SEEC 財訊

財訊傳媒集團有限公司
SEEC MEDIA GROUP LIMITED

(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：205)

ANNUAL REPORT 2013
年報

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Wang Boming (Chairman)
Mr. Dai Xiaojing
Mr. Li Shijie
Mr. Zhang Zhifang

Independent Non-Executive Directors:

Mr. Fu Fengxiang
Mr. Ding Yu Cheng
Mr. Wang Xiangfei
Mr. Zhang Ke

COMPANY SECRETARY

Mr. Tseung Sheung Shun

PRINCIPAL PLACE OF BUSINESS

Room 806, 8/F.,
Nan Fung Tower,
173 Des Voeux Road Central,
Hong Kong

REGISTERED OFFICE

The Harbour Trust Company Limited
Windward 1
Regatta Office Park
West Bay Road
Grand Cayman
Cayman Islands

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
Hang Seng Bank Limited
China Merchants Bank Co., Ltd.
Wing Lung Bank Limited

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISER

Stevenson, Wong & Co.
4/F & 5/F
Central Tower
No. 28 Queen's Road Central
Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE

Principal Share Registrar and Transfer Office
The Harbour Trust Company Limited
Windward 1
Regatta Office Park
West Bay Road
Grand Cayman
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office
Tricor Secretaries Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITES

www.irasia.com/listco/hk/seecmedia/index.htm
www.seec-media.com.hk

STOCK CODE

205

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 2013 annual results for the Company and its subsidiaries (collectively referred to as the "Group" or "SEEC Media").

BUSINESS REVIEW

While the global economy recovered to a certain degree in the past year, the economic situation is, in general, still severe. In addition, due to the decrease in the speed of economic growth resulting from the restructuring of industrial structure in China, a downtrend emerged in the advertising market of print media. With the impact of the Internet and new media, it is even more difficult for the traditional print media to operate. As a result, the operating revenue of our group was HK$492.9 million in 2013, with a drop of 4.6% over 2012. The profit attributable to shareholders for the year ended 31 December 2013 dropped to HK$17.4 million, with a decrease of 46% as compared to the previous year of HK$32.2 million.

Caijing Magazine is the flagship among the magazines operated by our group. In 2002, our group acquired the 20-year exclusive advertising right of Caijing Magazine. As the most well-known financial magazine in Mainland China, Caijing Magazine has maintained a leading position since its launch. However, subject to the influence of the macro-economy, the Internet and new media, the magazine's operating revenue achieved no progress in 2013, which was unprecedented in its history.

As for Capital Week, its annual operating revenue dropped by 48% due to the macro-economic depression as well as the historical downturn of the stock market and the suspension of initial public offering fund raising exercises in China. The operating revenue of Sports Illustrate decreased by 46% over year on year. For China Auto Pictorial and Autocar, the operating revenue decreased by 13% and 24% respectively. Since the operating revenue of HisLife magazine had a sharp drop during the year, the publication of this magazine was suspended in order to save costs.

The only comfort was that the operating revenue of some consumer magazines operated by our group, in such an adverse environment, still achieved certain scale of growth because of the accurate targeting of readers in consumer groups and the rich information content provided in the magazines. Among those magazines, Grazia, a fashion and lifestyle magazine in which the Group's joint venture has exclusive advertising right, achieved a growth of 19% in its operating revenue, while Better Homes and Gardens, a magazine for household consumers, had an increase of 12% in its operating revenue; and as for TimeOut, a dining and entertainment magazine, the operating revenue grew by 25%. However, since our group's strength mainly lies on operating financial magazines, the impressive increase in the operating revenue of the group's consumer magazines was not able to cover the drop of operating revenue of some of our financial magazines.

Generally speaking, the global economy has not fully recovered yet and China's economy has lowered its growth rate. Impacted by the Internet and new media, the traditional print media industry now faces a more severe operation situation and is gradually reducing its geographical coverage. Realizing such risk, our group, by suspending the publication of some magazines, laying off redundant employees, saving costs and reducing expenses in a decisive manner, managed to achieve some profit at the end of the year, which was an outstanding achievement.

OUTLOOK AND PROSPECT

Even though we can see the upcoming risks, the road to a sustainable future development is still in search and clearly the advertising and media industry has an endless argument about this issue. What is the future of new media? What is the business model of new media? Furthermore, what exactly does new media mean? These questions are still confusing, but they cannot stop us from exploring. Nowadays, when the traditional print media business is shrinking and the future of new media is still unclear, our group, on one hand, is segmenting the market, refining the management and reducing costs and expenses by continuing using our existing rich experience in operation; on the other hand, our group is making a great effort to explore the road to the future for new media, thus ensuring a robust development.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my gratitude to our business partners, customers and shareholders for their support. In addition, I would like to take this opportunity to thank all our staff members for their continuous and valuable contribution to the Group during the year. We are committed to further consolidate our presence in the China advertising industry and maximize value for our shareholders in the long run.

Wang Boming
Chairman

Hong Kong, 20 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

During the year of 2013, turnover of the Group was approximately HK$492.9 million as compared to approximately HK$516.6 million in 2012, representing a decrease of approximately 4.6%. The Group's revenue decreased as the economy recovery in China was slow and sluggish. The gross profit ratio slightly dropped to 58.4% as compared to that of last year (2012: 61.7%). In current year, advertising income from conferences and events increased by 37.4% but since the gross profit contributions from these conferences and events were less than those of advertising agency activities, the overall gross profit ratio decreased.

The selling and distribution costs increased by 3.2% from approximately HK$205.6 million in 2012 to approximately HK$212.1 million in 2013, mainly due to increase in selling and promotional effort for the newly introduced magazine, namely the Chinese edition of Harvard Business Review. The administrative expenses decreased by 13.2% from approximately HK$64.0 million to HK$55.6 million. The decrease was mainly due to tightening of operational costs, the closure of a non-performing magazine, HisLife, and decrease in legal and professional fees during the year.

During the year, the Group recognized HK$6.8 million share of profit from Mondadori-SEEC (Beijing) Advertising Co. Ltd., a joint venture for the operation of Grazia magazine. The share of profit was arrived at after the Group's share of profit for the year exceeded the accumulated unrecognized share of losses brought forward from 2012 for this joint venture.

The Group recorded finance costs of approximately HK$2.3 million (2012: HK$2.3 million), and was similar in amount as in that of last year. It mainly comprised of interest on bank loans in the current year.

The profit attributable to shareholders for this year amounted to approximately HK$17.4 million, as compared to approximately HK$32.2 million last year.

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of a dividend for the year 2013 (2012: nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operating activities were financed by internal resources. As at 31 December 2013, the Group's equity was approximately HK$426.5 million (2012: HK$399.6 million). The Group had non-current liability of approximately HK$0.2 million as at 31 December 2013 of receipt in advance (2012: HK$0.5 million). As at 31 December 2013, the Group's gearing ratio was 33.8% representing a percentage of total liabilities over total assets (2012: 32.6%).

As at 31 December 2013 the Group had secured bank borrowings of approximately HK$55.7 million (2012: HK$36.7 million) mainly for financing the operational needs of the Group.

As at 31 December 2013, the Group had bank balances and cash amounting to approximately HK$82.2 million (2012: HK$38.0 million).

CHARGES ON ASSETS

As at 31 December 2013, the Group had deposits of approximately HK$20.4 million charged to a bank for banking facilities granted to the Group's companies (2012: HK$13.6 million).

As at 31 December 2013, the Group had pledged leasehold land and building in China with a carrying amount of approximately HK$33.0 million (2012: HK$33.3 million) to secure bank borrowings granted to the Group.

COMMITMENTS

(a) Operating lease commitments

As lessee

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2013 HK$'000	2012 HK$'000
Within one year	11,939	8,345
In the second to fifth year inclusive	9,949	8,313
	21,888	16,658

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

(b) Other commitments

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

	2013 HK$'000	2012 HK$'000
Within one year	3,627	3,296
In the second to fifth year inclusive	10,140	11,427
Over five years	2,340	4,680
	16,107	19,403

The amount recognised as an expense (included in cost of sales) in the year was approximately HK$4,823,000 (2012: approximately HK$6,112,000).

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, apart from the convertible bond and the bank borrowing, 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 31 December 2013, the Group had 772 (2012: 828) employees in Hong Kong and the People's Republic of China. Salaries, bonuses and benefits were decided in accordance with market conditions and performance of the respective employees.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") which was adopted on 26 August 2002. On 11 May 2012, the Company adopted a new share option scheme (the "New Share Option Scheme"), of which all terms and conditions are the same as the Share Option Scheme. As at 31 December 2013, the number of share issuable under share options granted under the Share Option Scheme was 46,650,000 (2012: 48,100,000).

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining sound corporate governance and believes that good corporate governance principles and practices will bring trust and faith of the Company's stakeholders.

During the year under review, the Company has complied with all relevant provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") 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 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 as well as 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 reelection.

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 once every three years.

(3) Code Provision E.1.2

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

The chairman of the Board was absent from the annual general meeting held on 13 May 2013 due to his prior business engagement. Mr. Zhang Zhifang, an Executive Director and the elected chairman of that meeting, was available to answer questions in that meeting.

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 of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code").

Having made specific enquiries 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 31 December 2013.

BOARD OF DIRECTORS

The Board collectively oversees the management of the business and affairs of the Group with the overriding objective of enhancing share value. The Board has delegated the day-to-day management power of the Group to the executive Directors and senior management of the Company. The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions, financial information, appointment of Directors, and other significant financial and operational matters.

The Board currently comprises four executive Directors who are Mr. Wang Boming, Mr. Dai Xiaojing and Mr. Li Shijie and Mr. Zhang Zhifang; and four independent non-executive Directors who are Mr. Fu Fengxiang, Mr. Ding Yu Cheng, Mr. Wang Xiangfei and Mr. Zhang Ke. 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 size of the Board to be adequate for its present operations.

