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)

2014 Annual Report
年報

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:
Mr. Wang Boming (Chairman)
Mr. Zhang Zhifang
Mr. Dai Xiaojing
Mr. Suen Man, Simon
Mr. Zhou Hongtao
Mr. Li Leong

Independent Non-Executive Directors:
Mr. Wang Xiangfei
Mr. Zhang Ke
Mr. Ding Yu Cheng

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
Bank of Beijing Company 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
Level 22, Hopewell Centre
183 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 2014 annual results for the Company and its subsidiaries (collectively referred to as the "Group" or "SEEC Media").

BUSINESS REVIEW

Being impacted by the slowdown of economic growth in China and keen competition from internet media, traditional advertising industry in China faced a recession and negative growth in 2014. As a result of these adverse factors, revenue recorded by the Group was approximately HK$443.6 million in 2014, representing a decrease of approximately 10% as compared with 2013. To diversify its business and explore potential business opportunities, the Group engaged a consultancy company to seek business opportunities and projects, particularly in e-commerce and internet payment arena. The Company issued warrants to settle the consulting fee instead of making cash payments to the consultancy company so as to preserve the Group's cash position. Heavily affected by the share-based payment expense of the warrants and impairment provisions of goodwill and certain sole advertising agency rights of the Group, SEEC Media made a loss attributable to the shareholders of the Company of approximately HK$121.2 million in 2014.

Caijing Magazine, our flagship magazine, to which the Group has the exclusive agency right, continued to maintain its leading position in finance sector of the print media advertising industry in China. The revenue generated from Caijing Magazine has dropped by around 10% in 2014 largely a result of the poor economic environment. To reduce the impact of the drop in its advertising revenue, the Group vigorously promoted conference and event activities by using the brand of Caijing. The Group has endeavored to increase its revenue and diversify its revenue source by investing into different business niches.

"China Auto Pictorial" is one of the largest auto magazine in China and it was also intensely affected by the economic downturn in 2014 with its revenue decreasing by around 14% compared to 2013. The revenue of "Sports Illustrated" and "Real Estate" decreased by 27% and 28% respectively. However, not all the magazines of the Group had adverse results. With the positive effect of the re-launch and increased numbers of initial public offering in the stock market and fund raising exercises of companies in China, the advertising revenue of "CapitalWeek" increased by 83%. "VMarketing China" increased by 22% in its revenue mainly attributable to more event activities being held in the year.

The Board believes that the future advertising market will be an integrated market with the combination of mobile internet advertising and traditional print advertising. With the emergence of mobile internet, a growing number of media businesses would probably transform into fully integrated entities with various communication channels to capture their customers. In order to save resources for future new business development, the Group aborted the loss-making "Autocar" magazine.

OUTLOOK AND PROSPECT

Looking forward to future development, the Group intends to explore the e-commerce sector when there are suitable opportunities and to develop diversified e-commerce services through leveraging our loyal customers base that has accumulated over the years. The Group may provide diversified and multi-dimensional customized services (including the customization of news content, financial information, electronic goods, marketing conference and event promotion) to existing and potential customers, acting not only as a content provider but also a service provider.

The fast evolution of media industry coupled with the improvements in network technology have greatly transformed the way of information dissemination. The media in future will surely be integrated with the internet. By constantly listening to customer feedback and providing diversified services to meet customer needs, we will gradually move towards our future strategic goals.

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, explore new potential business opportunities and maximize value for our shareholders in the long run.

Wang Boming
Chairman
Hong Kong, 27 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

During the year of 2014, revenue of the Group was approximately HK$443.6 million as compared to approximately HK$492.9 million in 2013, representing a decrease of approximately 10.0%. The Group's revenue decreased because of the adverse effects on the Group's operating environment as a result of keen competition in print media advertising business in China. The gross profit ratio slightly dropped to 52.0% as compared to that of last year (2013: 58.4%) mainly due to an increase of cost of sales by 3.8% resulting from the increase of payments to magazine publication companies for advertising agency rights in 2014. In current year, advertising income from conferences and events increased by 21.9% but the gross profit contributions from these conferences and events were less than those of advertising agency activities, leading to an overall decrease in gross profit.

Impairment losses have been recognised on the Group's sole agency rights in certain magazines of approximately HK$37.2 million (2013: nil) and impairment loss on goodwill of approximately HK$19.5 million (2013: nil) which were included in other gains and losses.

