rates" which requires goodwill to be treated as assets and liabilities of the foreign operation and translated at closing rate at each balance sheet date. Previously, goodwill arising on acquisitions of foreign operations was reported at the historical rate of exchange at each balance sheet date. In accordance with the relevant transitional provisions in HKAS 21, goodwill arising on acquisitions prior to 1st January, 2005 is treated as a non-monetary foreign currency item of the Company. Therefore, no prior year adjustment has been made.

Notes to the Financial Statements

For the year ended 31st December, 2005

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(continued)*

Share-based payments

In the current year, the Group has applied HKFRS 2 "Share-based payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of share options granted to directors and employees of the Company, determined at the date of grant of the share options, over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted on or after 1st January, 2005. In relation to share options granted before 1st January, 2005, the Group has chosen not to apply HKFRS 2 with respect to share options granted on or before 7th November, 2002 and vested before 1st January, 2005. However, the Group is still required to apply HKFRS 2 retrospectively to share options that were granted after 7th November, 2002 and had not yet vested on 1st January, 2005. Comparative figures have been restated.

Financial instruments

In the current year, the Group has applied HKAS 32 "Financial instruments: Disclosure and Presentation" and HKAS 39 "Financial instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments are presented for the current and prior accounting periods. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

At 31st December, 2004, the Group classified and measured its debt and equity securities in accordance with the alternative treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "trading securities", "other securities" or "held-to-maturity investments" as appropriate. Both "trading securities" and "other securities" are measured at fair value. Unrealised gains or losses of "trading securities" are reported in the profit or loss for the year in which gains or losses arise. Unrealised gains or losses of "other securities" are reported in equity until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the year. From 1st January, 2005 onwards, the Group classified and measured its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(continued)*

Financial instruments *(continued)*

Classification and measurement of financial assets and financial liabilities *(continued)*

On 1st January, 2005, the Group classified and measured its equity securities in accordance with the requirements of HKAS 39. The other securities as reported as at 31st December, 2004 amounting to HK$13,154,000 not held for trading purposes are classified as available-for-sale investments as at 1st January, 2005. The trading securities as reported as at 31st December, 2004 amounting to HK$13,080,000 were classified as investment held for trading as at 1st January, 2005.

Financial assets and financial liabilities other than debt and equity securities

From 1st January, 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition. However, there has had no material effect on how the results for the current accounting period are prepared and presented.

2A. Summary of the Effects of the Changes in Accounting Policies

The effects of the changes in accounting policies described above on the results for the current and prior years are as follows:

	2005 HK$'000	2004 HK$'000
Decrease in amortisation of goodwill (included in other operating expenses)	4,690	–
Expenses in relation to share options granted to employees (included in administrative expenses)	(142)	(708)
Increase (decrease) in profit for the year	4,548	(708)

Notes to the Financial Statements

For the year ended 31st December, 2005

2A. Summary of the Effects of the Changes in Accounting Policies

(continued)

The financial effects of the application of the New HKFRSs on 31st December, 2004 and 1st January, 2005 are summaried below:

	Accumulated profits HK$'000	Share option reserve HK$'000
As originally stated	78,464	–
Retrospective recognition of equity settled share-based payment	(708)	708
As restated	77,756	708

The Group has not early applied the following new standards, interpretations and amendments that have been issued but are not yet effective.

HKAS 1 (Amendment)	Capital disclosure [1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures [2]
HKAS 21 (Amendment)	Net investment in foreign operation [2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions [2]
HKAS 39 (Amendment)	The fair value option [2]
HKAS 39 and HKFRS 4 (Amendments)	Financial guarantee contracts [2]
HKFRS 6	Exploration for and evaluation of mineral resources [2]
HKFRS 7	Financial instruments: Disclosures [1]
HK(IFRIC) - INT 4	Determining whether an arrangement contains a lease [2]
HK(IFRIC) - INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds [2]
HK(IFRIC) - INT 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment [3]
HK(IFRIC) - INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies [4]

1 Effective for annual periods beginning on or after 1st January, 2007.

2 Effective for annual periods beginning on or after 1st January, 2006.

3 Effective for annual periods beginning on or after 1st December, 2005.

4 Effective for annual periods beginning on or after 1st March, 2006.

The Group has not early applied the above new standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company do not expect the application of these standards, amendments or interpretations will have material effect on the results of operations and financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Company.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Goodwill

Goodwill arising on acquisition of a subsidiary for which the agreement date is before 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

For previously capitalised goodwill arising on acquisitions, the Group has discontinued amortisation from 1st January, 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired.