Nevertheless, the Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Board diversity policy ("Board diversity policy") was introduced to set out the approach to diversity on the Board of directors of the Company.

The Board held full board meetings at approximately quarterly intervals. The attendances of the quarterly full board meetings for the year ended 31 December 2013 are as follows:

Directors	**Attendance**
Mr. Wang Boming	3/4
Mr. Dai Xiaojing	4/4
Mr. Li Shijie	4/4
Mr. Zhang Zhifang	4/4
Mr. Fu Fengxiang	4/4
Mr. Ding Yu Cheng	4/4
Mr. Wang Xiangfei	4/4
Mr. Zhang Ke	4/4

All directors (executive Directors, namely Mr. Wang Boming, Mr. Dai Xiaojing, Mr. Li Shijie and Mr. Zhang Zhifang; and independent non-executive Directors, namely Mr. Fu Fengxiang, Mr. Ding Yu Cheng, Mr. Wang Xiangfei and Mr. Zhang Ke) have participated in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

On 20 December 2013, an in-house briefing and training for directors in relation to continued connected transactions was held after a full board meeting. All Directors (all executive and independent non-executive Directors) attended the session. Mr. Wang Xiangfei also attended a workshop of accounting and auditing update held on 19 November 2013 organized by Deloitte Touche Tohmatsu.

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 in the best interests of the Company and the shareholders of the Company.

NON-EXECUTIVE DIRECTORS

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.

BOARD COMMITTEES

Audit Committee

As at 31 December 2013, the Audit Committee comprises three independent non-executive Directors with Mr. Fu Fengxiang as committee chairman, Mr. Wang Xiangfei and Mr. Zhang Ke.

The Audit Committee is responsible for the appointment of external auditor, review of the Group's financial information and oversight of the Group's financial and accounting practices, internal control and risk management. It is also responsible for reviewing the interim and financial results of the Group.

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

Members	Attendance
Mr. Fu Fengxiang	2/2
Mr. Wang Xiangfei	2/2
Mr. Zhang Ke	2/2

The Group's interim results for the six months ended 30 June 2013 and annual audited results for the year ended 31 December 2013 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.

Nomination Committee

As at 31 December 2013, the Nomination Committee comprises two independent non-executive Directors, namely Mr. Ding Yu Cheng being chairman of the committee and Mr. Zhang Ke.

The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board regarding any proposed changes.

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. In consideration of Board diversity, the Nomination committee will monitor the implementation of the Company's Board diversity policy and will from time to time review the policy to ensure its effectiveness.

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

The Nomination Committee held one meeting during the year under review. Details of the attendance of the Nomination Committee meeting are as follows:

Members	Attendance
Mr. Ding Yu Cheng	1/1
Mr. Zhang Ke	1/1

Remuneration Committee

As at 31 December 2013, the Remuneration Committee comprises two independent non-executive Directors, namely Mr. Zhang Ke 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. The Remuneration Committee also accesses performance of executive Directors.

In respect of the remuneration packages of individual executive directors and senior management, Remuneration Committee is to make recommendations to the Board for the Board's final determination.

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 Remuneration Committee did not hold any meeting during the year under review.

CORPORATE GOVERNANCE FUNCTIONS

The Board is overall responsible for performing corporate governance duties. The Board developed and reviewed the Company's policies and practices on corporate governance; and monitored the training and professional development of Directors and senior management. The Board has constantly reviewed the Company's policies and practices to ensure compliance with legal and regulatory requirements and the Company's compliance with the Code and disclosure in the corporate governance report.

INTERNAL CONTROL

The Board has overall responsibilities for maintaining sound and effective internal control system of the Group. The Internal Audit function of the Group performed independent reviews and reported regularly the review results to the Board through the Audit Committee on the adequacy and effectiveness of the Group's internal control and risk management systems. The Board, through the Internal Audit function of the Group, has conducted annual review of the effectiveness of the system of internal control of the Group including the relevant financial, operational and compliance controls and risk management procedures. The Board has delegated to the senior management of the Group the implementation of such systems of internal controls. The management throughout the Group maintains and monitors the internal control system on an ongoing basis.

The Board also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the employees of the Group's accounting and financial reporting function, and their training programmes and budget.

AUDITORS' REMUNERATION

During the year, the fees paid or payable to the auditor of the Company, Messrs. Deloitte Touche Tohmatsu were approximately HK$803,000 (2012: HK$730,000) and HK$98,800 (2012: HK$90,400) for statutory audit services and non-audit services rendered to the Group respectively.

DIRECTORS' RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group for the year ended 31 December 2013, which were prepared in accordance with statutory requirements and applicable accounting standards.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting

Pursuant to Article 73 of the Articles of Association of the Company, on the written requisition of Shareholders holding not less than one-tenth of the paid up capital of the Company which carries the right to vote at general meetings of the Company, the Directors shall convene an extraordinary general meeting for the transaction of any business specified in such requisition; and such meeting shall be convened within thirty days from the date of deposit of the requisition.

Procedures for shareholders to propose a person for election as a director

Pursuant to Article 123 of the Articles of Association of the Company, if a Shareholder wishes to propose a person other than a Director of the Company for election as a Director at any general meeting, the shareholder can deposit a written notice to that effect at Room 806, 8/F., Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong, the principal place of business of the Company in Hong Kong, for the attention of the Board.

In order for the Company to inform Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, include the person's biographical details as required by rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and be signed by the Shareholder concerned and that person indicating his/her willingness to be elected.

The period for lodgment of such a written notice will commence no earlier than the day after the despatch of the notice of the relevant general meeting and end no later than seven days prior to the date of the general meeting.

If the notice from the Shareholder is received less than fifteen days prior to the general meeting, the Company will need to consider the adjournment of the general meeting in order to allow Shareholders fourteen days' notice of the proposal.

Voting at and notice of general meetings

As required by the Listing Rules, the Company conducts all voting at general meetings by poll. To compile with the Listing Rules, notices to shareholders will be sent in the case of annual general meetings at least 20 clear business days before the meeting and at least 10 clear business days in the case of all other general meetings.

Pursuant to Article 74 of the Articles of Association of the Company, an annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing at the least, and a meeting of the Company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by fourteen days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.

INVESTOR RELATIONS

There is no significant change in the Company's constitutional documents during the year.

DIRECTORS' PROFILE

EXECUTIVE DIRECTORS

Mr. Wang Boming, aged 58, is the chairman of the Group and is also a director of Shanghai SEEC Investment Development Co., Ltd.. He is also a director of the Government Bond Association, an editor in chief of Caijing Magazine and Capital Week (formerly known as 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 macroeconomic studies and market movement analysis in the United States of America ("U.S.A."). 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. Dai Xiaojing, aged 54, 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 PRC from 1984 to 1989. He has been an editorial committee member of Capital Week (formerly Security Market Weekly) since 1990 and is also the chairman of Shanghai SEEC Investment Development Co., Ltd..

Mr. Li Shijie, aged 51, has many 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. Zhang Zhifang, aged 60, 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. Mr. Zhang is also a director of Shanghai SEEC Investment Development Co., Ltd. Before he joined the Group in December 1997, he was employed as an investment consultant of Fair Field Maxwell Financial Services Corp. in the U.S.A. in 1987. He has served as an executive officer of the Executive Commission of Securities Trading Automated Quotations System of the PRC since 1989.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fu Fengxiang, aged 84, has participated in the establishment and management of the securities market in the PRC. 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 lecturer 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. Ding Yu Cheng, aged 48, has many years of 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 has been appointed as an independent non-executive Director since June 2005.

Mr. Wang Xiangfei, aged 62, graduated and obtained his bachelor's degree in economics from RENMIN University in China. He taught finance as a full-time associate professor in RENMIN University from August 1982 to July 1983. Mr. Wang has been qualified as a senior accountant in China. Mr. Wang has extensive business connection and rich experience in investment, industrial management, finance, accounting, trading and management of listed companies.

From August 1983 to April 2006, Mr. Wang held several senior positions in China Everbright Holdings Company Limited in Hong Kong and China Everbright Group in China, including as an director and assistant general manager of China Everbright Holdings Company Limited and as executive director of its several listed subsidiaries in Hong Kong, chief executive officer of China Everbright International Ltd. and vice general manager of China Everbright International Trust & Investment Co.. From April 2006 till now, he has been a financial advisor to China Sonangol International Holding Limited and vice chief financial officer of Sonangol Sinopec International Limited.

Mr. Wang had served as an independent non-executive director of Tianjin Capital Environmental Protection Group Co., Ltd. (listed on the Stock Exchange and Shanghai Stock Exchange) from April 2002 to April 2008; Chongqing Iron & Steel Company Limited (listed on the Stock Exchange and Shanghai Stock Exchange) from April 2003 to April 2009; China CITIC Bank Corporation Ltd. (listed on the Stock Exchange and Shanghai Stock Exchange) from November 2006 to November 2012; and Shandong Chenming Paper Holdings Ltd. (listed on the Stock Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange) from April 2010 to April 2013.

From March 2008 till now, Mr. Wang has been serving as an executive director of Nan Nan Resources Enterprise Limited (listed on the Stock Exchange). Mr. Wang has also been an independent non-executive director of China Development Bank International Investment Ltd. (listed on the Stock Exchange) since March 2012. In addition, Mr. Wang served as an independent non-executive director of Shenzhen Rural Commercial Bank Corporation Limited from March 2009 to March 2012 and has been an external supervisor ever since.

Mr. Wang was appointed as an independent non-executive Director of the Company in June 2003.