The selling and distribution costs decreased by 4.2% from approximately HK$212.1 million to approximately HK$203.3 million, mainly due to decrease in selling and promotional efforts. The administrative expenses surged by 91.2% from approximately HK$55.6 million to HK$106.3 million. The increase was mainly due to (i) the recognition of the equity-settled share based payment expense of approximately HK$47 million which was the fair value at the date of service received by a consultancy company of the unlisted warrants issued by the Company to the consultancy company in November 2014 and (ii) the increase in legal and professional fees of approximately HK$5.6 million during the year.

During the year, the Group recognised HK$16.5 million (2013: HK$6.8 million) share of profit from Mondadori-SEEC (Beijing) Advertising Co. Ltd., a joint venture for the operation of Grazia magazine in China.

The Group recorded finance costs of approximately HK$2.5 million (2013: HK$2.3 million) which mainly comprised of interest on bank loans in the current year.

The loss attributable to shareholders of the Company for this year amounted to approximately HK$121.2 million, as compared to profit attributable to shareholders of the Company of approximately HK$17.4 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: nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operating activities were mainly financed by internal resources. As at 31 December 2014, the Group's equity was approximately HK$371.9 million (2013: HK$426.5 million). The Group had non-current liabilities of approximately HK$0.1 million as at 31 December 2014 (2013: HK$0.2 million). As at 31 December 2014, the Group's gearing ratio was 40.3% representing a percentage of total liabilities over total assets (2013: 33.8%).

As at 31 December 2014 the Group had no secured bank borrowings (2013: HK$55.7 million). The Group had non-interest bearing debt due to a substantial shareholder of approximately HK$50.3 million (2013: HK$0.3 million) and amount due to a director of approximately HK$4.0 million (2013: nil) which were mainly for financing the operational needs in Hong Kong.

As at 31 December 2014, the Group had cash and time deposits amounted to approximately HK$138.2 million (2013: HK$82.2 million).

CHARGES ON ASSETS

As at 31 December 2014, the Group had no pledged bank deposits (2013: HK$20.4 million).

As at 31 December 2014, the Group had no pledged leasehold land and building (2013: HK$33.0 million).

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:

	2014 HK$'000	2013 HK$'000
Within one year	13,027	11,939
In the second to fifth year inclusive	6,674	9,949
	19,701	21,888

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:

	2014 HK$'000	2013 HK$'000
Within one year	3,686	4,048
In the second to fifth year inclusive	9,360	10,702
Over five years	–	2,340
	13,046	17,090

The amount recognised as an expense (included in cost of sales) in the year was approximately HK$13,640,000 (2013: approximately HK$7,892,000).

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong 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 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 2014, the Group had 635 (2013: 772) 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 SCHEMES

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. During the year, no (2013: nil) share option was granted to directors and employees of the Group. As at 31 December 2014, the number of share issuable under share options granted under the Share Option Scheme was 15,400,000 (2013: 46,650,000).

UNLISTED WARRANTS

On 19 November 2014, 347,000,000 unlisted warrants (the "Warrants") were issued to Quantum Key Technology Limited ("Quantum Key") as payment for their consultancy services performed. Quantum Key would be entitled to be allotted 347,000,000 shares at exercise price of HK$239,430,000 in total upon full conversion of the Warrants.

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 code 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.1.3 and A.7.1

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

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

(2) 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.

(3) 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.

CORPORATE GOVERNANCE PRACTICES (CONTINUED)

(4) Code Provision A.6.7

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

Mr. Wang Xiangfei, Mr. Zhang Ke and Mr. Ding Yu Cheng, being the independent non-executive Directors, did not attend the Company's annual general meeting held on 28 April 2014 due to their other business engagements.

(5) 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 28 April 2014 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 2014.

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 six executive Directors who are Mr. Wang Boming, Mr. Zhang Zhifang, Mr. Dai Xiaojing, Mr. Suen Man Simon, Mr. Zhou Hongtao and Mr. Li Leong; and three independent non-executive Directors who are Mr. Wang Xiangfei, Mr. Zhang Ke and Mr. Ding Yu Cheng. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to the Listing Rules and the Company considers the independent non-executive Directors to be fully independent.