3. Significant Accounting Policies *(continued)*

Goodwill *(continued)*

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Joint ventures

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Revenue recognition

Advertising agency fee is recognised upon the publication of the related advertisement.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3. Significant Accounting Policies *(continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Intangible assets

On initial recognition, intangible assets acquired separately and from business combinations are recognised at cost and at fair value respectively. After initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Impairment loss (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Notes to the Financial Statements

For the year ended 31st December, 2005

3. Significant Accounting Policies *(continued)*

Operating leases

Leases are classified as finance leases whenever the terms of lease transfer substantially all risks and rewards of ownership to lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. Significant Accounting Policies *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financials statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

As mentioned in Note 2, goodwill and fair value adjustments arising on acquisitions of foreign operations prior to 1st January, 2005 are treated as non-monetary foreign currency items of the acquirer and reported using the historical exchange rate prevailing at the date of the acquisition.

Retirement benefits costs

Payments to Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are charged as expenses as they fall due.

Notes to the Financial Statements

For the year ended 31st December, 2005

3. Significant Accounting Policies *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables financial assets at fair value through profit or loss and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, loan receivable, other receivables, amount due from a jointly controlled entity and amounts due from related companies) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in profit or loss in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities including trade payables, other payables and accruals are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

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

Notes to the Financial Statements

For the year ended 31st December, 2005

3. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted to employees of the Group at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited subsequent to vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earning.

4. Key Sources of Estimation Uncertainty

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. As at 31st December, 2005, the carrying amount of goodwill is HK$60,387,000. Details of the recoverable amount calculation are disclosed in Note 14.

5. Financial Risk Management Objectives and Policies

The Group's major financial instruments include equity investments, loan receivable, trade receivables, other receivables, amounts due from related companies, amount from a jointly controlled entity, trade payables, other payables and accruals and bank balances. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st December, 2005 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

The Group has no significant concentration of credit risk, with exposure spread over a number of counter-parties and customers.

In order to minimise credit risk, management has delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, management reviews the recoverable amount of each individual trade debt and loan receivable regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that the Group's credit risk is significant reduced.

The Group's bank balances are deposited with banks of high credit rating in Hong Kong and the Group has limited exposure to any single financial institution.

Price risk

The Group's available-for-sale investments are measured at fair value at each balance sheet date. The Group has equity investments in a Singapore listed company and is therefore exposed to equity security price risk. The management closely monitors the performance of the investee and will consider other risk management actions should the need arises.

Currency risk

The Group's transactions are mainly denominated in the functional currency of respective group entities and is therefore not exposed to material foreign currency risk.

Notes to the Financial Statements

For the year ended 31st December, 2005

6. Revenue and Segment Information

Revenue represents the net invoiced value of provision of advertising agency services, less trade discounts.

The Group's revenue is entirely derived from activities carried out in the PRC. Accordingly, no analysis by business and geographical segments is presented.

7. Profit Before Taxation

	2005 HK$'000	2004 HK$'000 (restated)
Profit before taxation has been arrived at after charging (crediting):		
Auditors' remuneration	500	430
Bad debts written off	2,540	627
Staff costs (including directors' remuneration):		
Wages, salaries and other allowances	8,497	6,604
Contributions to retirement benefits schemes	574	503
Share option benefits	142	708
	9,213	7,815
Depreciation of property, plant and equipment	740	414
Amortisation of goodwill*	–	4,147
Amortisation of intangible assets*	2,551	2,225
	3,291	6,786
Operating leases payments in respect of rented premises	1,816	1,985
Loss on disposals of property, plant and equipment	22	–
Realised loss on investments in securities	–	591
Loss on disposals of investments held for trading	3	–
Allowances for bad and doubtful debts	–	1,240
Interest income	(2,647)	(4,840)
Exchange gain, net	(898)	–
Unrealised holding gain on trading securities	–	(513)

* The amortisation of goodwill and intangible assets for the year are included in "Other operating expenses" and "Cost of sales" on the face of the consolidated income statement respectively.

8. Directors' Emoluments

The emoluments paid or payable to each of the 10 (2004: 11) directors were as follows:

	Wang Boming HK$'000	Zhang Zhifang HK$'000	Dai Xiaojing HK$'000	Li Shijie HK$'000	Yeh Shuen Ji HK$'000	Lau See Him, Louis HK$'000	Fu Fengxiang HK$'000	Wang Xiangfei HK$'000	Ge Ming HK$'000	Ding Yu Cheng HK$'000	Total 2005 HK$'000
Fees	–	–	–	–	–	–	24	72	60	90	246
Other emoluments											
Salaries and other benefits	–	–	–	125	–	336	–	–	–	–	461
Contributions to retirement benefits schemes	–	–	–	17	–	12	–	–	–	–	29
Total emoluments	–	–	–	142	–	348	24	72	60	90	736