Mr. Zhang Ke, aged 60, has many years of experience in accounting, supervision of internal control and auditing. Mr. Zhang holds a Bachelor degree in Economics from Renmin University of China. Mr. Zhang is a certified public accountant of the Chinese Institute of Certified Public Accountants and is also a certified accountant with qualification in securities dealing in China. Mr. Zhang is the Chairman and the Chief Partner of ShineWing Certified Public Accountants; Vice President of Chinese Institute of Certified Public Accountants; Vice President of Beijing Association of Forensic Science; a member of CPA examination committee of the Ministry of Finance; director of China Mergers and Acquisitions Association; and was the Departmental Manager of China International Economic Consultants Inc. of CITIC Group; the Deputy Managing Director of CITIC Certified Public Accountant; Deputy Managing Partner of Coopers & Lybrand CIEC; a partner of Coopers & Lybrand International; Managing Partner of Coopers & Lybrand CIEC, Vice Executive Director of Coopers & Lybrand, China. And Mr. Zhang was elected one of the Outstanding Accounting Professionals in the nationwide by the PRC Ministry of Finance in 2005. Mr. Zhang has been serving as an independent non-executive director of HC International Inc. (listed on the Stock Exchange) since 2003. He had served as an independent non-executive director of China Coal Energy Company Limited (listed on the Stock Exchange) from 2007 to 2013. Mr. Zhang has been appointed as an independent non-executive Director of the Company since February 2007.

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited consolidated financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its principal subsidiaries and joint ventures are engaged in the provision of advertising agency services and distribution of books and magazines in the People's Republic of China and details are set out in notes 32 and 17 to the consolidated financial statements, respectively.

RESULTS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss and other comprehensive income on page 19.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 66.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 25 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2013, the Company had no reserves available for distribution to shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together accounted for 19% and 28% respectively of the Group's total cost of sales for the year. The aggregate sales attributable to the Group's five largest customers taken together were less than 20% 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

Independent non-executive directors:

Mr. Fu Fengxiang

Mr. Wang Xiangfei

Mr. Ding Yu Cheng

Mr. Zhang Ke

In accordance with article 119 of the Company's articles of association, Messrs. Dai Xiaojing, Zhang Zhifang 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 OF SIGNIFICANCE

Other than those disclosed in note 31 to the consolidated 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 31 December 2013 or at any time during the year.

DIRECTORS' INTERESTS IN SECURITIES

At 31 December 2013, 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 Issuers were as follows:

Share options of the Company

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.

At 31 December 2013, details of the share options to subscribe for shares of HK$0.10 each in the Company granted to directors were as follows:

Name of Director	Capacity	Date of grant	Exercise price HK$	Exercisable period	Number of share options outstanding at 31.12.2013	Number of underlying shares
Li Shijie	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	1,000,000
		29.10.2008	0.268	29.10.2011 to 28.10.2016	1,700,000	1,700,000
		16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	1,000,000
Wang Boming	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Zhang Zhifang	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Dai Xiaojing	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	1,500,000
		16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	1,000,000

Interests in associated corporation

Name of associated corporation	Name of Director	Capacity	Per cent of total issued share capital of associated corporation at 31.12.2013
United Home Limited	Dai Xiaojing	Beneficial owner	6.67%
	Li Shijie	Beneficial owner	6.67%
	Wang Boming	Beneficial owner	6.67%
	Zhang Zhifang	Beneficial owner	6.67%

Dai Xiaojing, Li Shijie, Wang Boming and Zhang Zhifang each hold 1 share in United Home Limited which has a total of 15 shares issued as at 31 December 2013.

Save as disclosed above, as at 31 December 2013, none of the directors, chief executives 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 are set out in note 29 to the consolidated 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 31 December 2013, 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	Beneficial owner and controlled corporation	988,788,699	56.84%
Carlet Investments Ltd.	Beneficial owner	172,644,210	9.92%

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., 816,144,489 shares which represents approximately 46.92% of the issued share capital of the Company, were directly owned 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 31 December 2013.

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 "Listing Rules"). 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 of Directors, 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 29 to the consolidated financial statements.

CONNECTED TRANSACTIONS

On 20 December 2012, certain subsidiaries of the Company entered into lease agreements with Shanghai SEEC Investment and Development Corporation ("Shanghai SEEC"). During the year, the Group paid rental of approximately HK$4,473,000 to Shanghai SEEC. All the lease agreements will be expired on 31 December 2015.

Shanghai SEEC is owned as to 59% by Shenyang Lianya Industrial Development Corporation ("Shenyang Lianya"). Shenyang Lianya is owned equally by 50 of its staff, including three of the directors, namely Messrs. Wang Boming, Zhang Zhifang and Dai Xiaojing. Since Mr. Wang Boming controls the management of Shenyang Lianya which in turn controls Shanghai SEEC, Shanghai SEEC becomes an associate of Mr. Wang Boming under Rule 1.01 of the Listing Rules and hence a connected person of the Company under the Listing Rules.

The transaction is regarded as related party transaction as set out in note 31 to the consolidated financial statements and connected transaction pursuant to Chapter 14A of the Listing Rules of the Stock Exchange.

The independent non-executive directors confirm 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.

Pursuant to Rule 14A.38 of the Listing Rules of the Stock Exchange, the board of directors engaged the auditor of the Company to perform certain procedures in respect of the continuing connected transactions of the Group. The auditor has reported the factual findings on these procedures to the board of directors. The independent non-executive directors have reviewed the continuing connected transactions and the report of the auditor and have confirmed that the transaction have been entered into by the Group in the ordinary course of its business, 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 31 December 2013.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

AUDITOR

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

On behalf of the Board

Wang Boming

Director

Hong Kong, 20 March 2014

INDEPENDENT AUDITOR'S 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 (collectively referred to as the "Group") set out on pages 19 to 65, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 31 December 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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
20 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	5	492,851	516,623
Cost of sales		(205,175)	(197,765)
Gross profit		287,676	318,858
Other income	7	3,386	3,888
Other gains and losses	8	(851)	(458)
Selling and distribution costs		(212,148)	(205,570)
Administrative expenses		(55,581)	(64,036)
Share of profit of a joint venture	17	6,761	–
Finance costs	9	(2,256)	(2,321)
Profit before taxation	10	26,987	50,361
Taxation	12	(10,676)	(19,235)
Profit for the year		16,311	31,126
Other comprehensive income			
Items that may be reclassified subsequently to profits or loss:			
Exchange differences arising on translation		10,521	126
Share of exchange differences of a joint venture		126	–
Total comprehensive income for the year		26,958	31,252
Profit for the year attributable to:			
Owners of the Company		17,360	32,223
Non-controlling interests		(1,049)	(1,097)
		16,311	31,126
Total comprehensive income attributable to:			
Owners of the Company		28,007	32,349
Non-controlling interests		(1,049)	(1,097)
		26,958	31,252
Earnings per share (HK cents)	13		
Basic		1.00	1.85
Diluted		1.00	1.85

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	14	43,115	46,021
Sole agency rights	15	104,945	112,436
Goodwill	16	118,886	118,886
Interests in joint ventures	17	6,887	–
Amount due from a joint venture	19	36,192	36,708
Amount due from a related company	19	4,015	10,483
		314,040	324,534
Current assets			
Trade receivables	18	210,279	190,049
Amounts due from related companies	19	2,714	6,714
Other receivables and prepayments		14,329	13,896
Loan receivable	20	–	6,167
Pledged bank deposits	23	20,351	13,567
Bank balances and cash	21	82,186	37,979
		329,859	268,372
Current liabilities			
Trade payables	22	30,454	44,400
Other payables and accruals	24	106,211	82,060
Amounts due to related companies	19	6,082	2,445
Amount due to immediate parent	19	307	204
Bank borrowings	23	55,658	36,667
Tax payable		18,455	27,056
		217,167	192,832
Net current assets		112,692	75,540
Total assets less current liabilities		426,732	400,074
Non-current liability			
Receipt in advance		202	502
Net assets		426,530	399,572
Capital and reserves			
Share capital	25	173,956	173,956
Reserves		255,777	227,770
Equity attributable to owners of the Company		429,733	401,726
Non-controlling interests		(3,203)	(2,154)
Total equity		426,530	399,572

The consolidated financial statements on pages 19 to 65 were approved and authorised for issue by the Board of Directors on 20 March 2014 and are signed on its behalf by:

Wang Boming
Director

Zhang Zhifang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000 (note a)	Exchange translation reserve HK$'000 (note b)	Share option reserve HK$'000	Retained profits HK$'000	Subtotal HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 January 2012	173,956	64,084	8,407	52,811	9,480	59,841	368,579	(1,057)	367,522
Profit for the year	–	–	–	–	–	32,223	32,223	(1,097)	31,126
Exchange differences arising on translation	–	–	–	126	–	–	126	–	126
Total comprehensive income for the year	–	–	–	126	–	32,223	32,349	(1,097)	31,252
Recognition of equity-settled share-based payment	–	–	–	–	798	–	798	–	798
At 31 December 2012	173,956	64,084	8,407	52,937	10,278	92,064	401,726	(2,154)	399,572
Profit for the year	–	–	–	–	–	17,360	17,360	(1,049)	16,311
Exchange differences arising on translation	–	–	–	10,521	–	–	10,521	–	10,521
Share of exchange differences of a joint venture	–	–	–	126	–	–	126	–	126
Total comprehensive income for the year	–	–	–	10,647	–	17,360	28,007	(1,049)	26,958
At 31 December 2013	173,956	64,084	8,407	63,584	10,278	109,424	429,733	(3,203)	426,530

Note a: According to the relevant laws and regulations in the People's Republic of China ("PRC") and the Articles of Association of the Company's subsidiaries in the PRC, those subsidiaries are required to set aside 10% of their profit after taxation to the statutory reserve (except where the reserve has reached 50% of the subsidiaries' registered capital). The profit after taxation is determined in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC. This reserve cannot be used for purposes other than those for which it is created and is not distributable as dividends without the prior approval by the owners under certain conditions.