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

BOARD OF DIRECTORS (CONTINUED)

The Board held full board meetings at approximately quarterly intervals. The attendances of the quarterly full board meetings for the year ended 31 December 2014 are as follows:

Directors	**Attendance**
(number of meetings attended/number of meetings held during respective director's tenure)	
Mr. Wang Boming	3/4
Mr. Zhang Zhifang	4/4
Mr. Dai Xiaojing	4/4
Mr. Li Shijie (resigned on 23 May 2014)	1/1
Mr. Suen Man Simon (appointed on 23 May 2014)	2/2
Mr. Zhou Hongtao (appointed on 23 May 2014)	2/2
Mr. Li Leong (appointed on 12 February 2015)	n/a
Mr. Fu Fengxiang (resigned on 31 March 2014)	1/1
Mr. Wang Xiangfei	4/4
Mr. Zhang Ke	3/4
Mr. Ding Yu Cheng	4/4

On 20 March 2014, an in-house briefing for directors in relation to the new Hong Kong Companies Ordinance (Cap. 622) was held after a full board meeting. All Directors (all executive and independent non-executive Directors), who held office at that time, attended the briefing session and 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.

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 2014, the Audit Committee comprises three independent non-executive Directors with Mr. Zhang Ke as committee chairman, Mr. Wang Xiangfei and Mr. Ding Yu Cheng as committee members.

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

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
(number of meetings attended/number of meetings held during respective director's tenure)	
Mr. Fu Fengxiang (resigned on 31 March 2014)	1/1
Mr. Wang Xiangfei	2/2
Mr. Zhang Ke	2/2
Mr. Ding Yu Cheng (appointed on 31 March 2014)	1/1

The Group's interim results for the six months ended 30 June 2014 and annual audited results for the year ended 31 December 2014 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.

Remuneration Committee

As at 31 December 2014, 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.

Nomination Committee

As at 31 December 2014, 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.

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

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.

The Nomination Committee met once during the year ended 31 December 2014 with the presence of all members to review the size, structure, composition and diversity of the Board and made its recommendations to the Board on the re-appointment of Directors (not less than one-third of the Board) who are subject to retirement by rotation and eligible for re-election at the forthcoming annual general meeting.

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.

COMPANY SECRETARY

The Company Secretary is responsible for assisting the Board and respective Board Committees in their proceedings and advising the Board on corporate governance matters. During the year ended 31 December 2014, the Company Secretary has taken no less than 15 hours of professional training.

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.

AUDITOR'S REMUNERATION

During the year, the fees paid or payable to the auditor of the Company, Messrs. Deloitte Touche Tohmatsu were approximately HK$1,035,000 (2013: HK$803,000) and HK$103,000 (2013: 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 2014, which were prepared in accordance with statutory requirements and applicable accounting standards.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

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.

CONSTITUTIONAL DOCUMENTS

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

DIRECTORS' PROFILE

EXECUTIVE DIRECTORS

Mr. Wang Boming, aged 59, 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 CapitalWeek (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. Zhang Zhifang, aged 61, 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 joining the Group in December 1997, Mr. Zhang 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. Mr. Zhang joined the Group in December 1997.

Mr. Dai Xiaojing, aged 55, 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 known as Securities Market Weekly) since 1990 and is also the chairman of Shanghai SEEC Investment Development Co., Ltd. Mr. Dai joined the Group in December 1998.

Mr. Suen Man, Simon, aged 43, has over 20 years of experience in investment and media related industry. Mr. Suen was the stock investment section editor of Hong Kong Daily News from 1994 to 2007. Mr. Suen is an executive director of a fund management company in Shenzhen since 2008. Mr. Suen graduated from Hong Kong Polytechnic with a diploma in social work in 1993 and obtained his Master of Business Administration degree in Paramount University of Technology of the United States of America in 2006. Mr. Suen joined the Group in May 2014.

Mr. Zhou Hongtao, aged 37, has over 10 years of experience in investment and media related industry. Mr. Zhou is currently the managing director of Shanghai Hang Chen Hang Place The Industry Co, Ltd in the People's Republic of China, a real estate investment company in Shanghai. Mr. Zhou was the senior investment manager in Founder Group, Beijing, specialized in information technology and media related investment. Mr. Zhou obtained a Bachelor degree of Chemical Engineering and Technology from the Dalian University of Technology in 2000 and a Master of Business Administration degree from the Beijing Jiaotong University in 2005. Mr. Zhou joined the Group in May 2014.