	Wang Boming HK$'000	Zhang Zhifang HK$'000	Dai Xiaojing HK$'000	Li Shijie HK$'000	Yeh Shuen Ji HK$'000	Lau See Him, Louis HK$'000	Kam Anais HK$'000	Xu Xiaolu HK$'000	Fu Fengxiang HK$'000	Wang Xiangfei HK$'000	Ge Ming HK$'000	Total 2004 HK$'000
Fees	–	–	–	63	–	–	–	–	24	72	15	174
Other emoluments												
Salaries and other benefits	–	–	–	–	–	–	–	–	–	–	–	–
Contributions to retirement benefits schemes	–	–	–	13	–	–	–	–	–	–	–	13
Total emoluments	–	–	–	76	–	–	–	–	24	72	15	187

During both years, no emoluments were paid by the Group to the directors as compensation for loss of office or as a discretionary bonus or an inducement to join or upon joining the Group. None of the directors has waived any emoluments in both years.

Notes to the Financial Statements

For the year ended 31st December, 2005

9. Employees' Emoluments

Of the five highest paid individuals in the Group, one (2004: nil) was director of the Company whose emoluments are included in note 8 above. The emoluments of the remaining four (2004: five) highest paid individuals were as follows:

	2005 HK$'000	2004 HK$'000 (restated)
Salaries, allowances and benefits in kind	2,059	2,160
Retirement benefits scheme contributions	47	110
Share option benefits	142	708
	2,248	2,978

The aggregate emoluments of each of their emoluments were within the emoluments band ranging from nil to HK$1,000,000 for both years.

10. Taxation

No provision for Hong Kong Profits Tax has been made for both years because the Group incurred a tax loss in Hong Kong.

Taxes arising in other jurisdictions of the PRC are calculated at the rates of tax prevailing in the PRC.

The taxation for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2005 HK$'000	2004 HK$'000 (restated)
Profit before tax	49,790	65,266
Tax at PRC income tax rate of 15% (Note)	7,469	9,790
Effect of different income tax rates	705	1,684
Tax effect of deferred tax assets not recognised	1,442	2,865
Tax effect of expenses not deductible for tax purposes	356	1,106
Tax effect of income not taxable for tax purposes	(17)	(6,511)
Others	328	–
Tax charge for the year	10,283	8,934

Note: The Group is subjected to the PRC enterprise income tax rate of 15% (2004: 15%), the preferential tax rate for enterprises established in Shenzhen and Hainan's Special Economic Zones.

10. Taxation *(continued)*

At the balance sheet date, the Group had unused estimated tax losses of HK$32,312,000 (2004: HK$26,160,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated tax losses due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

11. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following data:

	2005 HK$'000	2004 HK$'000 (restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the parent)	**30,565**	52,397
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,549,823,929**	1,547,130,625
Effect of dilutive potential ordinary shares assumed on exercise of share options	**11,711,309**	19,595,172
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,561,535,238**	1,566,725,797

The following table summarise the impact on both basic and diluted earnings per share as a result of the application of New HKFRSs:

	Impact on basic earnings per share		**Impact on diluted earnings per share**	
	2005 **HK cents**	2004 HK cents	**2005** **HK cents**	2004 HK cents
Figures before adjustments	**1.68**	3.43	**1.67**	3.39
Adjustments arising from changes in accounting policies (see Note 2A)	**0.29**	(0.04)	**0.29**	(0.05)
	1.97	3.39	**1.96**	3.34

Notes to the Financial Statements

For the year ended 31st December, 2005

12. Property, Plant and Equipment

	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture, fixtures and fittings HK$'000	Computer and office equipment HK$'000	Total HK$'000
COST					
At 1st January, 2004	315	411	30	716	1,472
Additions	7	292	2	351	652
At 31st December, 2004	322	703	32	1,067	2,124
Exchange realignment	–	14	–	21	35
Additions	–	577	–	828	1,405
Disposals	–	–	–	(63)	(63)
At 31st December, 2005	**322**	**1,294**	**32**	**1,853**	**3,501**
ACCUMULATED DEPRECIATION					
At 1st January, 2004	9	17	1	98	125
Provided for the year	110	124	6	174	414
At 31st December, 2004	119	141	7	272	539
Exchange realignment	–	3	–	5	8
Provided for the year	203	207	25	305	740
Eliminated on disposals	–	–	–	(41)	(41)
At 31st December, 2005	**322**	**351**	**32**	**541**	**1,246**
NET BOOK VALUES					
At 31st December, 2005	**–**	**943**	**–**	**1,312**	**2,255**
At 31st December, 2004	203	562	25	795	1,585