Note b: Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currency to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in the exchange translation reserve. Such exchange differences accumulated in the exchange translation reserve are reclassified to profit or loss on the disposal of the foreign operations.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	26,987	50,361
Adjustments for:		
Allowance for bad and doubtful debts	1,539	1,423
Reversal of allowance for inventories obsolescence	–	(348)
Reversal of selling and distribution costs	–	(615)
Interest income	(563)	(524)
Interest expenses	2,256	2,321
Depreciation of property, plant and equipment	5,938	6,360
Amortisation of sole agency rights	10,642	10,456
Share of profit of a joint venture	(6,887)	–
Loss on disposal of property, plant and equipment	221	65
Share-based payment expense	–	798
Operating cash flows before movements in working capital	40,133	70,297
Decrease in inventories	–	348
Increase in trade receivables	(16,857)	(16,315)
(Increase) decrease in other receivables and prepayments	(93)	747
Decrease in trade payables	(14,521)	(13,332)
Increase (decrease) in other payables and accruals	23,917	(1,855)
Decrease in receipt in advance	(309)	(59)
Cash from operations	32,270	39,831
PRC income tax paid	(19,277)	(13,803)
NET CASH FROM OPERATING ACTIVITIES	12,993	26,028
INVESTING ACTIVITIES		
Repayment from (advance to) a joint venture	516	(1,427)
Purchase of property, plant and equipment	(1,952)	(4,479)
Decrease (increase) in loan receivable	6,167	(6,167)
Fixed bank deposit released	–	6,173
Interest received	563	524
Sale proceeds from disposals of property, plant and equipment	94	167
Placement of pledged bank deposits	(20,351)	(13,567)
Withdrawal of pledged bank deposits	13,567	5,675
Repayment from (advance to) related companies	10,468	(1,604)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	9,072	(14,705)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
FINANCING ACTIVITIES		
Repayment of bank loans	(36,667)	(30,520)
Repayment to immediate parent	–	(63,325)
Increase (decrease) in amounts due to related companies	3,637	(4,580)
Increase (decrease) in amount due to immediate parent	103	(1,395)
Interest paid	(2,256)	(2,321)
New bank loans raised	55,658	36,667
NET CASH FROM (USED IN) FINANCING ACTIVITIES	20,475	(65,474)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,540	(54,151)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	37,979	91,944
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,667	186
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	82,186	37,979
Analysis of balances of cash and cash equivalents at the end of the year		
Bank balances and cash	82,186	37,979

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

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"). Its immediate and ultimate parent is United Home Limited, a company incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed on page 2 to the annual report.

The functional currency of the Company and respective group entities is Renminbi ("RMB"), the currency of the primary economic environment in which the Group operates. For the purpose of the consolidated financial statements and conveniences of the financial statements users, the results and financial position of the Group are presented in Hong Kong dollars ("HK$").

The Company acts as investment holding company. The Group is principally engaged in the provision of advertising agency services and distribution of books and magazines in the PRC.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC*) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

* IFRIC represents the International Financial Reporting Standards ("IFRS") Interpretations Committee.

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int-12 *Consolidation - Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The management of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) as to whether or not the Group has control over all the entities that the Group has equity interests in accordance with the new definition of control and the related guidance set out in HKFRS 10. The management concluded that HKFRS 10 does not have any material effect on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) - Int13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements - joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements - jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

Upon application of HKFRS 11, the management reviewed and assessed the legal form and terms of the contractual arrangements in relation to the Group's investment in their joint arrangements. The directors concluded that SEEC/Ziff Davis Media Group (China) Ltd., SEEC/Ziff Davis Media Consulting (Beijing) Co. Ltd. and Mondadori-SEEC (Beijing) Advertising Co. Ltd. being previously classified as jointly controlled entities are treated as the Group's joint ventures under HKFRS 11 and continue to be accounted for using the equity method.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see Note 17 and 32 for details).

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

The directors of the Company are of the opinion that the application of HKFRS 13 has no material impact on the Group's fair value measurement as set out in these consolidated financial statements of the Group.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HK(IFRIC*) - Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with early application permitted.

2 Effective for annual periods beginning on or after 1 July 2014, except as disclosed below. Earlier application is permitted.

3 Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after 1 January 2016.

* IFRIC represents the IFRS Interpretations Committee.

Annual Improvements to HKFRSs 2010-2012 Cycle

The *Annual Improvements to HKFRSs 2010-2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Annual Improvements to HKFRSs 2010-2012 Cycle (Continued)

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2010-2012 Cycle* will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The *Annual Improvements to HKFRSs 2011-2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2011-2013 Cycle* will have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9 Financial Instruments (Continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the analysis of the financial assets and financial liabilities of the Group as at 31 December 2013, the directors of the Company do not anticipate that the adoption of HKFRS 9 will have material effect on the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in the subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment entities (Continued)

The directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

Amendments to HKAS 32 Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify existing application issues relating to offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realization and settlement".

HK(IFRIC) – INT 21 Levies

HK(IFRIC) – INT 21 *Levies* addresses the issue of when to recognize a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operation in a future period.

The directors of the Company anticipate that the application of HK (IFRIC) – INT 21 will have no effect on the Group's consolidated financial statements as the Group dose not have any levy arrangements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. 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 Hong Kong Company Ordinance.

The consolidated financial have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls and investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit 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 profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of joint venture exceeds the Group's interest in that joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for good sold and services provided in the normal course of business, net of discounts and sales related taxes.

Advertising agency income is recognised upon the publication of the related advertisements. Advertising agency income from certain magazines which the Group has exclusive rights to serve as the advertising agent is measured at the fair value of the consideration received or receivable, net of rebates to licensors.

Advertising income from conferences and events organised by magazines is recognised when the conferences and events are held.

Revenue from sales of books and magazines is recognised on the date of delivery, net of an estimated allowances for unsold copies which may be returned.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income 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 on initial recognition.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Sole agency rights

On initial recognition, sole agency rights are recognised at cost. If sole agency rights are acquired in a business combination, the cost is its fair value at the acquisition date. After initial recognition, sole agency rights with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for sole agency rights with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effective of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of sole agency rights are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are mainly loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amount due from a joint venture, trade receivables, other receivables, amounts due from related companies, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, observable changes in national or local economic conditions that correlate with default on receivables and financial difficulties found in respective debts.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade payables, other payables, amounts due to related companies, amount due to immediate parent and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised 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 and payable is recognised in profit or loss.

Impairment loss on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash generating unit) 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 (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

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 profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those 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 associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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 the respective 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 the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange translation reserve).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a business before 1 January 2005 is treated as non-monetary foreign currency items of the acquirer and reported using the historical cost prevailing at the date of acquisition.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefits costs

Payments to Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity-settled share-based payment transactions

Share options granted to employees after 7 November 2002 and vested on or after 1 January 2005

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

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

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 after vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will continue to be held in share option reserve.

Share options granted to employees after 7 November 2002 and vested before 1 January 2005

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

4. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 3, management has made the following judgement at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Legal case provision

On 6 August 2011, Chau Hoi Shuen, Solina Holly ("Ms. Chau") in a writ of summons filed claims against the Company for compensatory damages for distributing and publishing certain articles in a magazine, Caijing Magazine containing words defamatory to Ms. Chau. On 15 November 2012, the High Court of Hong Kong has issued a judgment in favour of Ms. Chau and adjudged that the Company needs to pay the damages to Ms. Chau and the related legal fee incurred for both parties. The directors of the Company have provided for the damages and professional fee in relation to the case totalling approximately HK$6,600,000 (included in accruals) based on their best estimates and advice from the legal counsel for year ended 31 December 2012 and 2013. On 12 December 2012, the Company has lodged an appeal to the Court of Appeal and the appeal will be heard in the Court of Appeal on 11 April 2014. In the opinion of the legal counsel, the outcome of the appeal cannot presently be determined and the directors of the Company considered that the provision is adequate.

5. REVENUE

Revenue represents the gross invoiced value of services rendered, sales of books and magazines, net of discounts and sales related taxes. An analysis of the Group's revenue is as follows:

	2013 HK$'000	2012 HK$'000
Advertising agency income	381,942	433,038
Advertising income from conferences and events	70,924	51,633
Sales of books and magazines	39,985	31,952
	492,851	516,623

6. SEGMENT INFORMATION

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

Segment revenues and results

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

For the year ended 31 December 2013

	Provision of services HK$'000	Sale of books and magazines HK$'000	Consolidated HK$'000
Revenue			
External sales	452,866	39,985	492,851
Result			
Segment profit (loss)	89,308	(13,780)	75,528
Other income			3,386
Other gains and losses			(851)
Unallocated administration expense			(55,581)
Share of profit of a joint venture			6,761
Finance costs			(2,256)
Profit before taxation			26,987

For the year ended 31 December 2012

	Provision of services HK$'000	Sale of books and magazines HK$'000	Consolidated HK$'000
Revenue			
External sales	484,671	31,952	516,623
Result			
Segment profit (loss)	145,447	(29,248)	116,199
Other income			3,888
Other gains and losses			(458)
Unallocated administration expense			(66,947)
Finance costs			(2,321)
Profit before taxation			50,361

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned by/loss from each segment without allocation of unallocated administration expense, other income, other gains and losses and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment. Furthermore, as the assets and liabilities for reportable segments are not provided to the chief operating decision makers for the purposes of resources allocation and performance assessment, no segment assets and liabilities are presented accordingly.