Mr. Li Leong, aged 31, has years of experience in financial industry. Mr. Li graduated from the University of Western Ontario in Canada with a Bachelor of Science degree in Mathematics and Statistics in 2006. He also obtained a Master of Science degree in Investment Management from the Hong Kong University of Science and Technology in 2013. Mr. Li joined the Group in February 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Xiangfei, aged 63, 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 a director and assistant general manager of China Everbright Holdings Company Limited and as an executive director of its several listed subsidiaries in Hong Kong, a chief executive officer of China Everbright International Ltd. and a 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 a 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; and 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). He also serves as 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 Mach 2009 to March 2012 and has been an external supervisor ever since. Mr. Wang has been appointed as an independent non-executive Director of the Company since June 2003.

Mr. Zhang Ke, aged 61, 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 Accountants; 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. Mr. Zhang was elected one of the Outstanding Accounting Professionals in the nationwide by the PRC Ministry of Finance in 2005; was named in the "Global Accounting Power 50" list published by a global accounting magazine, the International Accounting Bulletin; was granted in 2014 the title of "Excellent Builders of the Socialism with Chinese Characteristics" by five departments, including the United Front Work Department of CPC Central Committee. 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.

Mr. Ding Yu Cheng, aged 49, 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 of the Company since June 2005.

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2014.

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 33 and 17 to the consolidated financial statements respectively.

RESULTS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 21.

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 76.

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, WARRANTS AND SHARE OPTIONS

Details of the Company's share capital, warrants and share option scheme are set out in notes 25, 29 and 30 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2014, the Company had no reserves available for distribution to shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together accounted for 12% and 23% 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 30% of the Group's total revenue for the year.

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

DIRECTORS

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

Executive directors:

Mr. Wang Boming
Mr. Zhang Zhifang
Mr. Dai Xiaojing
Mr. Suen Man Simon (appointed on 23 May 2014)
Mr. Zhou Hongtao (appointed on 23 May 2014)
Mr. Li Leong (appointed on 12 February 2015)
Mr. Li Shijie (resigned on 23 May 2014)

Independent non-executive directors:

Mr. Wang Xiangfei
Mr. Zhang Ke
Mr. Ding Yu Cheng
Mr. Fu Fengxiang (resigned on 31 March 2014)

In accordance with article 119 of the Company's articles of association, Messrs. Wang Boming, Wang Xiangfei and Zhang Ke shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with article 127 of the Company's articles of association, Messrs. Suen Man Simon, Zhou Hongtao and Li Leong, being directors appointed by the Board after the Company's last annual general meeting held in April 2014, shall hold office only until the forthcoming annual general meeting to be held in May 2015 and shall be eligible 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 32 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 2014 or at any time during the year.

DIRECTORS' INTERESTS IN SECURITIES

At 31 December 2014, 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 2014, 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 31.12.2014	Number of underlying shares
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 31.12.2014
United Home Limited	Wang Boming	Beneficial owner	6.67%
	Zhang Zhifang	Beneficial owner	6.67%
	Dai Xiaojing	Beneficial owner	6.67%

Wang Boming, Zhang Zhifang and Dai Xiaojing each holds 1 share in United Home Limited which has a total of 15 shares issued as at 31 December 2014.

Save as disclosed above, as at 31 December 2014, 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 30 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 2014, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders and other persons had notified the Company of the relevant interests and short positions in the shares and underlying shares of the Company:

Name	**Capacity**	**Number of shares/ underlying shares held**	**Approximate percentage of the issued share capital of the Company** (Note 1)
United Home Limited	Beneficial owner	296,144,489	16.76%
Quantum Key Technology Limited (Note 2)	Controlled company's interest	347,000,000	19.63%
Entex International Holding Limited (Note 2)	Controlled company's interest	347,000,000	19.63%
Wu Xuxiao (Note 2)	Beneficial owner	347,000,000	19.63%

Note:

1. The percentage shareholding is calculated on the basis of the Company's issued share capital of 1,767,265,172 as at 31 December 2014.

2. Quantum Key Technology Limited ("Quantum Key") is entitled to be allotted 347,000,000 shares upon full conversion of unlisted warrants issued to it. Quantum Key is wholly owned by Entex International Holding Limited ("Entex") and Entex is wholly owned by Wu Xuxiao.