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the lease term
Motor vehicles	4 to 5 years
Furniture, fixtures and fittings	10 years or over the lease term
Computer and office equipment	3 to $6^2/_3$ years

13. Intangible Assets

	HK$'000
COST	
At 1st January, 2004	32,310
Additions	8,490
Disposal of a subsidiary	(15,094)
At 31st December, 2004	25,706
Exchange adjustment	494
At 31st December, 2005	**26,200**
AMORTISATION	
At 1st January, 2004	2,254
Provided for the year	2,225
Eliminated on disposal of a subsidiary	(3,645)
At 31st December, 2004	834
Exchange adjustment	16
Provided for the year	1,686
At 31st December, 2005	**2,536**
NET BOOK VALUES	
At 31st December, 2005	**23,664**
At 31st December, 2004	24,872

Intangible assets represent the sole agency rights of advertising on certain newspapers and magazines which are amortised over periods ranging from 16 to 20 years.

Notes to the Financial Statements

For the year ended 31st December, 2005

14. Goodwill

	HK$'000
GROSS AMOUNT	
At 1st January, 2004	37,822
Additions	29,550
At 31st December, 2004 and 31st December, 2005	67,372
Elimination of accumulated amortisation upon application of HKFRS 3	(6,985)
	60,387
AMORTISATION	
At 1st January, 2004	2,838
Provided for the year	4,147
At 31st December, 2004 and 31st December, 2005	6,985
Elimination of accumulated amortisation upon application of HKFRS 3	(6,985)
	–
NET BOOK VALUES	
At 31st December, 2005 and 31st December, 2004	60,387

For the year ended 31st December, 2004 goodwill is amortised on a straight line basis over a period of 15 years.

Goodwill is entirely related to the provision of advertising agency services resulted from business combination.

The recoverable amount has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, discount rate of 15% and growth rate of 5%. This growth rate is based on the market growth forecasts. Another key assumption for the value in use calculations is the budgeted gross margin, which is determined based on past performance and management's expectations for the market development.

15. Interest in a Jointly Controlled Entity

As at 31st December, 2005, the Group has a 50% equity interest in SEEC/Ziff Davis Media Group (China) Ltd. ("SEEC/Ziff"), a company incorporated in British Virgin Islands. SEEC/Ziff is engaged in consulting, advertising and publishing-related activities in the PRC.

The amount due from a jointly controlled entity is unsecured, interest-free and repayable on demand.

The investment cost and share of results of unlisted jointly controlled entity are negligible.

15. Interest in a Jointly Controlled Entity *(continued)*

The summarised financial information in respect of the Group's jointly controlled entity is set out below:

	2005 HK$'000
Total assets	11,542
Total liabilities	(11,700)
Net liabilities	(158)
Revenue	–
Loss for the year	(158)

The Group has discontinued recognition of its share of loss of jointly controlled entity. The amounts of unrecognised share of result of a jointly controlled entity, extracted from the relevant unaudited management account is as follows:

	2005 HK$'000
Unrecognised share of loss of jointly controlled entity for the year	79
Accumulated unrecognised share of loss of jointly controlled entity	79

16. Available-for-sale Investments

Available-for-sale investments as at 31st December, 2005 comprise:

	HK$'000
Equity securities listed in Singapore	10,370
Carrying amount analysed for reporting purposes as:	
Current assets	5,185
Non-current assets	5,185
	10,370

As at the balance sheet date, all available-for-sale investments are stated at fair value. Fair values of those investments have been determined by reference to bid prices quoted in active markets.

Note: Unless prior written consent is obtained from the investee company, 50% of the securities would not be realised or transferred for a period of twelve months commencing from 30th December, 2004 and the remaining balance of such securities would not be realised or transferred by the Company for a period of twenty four months commencing from 30th December, 2004.

Notes to the Financial Statements

For the year ended 31st December, 2005

17. Investments in Securities

Investments in securities as at 31st December, 2004 are set out below. Upon the application of HKAS 39 on 1st January, 2005, investment in securities were reclassified to appropriate categories under HKAS 39 (see Note 2 for details).

	Trading securities HK$'000	**Other securities** HK$'000	**Total** HK$'000
Quoted mutual funds	13,080	–	13,080
Equity securities listed in other jurisdiction outside Hong Kong (Note)	–	13,154	13,154
	13,080	13,154	26,234
Market value	13,080	13,154	26,234
Carrying amount analysed for reporting purposes as:			
Current	13,080	–	13,080
Non-current	–	13,154	13,154
	13,080	13,154	26,234

Note: Amount was reclassified to available-for-sale investments.