Other segment information

For the year ended 31 December 2013

	Advertising income HK$'000	Sale of books and magazines HK$'000	Unallocated HK$'000	Consolidated HK$'000
Depreciation of property, plant and equipment	5,608	72	258	5,938
Amortisation of sole agency rights	10,642	–	–	10,642
Allowance for (reversal of allowance for) bad and doubtful debts	3,070	(1,531)	–	1,539
Loss on disposal of property, plant and equipment	221	–	–	221

For the year ended 31 December 2012

	Advertising income HK$'000	Sale of books and magazines HK$'000	Unallocated HK$'000	Consolidated HK$'000
Depreciation of property, plant and equipment	5,962	149	249	6,360
Amortisation of sole agency rights	10,456	–	–	10,456
Reversal of allowance for inventories obsolescence	–	(348)	–	(348)
Allowance for (reversal of allowance for) bad and doubtful debts	1,568	(145)	–	1,423
Loss on disposal of property, plant and equipment	65	–	–	65

Geographical information

The Group's operations and assets are located in the PRC. All revenue is derived from customers located in the PRC. Accordingly, no analysis of revenue and non-current assets by geographical location are presented.

Information about major customers

There is no customer from either advertising income segment or sales of books and magazines segment which contributed over 10% of the total revenue of the Group.

7. OTHER INCOME

	2013 HK$'000	2012 HK$'000
Bank interest income	563	524
Administrative service income from Hexun Information Technology Co, Ltd. ("Hexun") (Note 31)	991	1,020
Magazine registration number charges received from a joint venture (Note 31)	1,003	965
Financial refunds (Note)	552	730
Other miscellaneous income	277	649
	3,386	3,888

Note: The amount represents financial refund from the finance bureau of the province in which one of the PRC subsidiaries operates. The PRC subsidiary received financial refund from other taxes paid, representing Business Tax and City Construction Tax in the form of government grants by way of negotiation with the relevant finance bureau.

8. OTHER GAINS AND LOSSES

	2013 HK$'000	2012 HK$'000
Allowance for bad and doubtful debts	(1,539)	(1,423)
Reversal of allowance for inventories obsolescence[a]	–	348
Net foreign exchange gain	909	67
Reversal of selling and distribution costs[b]	–	615
Loss on disposal of property, plant and equipment	(221)	(65)
	(851)	(458)

(a) Reversal of inventories obsolescence when relevant inventories were sold.

(b) The amounts represented reversal of selling expense accrued which have aged for over eight years without any demand of payment from the vendor.

9. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest on bank loan wholly repayable within five years	2,256	1,945
Interest on advance from immediate parent	–	376
	2,256	2,321

10. PROFIT BEFORE TAXATION

	2013 HK$'000	2012 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	803	730
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	91,970	81,638
Contributions to retirement benefits schemes	14,759	12,148
Share option benefits	57	798
	106,786	94,584
Depreciation of property, plant and equipment	5,938	6,360
Amortisation of sole agency rights (included in cost of sales)	10,642	10,456
Total depreciation and amortisation	16,580	16,816
Cost of inventories recognised as expenses	35,051	42,576
Minimum lease payments under operating lease in respect of rented premises	20,848	15,141
Investment income earned on loans and receivables		
– bank interest income	(563)	(524)

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the 8 (2012: 8) directors and the chief executive were as follows:

	Wang Boming HK$'000	Zhang Zhifang HK$'000	Dai Xiaojing HK$'000	Li Shijie HK$'000	Fu Fengxiang HK$'000	Wang Xiangfei HK$'000	Ding Yu Cheng HK$'000	Zhang Ke HK$'000	Total HK$'000
2013									
Fees	–	–	–	–	96	72	180	60	408
Other emoluments									
Salaries and other benefits	241	–	236	270	–	–	–	–	747
Contributions to retirement benefits schemes	75	–	83	88	–	–	–	–	246
Total emoluments	316	–	319	358	96	72	180	60	1,401

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

	Wang Boming HK$'000	Zhang Zhifang HK$'000	Dai Xiaojing HK$'000	Li Shijie HK$'000	Fu Fengxiang HK$'000	Wang Xiangfei HK$'000	Ding Yu Cheng HK$'000	Zhang Ke HK$'000	Total HK$'000
2012									
Fees	–	–	–	–	96	72	180	60	408
Other emoluments									
Salaries and other benefits	178	–	217	279	–	–	–	–	674
Contributions to retirement benefits schemes	88	–	88	88	–	–	–	–	264
Share option benefits	–	–	38	38	–	–	–	–	76
Total emoluments	266	–	343	405	96	72	180	60	1,422

Mr. Wang Boming is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

In both years, none of the five highest paid individuals were directors and chief executive of the Company, whose emoluments are included above. The emoluments of the five (2012: five) highest paid individuals were as follows:

	2013 HK$'000	2012 HK$'000
Salaries, allowances and benefits in kind	2,722	2,918
Contributions to retirement benefits scheme	347	266
Share option benefits	–	26
	3,069	3,210

Their emoluments were within the following bands:

	2013 No. of employees	2012 No. of employees
HK$nil to HK$1,000,000	5	5
HK$1,000,001 to HK$1,500,000	–	–

No emoluments were paid by the Group to the directors or the five highest paid individuals 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, chief executive or the five highest paid individuals has waived any emoluments in both years.

12. TAXATION

The tax charge for the year represents the PRC Enterprise Income Tax ("EIT").

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013 HK$'000	2012 HK$'000
Profit before taxation	26,987	50,361
Tax at PRC income tax rate of 25%	6,747	12,590
Effect of the different income tax rates in other jurisdictions	353	1,321
Tax effect of tax losses not recognised	4,322	4,943
Utilisation of tax losses previously not recognised	(877)	(2,224)
Tax effect of expenses not deductible for tax purposes	3,018	4,377
Tax effect of income not taxable for tax purposes	(3,013)	(1,391)
Others	126	(381)
Taxation for the year	10,676	19,235

Note: The Group's major operating subsidiaries are all located in the PRC and subjected to EIT. Accordingly, EIT rate is applied for tax reconciliation purpose.

At the end of the reporting period, the Group had estimated unused tax losses of approximately HK$212,351,000 (2012: approximately HK$198,571,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of a PRC subsidiary amounting to approximately HK$120,190,000 (2012: approximately HK$106,489,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

13. EARNINGS PER SHARE

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

	2013 HK$'000	2012 HK$'000
Earnings		
Earnings for the purposes of basic earnings per ordinary share being profit for the year attributable to owners of the Company	17,360	32,223
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	1,739,565,172	1,739,565,172
Effect of dilutive potential ordinary shares:		
Share options	697,634	751,071
Number of ordinary shares for the purpose of diluted earnings per share	1,740,262,806	1,740,316,243

The computation of diluted earnings per share does not assume the exercise of the Company's 22,450,000 (2012: 22,550,000) share options with exercise price ranging from HK$0.268 to HK$0.330 (2012: ranging from HK$0.268 to HK$0.330) per option because the exercise price of these options was higher than the average market price for both 2013 and 2012.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture, fixtures and fittings HK$'000	Computer and office equipment HK$'000	Total HK$'000
COST						
At 1 January 2012	39,532	11,405	13,472	297	16,353	81,059
Exchange realignment	(5)	(1)	2	–	4	–
Additions	–	109	961	622	2,787	4,479
Disposals	–	(70)	–	(297)	(1,098)	(1,465)
At 31 December 2012	39,527	11,443	14,435	622	18,046	84,073
Exchange realignment	1,237	355	457	–	561	2,610
Additions	–	–	695	–	1,257	1,952
Disposals	–	–	(233)	–	(1,420)	(1,653)
At 31 December 2013	40,764	11,798	15,354	622	18,444	86,982
ACCUMULATED DEPRECIATION						
At 1 January 2012	5,037	11,405	6,636	297	9,536	32,911
Exchange realignment	(26)	(2)	36	–	6	14
Provided for the year	1,247	37	1,859	207	3,010	6,360
Eliminated on disposals	–	(70)	–	(297)	(866)	(1,233)
At 31 December 2012	6,258	11,370	8,531	207	11,686	38,052
Exchange realignment	216	354	258	–	387	1,215
Provided for the year	1,271	37	1,768	208	2,654	5,938
Eliminated on disposals	–	–	(125)	–	(1,213)	(1,338)
At 31 December 2013	7,745	11,761	10,432	415	13,514	43,867
CARRYING VALUES						
At 31 December 2013	33,019	37	4,922	207	4,930	43,115
At 31 December 2012	33,269	73	5,904	415	6,360	46,021

The leasehold land and building is held under medium-term lease and situated in the PRC.

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

Leasehold land and building	Over the shorter of lease term of land and 30 years
Leasehold improvements	Over the shorter of 3 years and the lease term
Motor vehicles	4 to 5 years
Furniture, fixtures and fittings	Over the shorter of 10 years and the lease term
Computer and office equipment	3 to $6^2/_3$ years

The Group has pledged leasehold land and building with a carrying amount of approximately HK$33,019,000 (2012: approximately HK$33,269,000) to secure bank borrowings granted to the Group.

15. SOLE AGENCY RIGHTS

	HK$'000
COST	
At 1 January 2012	173,844
Exchange realignment	(20)
At 31 December 2012	173,824
Exchange realignment	5,061
At 31 December 2013	178,885
ACCUMULATED AMORTISATION	
At 31 January 2012	50,906
Provided for the year	10,456
Exchange realignment	26
At 31 December 2012	61,388
Provided for the year	10,642
Exchange realignment	1,910
At 31 December 2013	73,940
CARRYING VALUES	
At 31 December 2013	104,945
At 31 December 2012	112,436

The intangible assets relate to sole agency rights of advertising in certain magazines which are amortised over their contractual lives ranging from 12 to 20 years.

16. GOODWILL

	HK$'000
COST	
At 1 January 2012, 31 December 2012 and 31 December 2013	118,886

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

During the year ended 31 December 2013, as an annual impairment test assessed by the management, the management of the Group determines that there are no impairments of its CGU containing goodwill.