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 2014.

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 Group'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 30 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$3,569,000 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 32 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.56 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 2014.

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, 27 March 2015

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 21 to 75, which comprise the consolidated statement of financial position as at 31 December 2014, 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 2014 and of its loss 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
27 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Revenue	5	443,582	492,851
Cost of sales		(213,084)	(205,175)
Gross profit		230,498	287,676
Other income	7	7,933	3,386
Other gains and losses	8	(61,638)	(851)
Selling and distribution costs		(203,256)	(212,148)
Administrative expenses		(106,288)	(55,581)
Share of profit of a joint venture	17	16,473	6,761
Finance costs	9	(2,464)	(2,256)
(Loss) profit before taxation	10	(118,742)	26,987
Taxation	12	(4,844)	(10,676)
(Loss) profit for the year		(123,586)	16,311
Other comprehensive (expense) income			
Items that may not be reclassified subsequently to profits or loss:			
Exchange differences arising on translation		(1,806)	10,521
Share of exchange differences of a joint venture		(57)	126
Total comprehensive (expense) income for the year		(125,449)	26,958
(Loss) profit for the year attributable to:			
Owners of the Company		(121,246)	17,360
Non-controlling interests		(2,340)	(1,049)
		(123,586)	16,311
Total comprehensive (expense) income attributable to:			
Owners of the Company		(123,109)	28,007
Non-controlling interests		(2,340)	(1,049)
		(125,449)	26,958
(Loss) earnings per share (HK cents)	13		
Basic		(6.95)	1.00
Diluted		(6.95)	1.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	14	41,790	43,115
Sole agency rights	15	56,692	104,945
Goodwill	16	99,393	118,886
Interests in joint ventures	17	23,303	6,887
Available-for-sale investment	20	20,000	–
Amount due from a joint venture	19	24,175	36,192
Amount due from a related company	19	–	4,015
		265,353	314,040
Current assets			
Trade receivables	18	192,478	210,279
Amounts due from related companies	19	12,816	2,714
Other receivables and prepayments		14,066	14,329
Pledged bank deposits	23	–	20,351
Bank balances and cash	21	138,160	82,186
		357,520	329,859
Current liabilities			
Trade payables	22	29,969	30,454
Other payables and accruals	24	145,057	106,211
Amounts due to related companies	19	7,316	6,082
Amount due to a substantial shareholder	19	50,307	307
Amount due to a joint venture	19	192	–
Amount due to a director	19	4,017	–
Bank borrowings	23	–	55,658
Tax payable		13,953	18,455
		250,811	217,167
Net current assets		106,709	112,692
Total assets less current liabilities		372,062	426,732
Non-current liability			
Receipt in advance		118	202
Net assets		371,944	426,530
Capital and reserves			
Share capital	25	176,726	173,956
Reserves		198,106	255,777
Equity attributable to owners of the Company		374,832	429,733
Non-controlling interests		(2,888)	(3,203)
Total equity		371,944	426,530

The consolidated financial statements on pages 21 to 75 were approved and authorised for issue by the Board of Directors on 27 March 2015 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 2014

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (note a)	Warrant reserve HK$'000 (note b)	Statutory reserve HK$'000 (note c)	Exchange translation reserve HK$'000 (note d)	Share options reserve HK$'000	Retained profits (Accumulated losses) HK$'000	Subtotal HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	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
Loss for the year	–	–	–	–	–	–	–	(121,246)	(121,246)	(2,340)	(123,586)
Exchange differences arising on translation	–	–	–	–	–	(1,806)	–	–	(1,806)	–	(1,806)
Share of exchange differences of a joint venture	–	–	–	–	–	(57)	–	–	(57)	–	(57)
Total comprehensive expense for the year	–	–	–	–	–	(1,863)	–	(121,246)	(123,109)	(2,340)	(125,449)
Exercise of share option (note 30)	2,770	5,149	–	–	–	–	–	–	7,919	–	7,919
Recognition of equity-settled share based payment (note 29)	–	–	–	47,000	–	–	–	–	47,000	–	47,000
Expenses incurred on warrants issue	–	–	–	(150)	–	–	–	–	(150)	–	(150)
Issue of warrants	–	–	–	347	–	–	–	–	347	–	347
Capital injection from non-controlling shareholders and deemed disposal of interest in a subsidiary (note a)	–	–	13,092	–	–	–	–	–	13,092	2,655	15,747
At 31 December 2014	176,726	69,233	13,092	47,197	8,407	61,721	10,278	(11,822)	374,832	(2,888)	371,944