18. Loan Receivable

The amount represents partial consideration receivable from the purchaser with respect to the disposal of a subsidiary in 2004. The amount was included in other receivables and prepayments in 2004.

Pursuant to the supplemental deed dated 12th September, 2005 ("Supplementary Deed") to the sale and purchase agreement entered into between the Company, Observer Star Global Publishing Holding Ltd. ("Observer Star Global") and Sun Business Network Ltd. (formerly known as Panpac Media Group Limited) ("Panpac Media Group") on 7th November, 2004, the amount is repayable on or before 31st March, 2006 at the option of Observer Star Global in the following manner:

(i) by delivery by Observer Star Global to the Company banker's drafts in favour of the Company for HK$19,000,000 and pay to the Company interest at the rate of 3.3% per half year on the outstanding amount or any remaining balance thereof until it is fully paid to the Company; or

(ii) by delivery by Observer Star Global to the Company banker's drafts in favour of the Company for HK$2,000,000; and Observer Star Global shall further procure a third party to transfer shares carrying an equivalent value of HK$19,000,000 in a reputable company which is listed on a recognised stock exchange approved by the Company, provided that the terms set out in the Supplementary Deed are met.

19. Trade Receivables

The average credit period granted by the Group is within three months from the date of recognition of the sale.

The aging analysis of the Group's trade receivables is as follows:

	2005		2004	
	HK$'000	%	HK$'000	%
Within three months	21,116	62	15,427	44
Four to six months	6,242	18	6,189	18
Seven months to one year	2,756	8	9,648	27
Over one year	4,049	12	3,961	11
	34,163	100	35,225	100
Less: Allowances for bad and doubtful debts	(4,049)		(3,961)	
Total after allowances for bad and doubtful debts	30,114		31,264	

The directors of the Group are in opinion that the carrying amount of trade receivables approximate their fair value.

20. Other Financial Assets and Financial Liabilities

Other receivables and prepayments

The directors of the Group are in the opinion that the carrying amount of other receivables approximate their fair value.

Bank balances and cash

The amount comprise cash held by the Group and short-term bank deposits at market interest rates with an original maturity of three months or less. The carrying amounts of these assets at the balance sheet date approximate their fair values.

Other payables and accruals

Included in other payables and accruals is an amount of HK$2.2 million related to the accrued expenses for exclusive franchising charges. (see note 27(b))

The directors of the Group are in the opinion that the carrying amounts of other payables and accruals are approximate their fair value.

Notes to the Financial Statements

For the year ended 31st December, 2005

21. Amounts due from Related Companies

	NOTES	2005 HK$'000	2004 HK$'000
Amounts due from related companies	(i)	889	5,968
Loan to China Securities Market Research and Development Center ("CSMRDC")	(ii)	–	9,744
		889	15,712

Notes:

(i) The related companies are under common directorship of the Company. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment. The maximum amount outstanding during the year was HK$488,000 (2004: HK$706,000).

(ii) Mr. Wang Boming, a director of the Company, is a senior executive of CSMRDC. The amount was unsecured, bear interest at 4.04% per annum and was originally due on 31st December, 2004. On 31st December, 2004, the Company and CSMRDC entered into a supplemental agreement, pursuant to which the Company and CSMRDC agreed to extend the maturity date from 31st December, 2004 to 31st December, 2005. The amount was fully settled in 2005.

22. Trade Payables

The aging analysis of the Group's trade payables are as follows:

	2005 HK$'000	2005 %	2004 HK$'000	2004 %
Within two months	1,899	69	–	–
Five months to one year	834	30	6	15
Over one year	41	1	35	85
	2,774	100	41	100

The directors of the Group are in the opinion that the carrying amounts of trade payables approximate their fair value.

23. Share Capital

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1st January, 2004, 31st December, 2004, 1st January, 2005 and 31st December, 2005	3,000,000	300,000
Issued and fully paid:		
At 1st January, 2004	1,545,775	154,577
Exercise of share options	2,100	210
At 31st December, 2004 and 1st January, 2005	1,547,875	154,787
Exercise of share options	2,950	295
At 31st December, 2005	1,550,825	155,082

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

Note: During the year, the subscription rights attaching to 2,950,000 share options were exercised at the subscription price of HK$0.21 per share resulting in the issue of 2,950,000 shares of HK$0.10 each for a total cash consideration of approximately HK$620,000.