The recoverable amount of the CGU 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, and at a discount rate of 10% (2012: 10%). The cash flows beyond the 5-year period are extrapolated using a constant 3% growth rate (2012: 3%). This growth rate is based on the relevant industry growth forecasts in the PRC. Other key assumptions for the value in use calculations are the budgeted growth rate and budgeted gross margin, which are determined based on past performance, management's expectations for the market development and market growth forecasts. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount. Hence, no impairment is considered.

17. INTERESTS IN JOINT VENTURES

	2013 HK$'000	2012 HK$'000
Cost of unlisted investments in joint ventures	22,863	22,863
Share of post-acquisition losses and other comprehensive expenses	(15,976)	(22,863)
	6,887	–

As at 31 December 2013 and 2012, the Group had interests in the following significant joint ventures:

Name of entity	Form of business structure	Place/ country of incorporation/ registration	Principal place of operation	Class of share held	Proportion of nominal value of issued capital/ registered capital held by the Group		Proportion of voting power held		Principal activity
					2013	2012	2013	2012	
SEEC/Ziff Davis Media Group (China) Ltd.	Incorporated	British Virgin Islands	PRC	Ordinary shares	50%	50%	50%	50%	Investment holding
SEEC/Ziff Davis Media Consulting (Beijing) Co. Ltd.	Incorporated	PRC	PRC	Registered capital	50%	50%	50%	50%	Consulting, advertising and publishing-related activities
Mondadori-SEEC (Beijing) Advertising Co., Ltd.	Incorporated	PRC	PRC	Registered capital	50%	50%	50%	50%	Advertising agent

The joint ventures are accounted for using the equity method in these consolidated financial statements. Mondadori-SEEC (Beijing) Advertising Co., Ltd. is regarded as individually material to the Group. Both SEEC/Ziff Davis Media Group (China) Ltd. and SEEC/Ziff Davis Media Consulting (Beijing) Co. Ltd. are not regarded as individually material to the Group.

Summarised financial information of a material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with International Financial Reporting Standards.

Mondadori-SEEC (Beijing) Advertising Co., Ltd.

	2013 HK$'000	2012 HK$'000
Current assets	92,706	65,130
Non-current assets	1,104	1,218
Current liabilities	(82,098)	(84,748)

17. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of a material joint venture (Continued)

Mondadori-SEEC (Beijing) Advertising Co., Ltd. (Continued)

	2013 HK$'000	2012 HK$'000
Cash and cash equivalents	10,588	9,912
Revenue	140,498	118,798
Profit and total comprehensive income for the year	30,113	2,820

Reconciliation of the above summarised financial information to the carrying amount of the interest in Mondadori-SEEC (Beijing) Advertising Co., Ltd.:

	2013 HK$'000	2012 HK$'000
Net assets (liabilities)	11,712	(18,400)
Proportion of the Group's ownership interest in a joint venture	50%	50%
Share of net assets (liabilities) of a joint venture	5,856	(9,200)
Accumulated unrecognised share of losses of a joint venture	–	8,295
Accumulated share of exchange differences of a joint venture	1,031	905
Carrying amount of the Group's interest in a joint venture	6,887	–

	2013 HK$'000	2012 HK$'000
Profit of a joint venture	30,113	2,820
Proportion of the Group's ownership interest in a joint venture	50%	50%
Share of profit of a joint venture	15,056	1,410
Unrecognised share of profit of a joint venture for the year	–	(1,410)
Less: accumulated unrecognised share of losses of a joint venture in previous years	(8,295)	–
	6,761	–
Exchange adjustments	126	–
Carrying amount of the Group's interest in a joint venture	6,887	–

The above profit share by the Group for the year includes the following:

	2013 HK$'000	2012 HK$'000
Depreciation of property, plant and equipment	201	239
Interest income	(15)	(28)
Impairment of accounts receivable	1,928	920

17. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of a material joint venture (Continued)

Mondadori-SEEC (Beijing) Advertising Co., Ltd. (Continued)

The cost of investment in joint venture represents the Group's 50% capital in the Mondadori-SEEC (Beijing) Advertising Co., Ltd. which is established in PRC and engaged in provision of advertising agency services in the PRC.

According to the legal form and terms of the contractual arrangements, each of the two joint venturers that have joint control of the arrangement have rights to the net assets of the arrangement, hence it is regarded as a joint venture.

As Mondadori-SEEC (Beijing) Advertising Co., Ltd. incurred continuous loss since its establishment until 2012 and there is uncertainty that the profit generated during the year ended 31 December 2013 could be substantiated in the future, the Group considered an impairment assessment against the carrying value of interest in joint venture is appropriate as at 31 December 2013.

The recoverable amount of the interest in joint venture has been determined based cash flow projections using financial budgets approved by management covering a 5-year period, and at a discount rate of 10% (2012: 10%). The cash flows beyond the 5-year period are extrapolated using the growth rate between 9% and 22% (2012: between 25% and 30%). This growth rate is based on the relevant industry growth forecasts in the PRC. Other key assumptions for the value in use calculations are the budgeted growth rate and budgeted gross margin, which are determined based on past performance, management's expectations for the market development and market growth forecasts. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount. Hence, no impairment is considered.

Although Mondadori-SEEC (Beijing) Advertising Co., Ltd. generated profit during the year ended 31 December 2012, such profits shared by the Group is less than the relevant accumulated unrecognised share of losses of this joint venture, hence, no share of profit of this joint venture was recognised by the Group for the year ended 31 December 2012. During the year ended 31 December 2013, this joint venture generated profit of HK$30,113,000 and the Group shared the profit of HK$15,056,000 from this joint venture. As the share of profit exceeded the accumulated unrecognised share of losses amounting to HK$8,295,000 for the joint venture, the Group recognised the excess share of profit of HK$6,761,000 and relevant exchange effect of HK$126,000 for this joint venture for the year ended 31 December 2013.

Aggregate information of joint ventures that are not individually material

The Group has discontinued recognition of its share of losses of SEEC/Ziff Davis Media Group (China) Ltd. and SEEC/Ziff Davis Media Consulting (Beijing) Co. Ltd. since prior years as the Group's accumulated share of losses of these joint ventures exceed the Group's investment cost.

During the year ended 31 December 2013 and 31 December 2012, SEEC/Ziff Davis Media Group (China) Ltd. and SEEC/Ziff Davis Media Consulting (Beijing) Co. Ltd. continue to suffer losses, hence, no share of losses of these two joint ventures were recognised by the Group for the year ended 31 December 2013 and 31 December 2012.

Unrecognized share of (losses) profit

The amounts of unrecognised share of results of these joint ventures, extracted from the relevant financial statements prepared under IFRS are as follows:

	2013 HK$'000	2012 HK$'000
Unrecognised share of (losses) profit of joint ventures for the year	(1)	1,380
Accumulated unrecognised share of losses of these joint ventures	(1,771)	(10,065)

18. TRADE RECEIVABLES

	2013 HK$'000	2012 HK$'000
Trade receivables	226,613	206,035
Less: allowance for doubtful debts	(16,334)	(15,986)
	210,279	190,049

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

The ageing analysis of the Group's trade receivables net of allowance for doubtful debts presented based on date of magazines issued, which approximate the date of revenue recognition is as follows:

	2013		2012	
	HK$'000	%	HK$'000	%
Less than three months	120,897	58	113,508	60
Three months to six months	52,718	25	44,041	23
Over six months to one year	36,664	17	32,500	17
	210,279	100	190,049	100

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit ratings attributed to customers are reviewed regularly. Management considers the customers neither past due nor impaired are of good credit quality based on repayment history of respective customers.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$89,382,000 (2012: approximately HK$76,541,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances. The average age of these receivables is 183 days (2012: 185 days).

Ageing of trade receivables which are past due but not impaired

	2013 HK$'000	2012 HK$'000
Three months to six months	52,718	44,041
Over six months to one year	36,664	32,500
	89,382	76,541

As at 31 December 2013, the Group has provided fully for all receivables over 1 year because historical experience is such that receivables that are past due beyond 1 year are generally not recoverable.

18. TRADE RECEIVABLES (CONTINUED)

Movement in the allowance for bad and doubtful debts

	2013 HK$'000	2012 HK$'000
Balance at beginning of the year	15,986	15,592
Impairment losses recognised on trade receivables	5,177	3,986
Amount recovered during the year	(3,638)	(2,563)
Amounts written off as uncollectible	(1,689)	(1,027)
Exchange realignment	498	(2)
Balance at end of the year	16,334	15,986

19. AMOUNTS DUE FROM/TO RELATED PARTIES

	Notes	2013 HK'000	2012 HK'000
Non-trading in nature:			
Amounts due from related companies	(i)	2,714	6,714
Amount due from a related company (non-current)	(ii)	4,015	10,483
Amount due from a joint venture	(iii)	36,192	36,708
Amounts due to related companies	(i)	6,082	2,445
Amount due to immediate parent	(iv)	307	204

Notes:

(i) The related companies are companies which certain directors and controlling shareholders of the Company have interests and able to exercise control over these companies. The amounts due from/to related companies are unsecured, non-interest bearing and repayable on demand. At the end of the reporting period, the amount is expected to be recovered within twelve months at the end of reporting period and therefore classified as current asset. The maximum outstanding amount due from related companies during the year was approximately HK$14,559,000 (2012: approximately HK$13,377,000).

(ii) The entire balance represents amount due from a joint venture that is unsecured, non-interest bearing. At the end of reporting period, the management consider the amount is not repayable within the next twelve-month therefore it is classified as non-current amount due from joint venture.

(iii) The entire balance represents amounts due from a joint venture that are non-interest bearing unsecured and repayable on demand. At the end of the reporting period, the amount is expected to be recovered after twelve months at the end of reporting period and therefore classified as non-current asset. In order to minimise the credit risk, the Group has assessed the recoverability of the amount due from the joint venture at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has reviewed the management account and cash flow projections based on financial budgets approved by management of the joint venture covering a 5 year period.