Note a: During the year ended 31 December 2014, two new shareholders of a subsidiary, Beijing Le Hua Jiu Fang Advertising Co., Ltd ("Beijing Le Hua Jiu Fang"), injected HK$15,747,000 (equivalent to RMB12,000,000) as additional registered capital in Beijing Le Hua Jiu Fang. The Group's equity interest in Beijing Le Hua Jiu Fang decreased from 90% to 71.28%. The difference of HK$13,092,000 between the fair value of the consideration paid by the two new shareholders and amount of HK$2,655,000 by which the non-controlling interests are adjusted is recognised directly in equity and attributable to the owners of the Company.

Note b: Warrant reserve arises from the issue of warrants less the expenses incurred pertaining to the warrants issue. Upon the exercise of the warrants, the warrant reserve will be transferred to share capital and share premium (note 29).

Note c: 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 d: 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 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	(118,742)	26,987
Adjustments for:		
Interest income	(2,268)	(563)
Interest expenses	2,464	2,256
Depreciation of property, plant and equipment	5,393	5,938
Amortisation of sole agency rights	10,709	10,642
Impairment loss on sole agency rights	37,163	–
Impairment loss on goodwill	19,493	–
Impairment loss recognised on trade receivables	10,745	5,177
Reversal of impairment loss on trade receivables	(6,469)	(3,638)
Share of profit of a joint venture	(16,473)	(6,887)
Loss on disposal of property, plant and equipment	624	221
Share-based payment expense	47,000	–
Operating cash flows before movements in working capital	(10,361)	40,133
Decrease (increase) in trade receivables	13,068	(16,857)
Decrease (increase) in other receivables and prepayments	231	(93)
Decrease in trade payables	(550)	(14,521)
Increase in other payables and accruals	38,635	23,917
Decrease in receipt in advance	(85)	(309)
Cash from operations	40,938	32,270
PRC income tax paid	(9,346)	(19,277)
NET CASH FROM OPERATING ACTIVITIES	31,592	12,993
INVESTING ACTIVITIES		
Repayment from a joint venture	12,017	516
Purchase of property, plant and equipment	(4,944)	(1,952)
Decrease in loan receivable	–	6,167
Interest received	2,268	563
Sale proceeds from disposals of property, plant and equipment	79	94
Placement of pledged bank deposits	–	(20,351)
Withdrawal of pledged bank deposits	20,351	13,567
(Advance to) repayment from related companies	(6,087)	10,468
Investment in available-for-sale investment	(20,000)	–
NET CASH FROM INVESTING ACTIVITIES	3,684	9,072

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
FINANCING ACTIVITIES		
New bank loans raised	–	55,658
Repayment of bank loans	(55,658)	(36,667)
Advance from related companies	1,234	3,637
Advance from a substantial shareholder	50,000	103
Interest paid	(2,464)	(2,256)
Advance from a joint venture	192	–
Advance from a director	4,017	–
Proceeds from exercise of share options issued	7,919	–
Capital injection from non-controlling shareholders of a subsidiary	15,747	–
Proceeds from issue of warrants	347	–
Expenses incurred on warrants issue	(150)	–
NET CASH FROM FINANCING ACTIVITIES	21,184	20,475
NET INCREASE IN CASH AND CASH EQUIVALENTS	56,460	42,540
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	82,186	37,979
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(486)	1,667
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	138,160	82,186

1. GENERAL

The Company is incorporated as an exempted company with limited liability in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors of the Company consider that United Home Limited, a company incorporated in the British Virgin Islands is the substantial shareholder of the Company. 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")

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new Interpretation.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC*) – Int 21	Levies

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

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

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with 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.

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)

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

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

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

The Group has applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. 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 applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

HK(IFRIC) – Int 21 Levies

The Group has applied HK(IFRIC) – Int 21 *Levies* for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. 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 operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions, with earlier application permitted.

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting 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.

- 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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- 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.