24. Disposals of Subsidiaries

During the year ended 31st December, 2004, the net assets of the disposed subsidiaries at the date of disposal were as follows:

	HK$'000
NET ASSETS DISPOSED OF	
Intangible assets	11,449
Bank balances and cash	1
	11,450
Gain on disposal	30,704
Total consideration	42,154
Satisfied by:	
Cash	944
Investments in securities	13,154
Amount payable by purchaser included in other receivables and prepayments	28,056
	42,154
Analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries:	
Cash consideration	944
Bank balances and cash disposed of	(1)
	943

The subsidiary disposed of during the year ended 31st December, 2004 did not make a significant contribution to the Group's turnover and profit before tax.

During the year ended 31st December, 2005, the Group received HK$9,056,000 of the considerations. The outstanding considerations of HK$19,000,000 was included loan receivable as set out in note 18.

25. Acquisitions of Subsidiaries

On 24th November, 2003, the Company entered into a conditional agreement to purchase a 60% interest in the registered capital of Beijing Caixun Century Infotech Co., Ltd. ("BCCI") which in turn held 30% interest in each of Beijing Caixun Advertising Co., Ltd. ("Beijing Caixun") and Shenzhen Caixun Advertising Co., Ltd. ("Shenzhen Caixun") for a cash consideration of approximately HK$36,723,000. This transaction was completed in March 2004 and has been accounted for by the acquisition method of accounting.

	2004 HK$'000
NET ASSETS ACQUIRED	
Minority interest in subsidiaries	5,251
Bank balances and cash	1,946
Payables and accruals	(24)
	7,173
Goodwill on acquisition	29,550
Total consideration	36,723
Satisfied by:	
Cash	36,723
Analysis of the net outflow of cash and cash equivalents in respect of the acquisitions of subsidiaries:	
Cash consideration	36,723
Bank balances and cash acquired	(1,946)
	34,777

The subsidiary acquired during the year ended 31st December, 2004 did not make a significant contribution to the Group's turnover and profit before tax.

26. Major Non-cash Transactions

During the year ended 31st December, 2004, the Group disposed of its entire interest in a subsidiary at a consideration of HK$42,154,000 which was satisfied by investments in securities of approximately HK$13,154,000 and cash consideration of HK$29,000,000 of which approximately HK$944,000 was received as at 31st December, 2004.

Notes to the Financial Statements

For the year ended 31st December, 2005

27. Commitments

(a) Operating lease commitments

As lessee

At the balance sheet date, the Group had commitments for future minimum lease payments which fall due as follows:

	2005 HK$'000	2004 HK$'000
Within one year	1,348	544
In the second to fifth year inclusive	1,007	357
	2,355	901

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for a term ranging from 3 to 5 years.

(b) Other commitments

Pursuant to an agreement dated 5th November, 2001 entered into between the Group and a magazine publication company, being an independent third party, the Group at 31st December, 2005 had commitments to make a total payment of approximately RMB15,000,000 (2004: RMB15,750,000) (equivalent to approximately HK$14,423,000 (2004: HK$14,858,000)) over the period up to 2016 for the exclusive franchising charges of the magazine publication company.

In addition, pursuant to an agreement dated 22nd April, 2004 entered into between the Group and a magazine publication company, being an independent third party, the Group at 31st December, 2005 had commitments to make a total payment of approximately RMB1,860,000 (2004: RMB2,010,000) (equivalent to approximately HK$1,788,000 (2004: HK$1,896,000)) over the period up to 2013 for the exclusive franchising charges of the magazine publication company.

28. Share Option Schemes

Equity-settled share option scheme:

The Company operates a share option scheme (the "Share Option Scheme") adopted on 26th August, 2002 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the operations of the Group and to enable the Group to recruit high calibre employees and attract resources that are valuable to the Group. Eligible participants of the Share Option Scheme include any employee (including executive directors), officer (including non-executive directors and independent non-executive directors), consultant, agent, professional adviser, customer, business partner, joint venture partner, strategic partner, landlord or tenant of, or any supplier or provider of goods or services to the Group, or any trustee of a discretionary trust to which one or more beneficiaries belong to any of the above-mentioned categories of persons. The Share Option Scheme became effective on 26th August, 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the Company's shares in issue at any time. At 31st December, 2005, the number of shares issuable under share options granted under the Share Option Scheme was 35,900,000, which represented approximately 2.31% of the Company's shares in issue as at that date. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$10 in total by the grantee. An option may be exercised under the Share Option Scheme at any time within 10 years from the date of grant of the options.