(iv) The amount is unsecured, non-interest bearing and repayable on demand.

20. LOAN RECEIVABLE

	2013 HK$'000	2012 HK$'000
Loan receivable due within one year	–	6,167

On 19 April 2012, the Group entered into an agreement and granted a RMB5,000,000 loan to independent third parties. The loan receivable carried interest rate of 3.0% per annum. The whole amount are settled on 31 May 2013.

21. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.35% to 4.75% (2012: 0.01% to 4.75%) per annum.

22. TRADE PAYABLES

The ageing analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	2013		2012	
	HK$'000	%	HK$'000	%
Less than three months	28,244	92	37,281	84
Three months to six months	1,107	4	4,231	10
Over six months to one year	–	–	1,824	4
Over one year	1,103	4	1,064	2
	30,454	100	44,400	100

The average credit period granted by trade payables is 90 days (2012: 90 days). The Group has financial risk management policies in place to ensure that all payables within the credit time frame.

23. BANK BORROWINGS

	2013 HK$'000	2012 HK$'000
Secured bank loans repayable within one year		
– Wing Lung bank	17,500	12,000
– China Merchants Bank, Beijing branch	38,158	24,667
	55,658	36,667

23. BANK BORROWINGS (CONTINUED)

Bank loan from Wing Lung Bank

On 3 July 2012, the Group entered into a HK$12,000,000 term-loan facility with Wing Lung Bank. The loan bore an interest rate of 2.6% above the Hong Kong Interbank Offered Rate ("HIBOR") per annum.

The Group made the draw-down amounting to HK$5,714,000 and HK$6,286,000 on 16 November 2012 and 14 December 2012, respectively, and the whole amount was repaid during the year ended 31 December 2013.

On 26 February 2013, the Group further entered into a HK$11,000,000 term-loan facility with Wing Lung Bank. The loan bears at an interest rate of 2.6% above the HIBOR per annum.

On 18 October 2013, the Group made the draw-down amounting to HK$12,000,000. The loan is repayable on 22 April 2014. As at 31 December 2013, the effective interest rate is 3.15% per annum.

On 9 December 2013, the Group made a further draw-down amounting to HK$5,500,000. The loan is repayable on 21 May 2014. As at 31 December 2013, the effective interest rate is 3.15% per annum.

The loan is secured by a bank deposit of RMB 16,000,000 (equivalent to approximately HK$20,351,000) (2012: RMB 11,100,000 (equivalent to approximately HK$13,567,000)) which carried a fixed interest rate of 3.3% (2012 : 3.3%) per annum.

Bank loan from China Merchants Bank, Beijing Branch

On 30 September 2012, the Group entered into RMB20,000,000 (equivalent to approximately HK$24,670,000) loan agreement with China Merchants Bank, Beijing branch. The loan bears an annual interest of lending rate promulgated by the People's Bank of China for loan period within one year plus 10 basis points per annum. The whole amount was repaid as at 31 October 2013.

On 9 October 2013, the Group entered into RMB30,000,000 (equivalent to approximately HK$38,158,000) loan agreement with China Merchants Bank, Beijing branch. The loan bears an annual interest of lending rate promulgated by the People's Bank of China for loan period within one year plus 15 basis points per annum and is repayable on 8 October 2014. As at 31 December 2013, the effective interest rate is 6.9% per annum.

The loan is secured by the leasehold land and building of approximately HK$33,019,000 (2012: approximately HK$33,269,000).

24. OTHER PAYABLES AND ACCRUALS

	2013 HK$'000	2012 HK$'000
Advance from customers	56,978	41,402
Other tax payable	8,236	8,859
Accrued office and rental expenses	18,973	14,974
Others (a)	22,024	16,825
	106,211	82,060

(a) The amount included the damages and an accrued professional fee totalling approximately HK$6,600,000 (2012: HK$6,600,000) for the legal case as described in note 4.

25. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2012, 31 December 2012 and 31 December 2013	3,000,000	300,000
Issued and fully paid:		
At 1 January 2012, 31 December 2012 and 31 December 2013	1,739,566	173,956

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

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank borrowings disclosed in notes 23, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associate with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

27. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2013 HK$'000	2012 HK$'000
Financial assets		
Loans and receivables	369,163	314,891
Financial liabilities		
Amortised cost	107,924	93,939

Financial risk management objectives and policies

The Group's major financial instruments include amount due from a joint venture, amounts due from and to related companies, trade receivables, other receivables, loan receivable, pledged bank deposits, bank balances and cash, trade payables, other payables, bank borrowings and amount due to immediate parent. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

27. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		**Assets**	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Hong Kong dollar	18,154	12,692	4,876	5,615
United States dollar	–	–	184	33

Sensitivity analysis

The Group is mainly exposed to the Hong Kong dollar and the United States dollar. The following table details the Group's sensitivity to a 5% change in Hong Kong dollars and United States dollars against RMB. 5% (2012: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2012: 5%) change in foreign currency rates. The sensitivity analysis includes those financial assets and financial liabilities denominated in currency other than RMB. A positive number below indicates an increase in post-tax profit where RMB strengthen 5% (2012: 5%) against the relevant currency and vice versa. For a 5% (2012: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit or loss.

	Hong Kong dollar impact		**United States dollar impact**	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Profit for the year	498	265	(7)	(1)

The Group's sensitivity to Hong Kong dollars has increased during the current year mainly due to the new bank borrowing from Wing Lung Bank denominated in Hong Kong dollars (see note 23 for details).

Interest rate risk

Cash flow interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivable (see note 20 for details).

The Group's cash flow interest rate risk relates to the variable-rate bank borrowings (see notes 19 and 23 for details). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of lending rate promulgated by the People's Bank of China and HIBOR. The Group's cash flow interest rate risk relates to bank balances is insignificant due to low interest rates.

It is the Group's policy to keep its borrowing at floating rate of interests so as to minimise the fair value interest rate risk.

The Group currently does not have interest rate hedging policy. However, management will consider hedging significant interest rate exposure should the need arise.

27. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined assuming the amount due from a joint venture as well as bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates in both years.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post tax profit would decrease/increase by HK$209,000 (2012: HK$138,000).

Credit risk

As at 31 December 2013, the Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Except for concentration of credit risk on loan receivable and amount due from a joint venture and related parties, the Group has no significant concentration of credit risk on trade receivables by customer with exposure spread over a number of counter-parties and customers. However, the Group has concentration of credit risk in the PRC.

In order to minimise the credit risk in relation to loan receivable, the Group reviews the financial position of the borrower at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In order to minimise the credit risk in relation to amount due from a joint venture, management of the Group has closely monitoring the level of amounts advanced to joint venture and other procedures to ensure follow-up action is taken to recover the outstanding amount. Also, the Group has assessed the recoverability of the amount due from joint venture at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has reviewed the management account and cash flow projections based on financial budgets approved by management of the joint venture covering a 5 year period. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's pledged bank deposit and bank balances are deposited with banks with high credit ratings and the Group has limited exposure to any single financial institution.

27. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest (based on interest rate at the end of the reporting period) and principal cash flows.

	Weighted average interest rate %	Repayable on demand or less than 3 months HK$'000	3 months to 6 months HK$'000	Over 6 months to 1 year HK$'000	Over 1 year to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2013 HK$'000
2013							
Non-derivative financial liabilities							
Trade payables	–	30,454	–	–	–	30,454	30,454
Other payables	–	15,423	–	–	–	15,423	15,423
Amounts due to related companies	–	6,082	–	–	–	6,082	6,082
Bank borrowings	5.52	–	17,773	40,032	–	57,805	55,658
Amount due to immediate parent	–	307	–	–	–	307	307
		52,266	17,773	40,032	–	110,071	107,924

	Weighted average interest rate %	Repayable on demand or less than 3 months HK$'000	3 months to 6 months HK$'000	Over 6 months to 1 year HK$'000	Over 1 year to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2012 HK$'000
2012							
Non-derivative financial liabilities							
Trade payables	–	44,400	–	–	–	44,400	44,400
Other payables	–	10,223	–	–	–	10,223	10,223
Amounts due to related companies	–	2,445	–	–	–	2,445	2,445
Bank borrowings	4.28	–	12,188	25,878	–	38,066	36,667
Amount due to immediate parent	–	204	–	–	–	204	204
		57,272	12,188	25,878	–	95,338	93,939

27. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values.

28. COMMITMENTS

(a) Operating lease commitments

As lessee

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2013 HK$'000	2012 HK$'000
Within one year	11,939	8,345
In the second to fifth year inclusive	9,949	8,313
	21,888	16,658

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

(b) Other commitments

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

	2013 HK$'000	2012 HK$'000
Within one year	3,627	3,296
In the second to fifth year inclusive	10,140	11,427
Over five years	2,340	4,680
	16,107	19,403

The amount recognised as an expense (included in cost of sales) in the year was approximately HK$4,823,000 (2012: approximately HK$6,112,000).

29. SHARE OPTION SCHEMES

Equity-settled share option scheme

The Company operates a share option scheme (the "Share Option Scheme") adopted on 26 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 26 August 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

On 11 May 2012, the Company adopted a new share option scheme (the "New Share Option Scheme"), of which all the terms and conditions are same as the Share Option Scheme. This New Share Option Scheme will remain in force for 10 years from the date of adoption, unless otherwise cancelled or amended.

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 the end of the reporting period, the number of shares issuable under share options granted under the Share Option Scheme was 46,650,000 (2012: 48,100,000), which represented approximately 2.76% (2012: 2.76%) 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 from the vested date to the tenth anniversary from the grant date of the option.

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.