The exercise price of the share options is determinable by the directors, but must not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of an ordinary share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Notes to the Financial Statements

For the year ended 31st December, 2005

28. Share Option Schemes *(continued)*

The following table discloses details of the Company's share options held by the director and the employees of the Group and movements in such holdings during the year:

				Number of share options					
Grantee	Date of grant	Exercise price HK$	Exercisable period	Outstanding at 1.1.2004	Granted during the year	Exercised during the year (note 1)	Outstanding at 31.12.2004	Exercised during the year (note 1)	Outstanding at 31.12.2005
Executive director:									
Mr. Li Shijie	25.7.2003 (note 2)	0.210	25.7.2004 to 24.7.2009	6,900,000	–	–	6,900,000	–	6,900,000
Other employees in aggregate	25.7.2003	0.210	25.7.2003 to 24.7.2008	1,000,000	–	(1,000,000)	–	–	–
	25.7.2003	0.210	25.7.2004 to 24.7.2009	29,200,000	–	(750,000)	28,450,000	(2,950,000)	25,500,000
	22.10.2003	0.350	22.10.2003 to 21.7.2008	1,000,000	–	–	1,000,000	–	1,000,000
	2.1.2004	0.360	2.1.2004 to 1.1.2009	–	350,000	(350,000)	–	–	–
	25.2.2004 (note 2)	0.566	25.2.2005 to 24.2.2010	–	2,500,000	–	2,500,000	–	2,500,000
				38,100,000	2,850,000	(2,100,000)	38,850,000	(2,950,000)	35,900,000

Notes:

(1) The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK$0.336 (2004: HK$0.414).

(2) The option granted on 25th July, 2003 and 25th February, 2004 are vested on 25th July, 2004 and 25th February, 2005 respectively.

Total consideration received during the year ended 31st December, 2004 from directors and employees for taking up the options granted amounted to HK$30.

During the year ended 31st December, 2004, options were granted on 25th February, 2004. The estimated fair values of the options granted on that date was HK$850,000.

The fair value was calculated using the binominal model. The inputs into the model were as follows:

Weighted average share price	HK$0.46
Expected volatility	75.7%
Expected life	5 years
Risk-free rate	2.6%
Expected dividend yield	0%

28. Share Option Schemes *(continued)*

Expected volatility was determined by using the historical volatility of the Company's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Company recognised the total expense of HK$142,000 for the year ended 31st December, 2005 (2004: HK$708,000) in relation to share options granted by the Company.

29. Retirement Benefits Schemes

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance for all qualifying employees of its subsidiaries in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in independently administrated funds. The Group has followed the minimum statutory contribution requirements of 5% of eligible employees' relevant aggregate income.

The employees of the subsidiaries in the PRC are members of the pension schemes operated by the PRC government. The relevant PRC subsidiaries are required to contribute a certain percentage of the relevant portion of these employees' basic salaries to the pension to fund the benefits. The only obligations of the relevant PRC subsidiaries with respect of the pension scheme is the required contributions under the pension scheme.

30. Related Party Transactions

The Group had the following related party transactions during the year:

	Notes	2005 HK$'000	2004 HK$'000
Office rental expenses paid to Shanghai SEEC Investment and Development Co., Ltd. ("SEEC Development")	(i) & (ii)	**992**	987
Advertising agency fee from Homeway Information Co., Ltd. ("Homeway")	(i)	**1,263**	958
Interest income from CSMRDC	(iii)	**426**	448

Notes to the Financial Statements

For the year ended 31st December, 2005

30. Related Party Transactions *(continued)*

Notes:

(i) SEEC Development and Homeway are related to the Group since they are under common directorship of the Group.

(ii) Pursuant to a rental agreement and a supplementary agreement entered into between the Group and SEEC Development, SEEC Development agreed to grant to the Group the right to use SEEC Development's office premises for a term of 3 years. The rental is charged at approximately RMB86,000 (equivalent to approximately HK$82,000) per month with effect from 1st January, 2005.

(iii) Interest income is charged by reference to the principal outstanding and at 4.04% per annum as set out in relevant loan agreement.

In addition, compensation of key management personnel represents directors' remuneration as set out in note 8. The directors' remuneration is determined by the Board having regard to the performance, responsibilities and experiences of individuals and market trends.

31. Particulars of the Principal Subsidiaries of the Company

Name	Country of incorporation or registration/ operations	Proportion of nominal value of issued share capital/ registered capital held by the Company		Issued and fully paid ordinary share capital/ registered capital and form of business structure	Principal activities
		Directly %	Indirectly %		
Beijing Caixun	PRC	–	78 (Note)	RMB6,000,000 Limited liability company	Advertising agent
BCCI	PRC	–	60	RMB4,000,000 Limited liability company	Investment holding
Hainan Caixun Infomedia Co., Ltd. ("Hainan Caixun")	PRC	–	85.7 (Note)	RMB9,000,000 Limited liability company	Investment holding

31. Particulars of the Principal Subsidiaries of the Company *(continued)*

Name	Country of incorporation or registration/ operations	Proportion of nominal value of issued share capital/ registered capital held by the Company Directly %	Indirectly %	Issued and fully paid ordinary share capital/ registered capital and form of business structure	Principal activities
Shenzhen Caixun	PRC	–	78 (Note)	RMB1,000,000 Limited liability company	Advertising agent
Shanghai Caixun Media Conference Exhibition Limited (formerly known as Shanghai Cai Guan Information Co., Ltd.)	PRC	100	–	RMB10,000,000 Limited liability company	Investment holding
Superfort Management Corp. ("Superfort")	British Virgin Islands/ Hong Kong	100	–	US$100 Limited liability company	Investment holding

Note: The Company, through Superfort, indirectly holds a 70% equity interest in Hainan Caixun and a right to acquire an additional 15.7% equity interest in Hainan Caixun. Pursuant to various agreements in place and an agreement entered into between Superfort and the Chinese party of Hainan Caixun dated 12th July, 2002 which granted Superfort the right to acquire an additional 15.7% equity interest in Hainan Caixun from the Chinese party of Hainan Caixun, the Group is entitled to 85.7% of Hainan Caixun's results and assets and 60% of Beijing Caixun and Shenzhen Caixun's respective results and assets. In addition, the Company, through Superfort, indirectly holds a 60% equity interest in BCCI which holds a 30% equity interest in Beijing Caixun and Shenzhen Caixun respectively and thus, the Group is entitled to 18% of Beijing Caixun and Shenzhen Caixun's respective results and assets. Accordingly, the Group has a 78% attributable equity interests in Beijing Caixun and Shenzhen Caixun through its interests in Hainan Caixun and BCCI.

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list contains only the subsidiaries which principally affect the results or assets and liabilities of the Group.

None of the subsidiaries had any debt securities outstanding during the year or at the end of the year.

32. Subsequent Events

On 11th April, 2006, Observer Star Global, Panpac Media Group and the Company entered into the second supplemental deed, pursuant to which Observer Star Global would transfer 708,502 shares of Sun New Media Inc., a company incorporated in Minnesota, US and its common stock are traded on Over-The-Counter Bulletin Board in the US, on or before 29th May, 2006 for satisfying in full the loan receivable of HK$19,000,000 together with HK$2,000,000 payable as set out in supplemental deed dated 12th September, 2005.

Summary of Financial Information

Results

	Year ended 31st December,				
	2001 HK$'000	2002 HK$'000	2003 HK$'000	2004 HK$'000 (restated)	**2005** **HK$'000**
REVENUE	85,413	78,000	112,390	76,987	**101,463**
(LOSS) PROFIT FROM OPERATING ACTIVITIES	(31,583)	3,164	38,015	34,562	**49,790**
FINANCE COSTS	(332)	(165)	–	–	**–**
(LOSS) GAIN ON DISPOSAL OF SUBSIDIARIES	–	–	(1,820)	30,704	**–**
IMPAIRMENT LOSSES RECOGNISED IN RESPECT OF GOODWILL ARISING FROM ACQUISITION OF AN ASSOCIATE AND INTEREST IN AN ASSOCIATE	(29,744)	–	–	–	**–**
SHARE OF PROFITS LESS LOSSES OF ASSOCIATES	(11,530)	–	–	–	**–**
RELEASED OF RESERVES UPON DISPOSAL OF AN ASSOCIATE	–	–	6,566	–	**–**
(LOSS) PROFIT BEFORE TAXATION	(73,189)	2,999	42,761	65,266	**49,790**
TAXATION CREDIT (CHARGES)	2,704	(798)	(5,627)	(8,934)	**(10,283)**
NET (LOSS) PROFIT FOR THE YEAR	(70,485)	2,201	37,134	56,332	**39,507**
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE PARENT	(70,485)	1,317	28,259	52,397	**30,565**
MINORITY INTERESTS	–	884	8,875	3,935	**8,942**
	(70,485)	2,201	37,134	56,332	**39,507**

Assets and Liabilities

	At 31st December,				
	2001 HK$'000 (restated)	2002 HK$'000 (restated)	2003 HK$'000 (restated)	2004 HK$'000 (restated)	**2005** **HK$'000** **(restated)**
TOTAL ASSETS	110,852	222,078	234,279	294,402	**330,153**
TOTAL LIABILITIES	(32,084)	(66,263)	(17,321)	(25,162)	**(37,108)**
	78,768	155,815	216,958	269,240	**293,045**

In the current year, the Group has adopted the New HKFRSs which resulted in changes in accounting policies for the current and prior accounting years. The financial summary for prior years have been adjusted to take up the retrospective effects on HKFRS 2 Share-based Payment (for share options that were granted after 7th November, 2002 and had not yet vested on 1st January, 2005).