29. SHARE OPTION SCHEMES (CONTINUED)

Equity-settled share option scheme (Continued)

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

Grantee	Date of grant	Exercise price HK$	Exercisable period	Number of share options: Outstanding at 1.1.2012	Forfeited during the year	Outstanding at 31.12.2012	Forfeited during the year	Outstanding at 31.12.2013
Executive director:								
Mr. Li Shijie	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	–	1,000,000	–	1,000,000
	29.10.2008	0.268	29.10.2012 to 28.10.2016	1,700,000	–	1,700,000	–	1,700,000
	16.12.2009	0.247	16.12.2013 to 15.12.2017	1,000,000	–	1,000,000	–	1,000,000
Mr. Wang Boming	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	–	1,500,000	–	1,500,000
Mr. Zhang Zhifang	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	–	1,500,000	–	1,500,000
Mr. Dai Xiaojing	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	–	1,500,000	–	1,500,000
	16.12.2009	0.247	16.12.2013 to 15.12.2017	1,000,000	–	1,000,000	–	1,000,000
Other employees in aggregate	7.2.2007	0.330	7.2.2010 to 6.2.2015	15,050,000	–	15,050,000	(100,000)	14,950,000
	29.10.2008	0.268	29.10.2012 to 28.10.2016	300,000	–	300,000	–	300,000
	16.12.2009	0.247	16.12.2013 to 15.12.2017	24,000,000	(450,000)	23,550,000	(1,350,000)	22,200,000
				48,550,000	(450,000)	48,100,000	(1,450,000)	46,650,000

Notes:

(1) The option granted on 7 February 2007, 29 October 2008 and 16 December 2009 would be fully vested on 7 February 2010, 29 October 2011 and 16 December 2012, respectively.

(2) At the end of the reporting period, the number of share option exercisable under the share option scheme was 46,650,000 (2012: 48,100,000).

(3) Share options forfeited upon staff resignation.

The Company recognised the nil expense (2012: approximately HK$798,000) in relation to share options during the year ended 31 December 2013.

30. 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 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 are the required contributions under the pension scheme.

31. RELATED PARTY TRANSACTIONS

Apart from balances with related parties and related terms are disclosed in consolidated statement of financial position and notes 19 and 25, during the year, the Group had following related party transactions:

	2013 HK$'000	2012 HK$'000
Office rental expenses paid to Shanghai SEEC Investment and Development Corporation ("Shanghai SEEC")	4,473	4,046
Administrative service fee received from Hexun (Note)	991	1,020
Magazine registration number charges received from a joint venture	1,003	965
Interest expense paid to immediate parent	–	376
Disposal of property, plant and equipment to a joint venture	724	160

Note: Shanghai SEEC and Hexun are related to the Group since one of the Company's directors who is also key management personnel of the Company has interests and exercise control and significant influence over Shanghai SEEC and Hexun, respectively.

As at 31 December 2013 and 2012, one of the Company's directors who is also key management personnel of the Company indirectly held 9% of ownership interest in Hexun.

As at 31 December 2013 and 2012, one of the Company's directors who is also key management personnel of the Company indirectly held 1.18% of ownership interest in Shanghai SEEC.

Key Management Compensation

During the years ended 31 December 2013 and 2012 only directors considered as key management of the Group, the directors' emoluments were disclosed in note 11.

The remuneration of key management personnel is determined by Board of Directors, having regard to the performance, responsibilities and experience of the individuals and market trends.

32. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31 December 2013 and 2012 are as follows:

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	Proportion of nominal value of issued share capital/ registered capital held by the Company Directly %	Indirectly %	Principal activities
Beijing Cai Lian Advertising Co., Ltd.	PRC	RMB5,000,000 Limited liability company	Ordinary shares	100	–	Advertising agent
Beijing Caixun Culture and Media Co., Ltd. (formerly known as Beijing Caixun Advertising Co., Ltd.)	PRC	RMB5,000,000 Limited liability company	Ordinary shares	–	100	Advertising agent
Beijing Caixun Century Advertising Co., Ltd.	PRC	RMB10,000,000 Limited liability company	Ordinary shares	100	–	Advertising agent
Beijing Caixun Century Infotech Co., Ltd.	PRC	RMB4,000,000 Limited liability company	Ordinary shares	–	100	Investment holding
Beijing Jingzheng Ronglian Advertising Company Limited	PRC	RMB2,000,000 Limited liability company	Ordinary shares	–	100	Advertising agent and books and magazines distributor
Beijing SEEC Book and Press Distribution Co., Ltd.	PRC	RMB5,000,000 Limited liability company	Ordinary shares	–	100	Books and magazines distributor
Hainan Caixun Infomedia Co., Ltd.	PRC	RMB9,000,000 Limited liability company	Ordinary shares	–	100	Investment holding
Shenzhen Caixun Advertising Co., Ltd.	PRC	RMB1,000,000 Limited liability company	Ordinary shares	–	100	Advertising agent
Shanghai Caixun Media Conference Exhibition Limited	PRC	HK$10,000,000 Limited liability company	Ordinary shares	100	–	Investment holding
Superfort Management Corp.	British Virgin Islands/Hong Kong	US$100 Limited company	Ordinary shares	100	–	Investment holding
Beijing Le Hua Jiu Fang Advertising Co., Ltd.	PRC	RMB4,000,000 (2012: RMB2,000,000) Limited liability company	Ordinary shares	–	90 (2012: 80)	Advertising agent
Beijing Boji Culture and Media Co., Ltd. (Note)	PRC	RMB500,000 Limited liability company	Ordinary shares	–	100	Advertising agent

Note: Beijing Boji Culture and Media Co., Ltd. was newly incorporated on 23 November 2013.

32. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

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.

(a) General information of subsidiaries

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interest:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		31.12.2013	31.12.2012	31.12.2013 HK$'000	31.12.2012 HK$'000	31.12.2013 HK$'000	31.12.2013 HK$'000
Beijing Le Hua Jiu Fang Advertising Co., Ltd Advertising agent	PRC	10%	20%	1,049	1,097	3,203	2,154
						3,203	2,154

Summarised financial information in respect of Beijing Le Hua Jiu Fang Advertising Co., Ltd that has material non-controlling interests is set out below. The summarised financial information below requests amount before intragroup eliminations.

(b) Details of non-wholly subsidiaries that have material non-controlling interests

Beijing Le Hua Jiu Fang Advertising Co., Ltd.

	2013 HK$'000	2012 HK$'000
Current assets	5,675	3,094
Non-current assets	319	299
Current liabilities	(19,765)	(14,241)
Equity attributable to owners of the Company	(12,394)	(8,678)

32. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

(b) Details of non-wholly subsidiaries that have material non-controlling interests (Continued)

Beijing Le Hua Jiu Fang Advertising Co., Ltd. (Continued)

	2013 HK$'000	2012 HK$'000
Revenue	7,915	7,477
Expenses	(12,967)	(12,962)
Loss for the year	(5,052)	(5,485)
Net cash outflow from operating activities	(3,358)	(5,449)
Net cash outflow from investing activities	(1)	(21)
Net cash inflow from financing activities	5,813	4,197
Net cash inflow (outflow)	2,454	(1,273)

(c) Change in ownership interest in a subsidiary

During the year, the Group further injected HK$2,057,000 (equivalent to RMB2,000,000) as additional registered capital in the subsidiary, Beijing Le Hua Jiu Fang Advertising Co., Ltd., raising its continuing interest from 80% to 90%. Share of losses amounted HK$971,000 has been transferred to non-controlling interests in the current year. A difference on the share of losses to non-controlling interest amounted HK$40,000 arose after the change in ownership in the subsidiary.

33. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2013 HK$'000	2012 HK$'000
Non-current assets		
Property, plant and equipment	268	497
Sole agency right	6,156	7,140
Investments in subsidiaries	88,998	88,998
Investments in joint ventures	22,863	22,863
	118,285	119,498
Current assets		
Other receivables and deposits	277	277
Amounts due from subsidiaries	145,087	139,396
Bank balances and cash	4,532	5,343
	149,896	145,016
Current liabilities		
Bank borrowings	17,500	12,000
Amounts due to subsidiaries	63,685	61,159
Amount due to immediate parent	307	204
Other payables and accruals	10,170	10,481
	91,662	83,844
Net current assets	58,234	61,172
Total assets less current liabilities	176,519	180,670
Net assets	176,519	180,670
Capital and reserves		
Share capital	173,956	173,956
Retained losses	(71,799)	(67,648)
Share premium	64,084	64,084
Share option reserve	10,278	10,278
Total equity	176,519	180,670

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2009 HK$'000	2010 HK$'000 (restated)	2011 HK$'000	2012 HK$'000	2013 HK$'000
REVENUE	275,300	352,404	482,526	516,623	492,851
(LOSS) PROFIT FROM OPERATIONS	(37,922)	32,099	47,044	52,682	29,243
FINANCE COSTS	(8,158)	(7,094)	(3,072)	(2,321)	(2,256)
(LOSS) PROFIT BEFORE TAXATION	(46,080)	25,005	43,972	50,361	26,987
TAXATION	–	(7,972)	(10,476)	(19,235)	(10,676)
(LOSS) PROFIT FOR THE YEAR	(46,080)	17,033	33,496	31,126	16,311
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	(46,080)	17,074	34,982	32,223	17,360
NON-CONTROLLING INTEREST	–	(41)	(1,486)	(1,097)	(1,049)
	(46,080)	17,033	33,496	31,126	16,311

ASSETS AND LIABILITIES

	Year ended 31 December				
	2009 HK$'000	2010 HK$'000 (restated)	2011 HK$'000	2012 HK$'000	2013 HK$'000
TOTAL ASSETS	524,937	572,855	634,438	592,906	643,899
TOTAL LIABILITIES	(242,413)	(252,605)	(266,916)	(193,334)	(217,369)
	282,524	320,250	367,522	399,572	426,530

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