The directors of the Company do not anticipate that the application of HKFRS 9 in the future will have material impact on amounts reported in respect of the Group's financial assets.

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

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ''control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

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

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost

- In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments*: Recognition and Measurement for entities that have not yet adopted HKFRS 9), or

- Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to HKFRS 1 *First time Adoption of Hong Kong Financial Reporting Standards*.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

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

Amendments to HKFRs 10 and HKFRs 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The narrow-scope amendments to HKFRs 10, HKFRs 12 and HKAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

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. As the amendments do not contain any effective date, they are considered to be immediately effective.

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.

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 these amendments will have a material effect on the Group's consolidated financial statements.

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

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 these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012-2014 Cycle

The *Annual Improvements to HKFRSs 2012-2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 *Disclosure – Offsetting Financial Assets and Financial Liabilities* issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 *Interim Financial Reporting*.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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 of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap. 32).

Basis of preparation

The consolidated financial statements 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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 as established at the date of acquisition of the business less accumulated impairment losses, if any.

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. 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 based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. 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. 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 a 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 initially recognised at its fair value at the acquisition date (which is regarded as its cost). 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 profit or loss when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised 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

Financial assets are classified into available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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.

<u>AFS financial assets</u>

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables.

<u>Loans and receivables</u>

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).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, 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; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. 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 that are carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the financial asset's original effective interest rate.

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. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt 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.

Financial liabilities

Financial liabilities including trade payables, other payables, amounts due to related companies, amount due to a substantial shareholder, amount due to a joint venture, amount due to a director and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 immediately in profit or loss.

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 lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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 exchange 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

Equity-settled share-based payment transactions

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

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 29. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

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

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

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.

Warrant granted to a consultant

Warrant issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the warrants granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (warrant reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Legal case provision

On 6 August 2010, Chau Hoi Shuen, Solina Holly ("Ms Chau") in a writ of summons filed claims against the Company for damages for distributing or publishing certain articles in a magazine, Caijing Magazine containing words defamatory of Ms. Chau. On 15 November 2012, the High Court of Hong Kong has issued a judgment in favour of Ms. Chau and adjudged that the Company needs to pay the damages to Ms. Chau and the related legal fee incurred by Ms. Chau. On 12 December 2012, the Company lodged an appeal (the "First Appeal") to the Court of Appeal and the First Appeal was heard in the Court of Appeal on 11 April 2014. On 25 April 2014, the judgment of the First Appeal was decided unfavourably against the Company. On 23 May 2014, the Company applied to the Court of Appeal for leave to appeal to the Court of Final Appeal (the "First Leave Application") and the Court of Appeal refused leave. On 4 November 2014, the Company has applied to the Court of Final Appeal for leave to appeal to the Court of Final Appeal (the "Second Leave Application"). The Court of Final Appeal granted leave to the Company on 30 March 2015 and the final appeal hearing would be held on 30 November 2015 at the Court of Final Appeal. The directors of the Company have provided for the damages and professional fee in relation to the case totalling approximately HK$8,100,000 (2013: HK$6,600,000) (included in accruals) based on their best estimates and advice from the legal counsel for year ended 31 December 2014. In the opinion of the legal counsel, the outcome of the Second Leave Application cannot presently be determined and the directors of the Company considered that the provision is adequate.

Impairment of goodwill and sole agency rights

Determining whether goodwill and sole agency rights are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and sole agency rights have been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value of the cash flows. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill and sole agency rights as at 31 December 2014 was HK$99,393,000 (2013: HK$118,886,000) and HK$56,692,000 (2013: HK$104,945,000), respectively, net of impairment losses of HK$19,493,000 (2013: Nil) and HK$37,163,000 (2013: Nil), respectively. Details of the impairment loss calculation are set out in notes 16 and 15, respectively.

Estimated impairment of trade receivables

Trade receivables from the provision of advertising agency services and sale of books and magazines as at 31 December 2014 was HK$192,478,000, net of allowance for doubtful debts (2013: HK$210,279,000). Trade receivables of HK$51,647,000 have been past due over three months but less than six months and HK$28,781,000 have been past due over six months but less than 1 year, respectively as at 31 December 2014. A substantial negative impact on the Group's performance and cash flows would result if the amounts are not recovered. The Group considers that the credit risk on the amounts is limited based on historical experience, subsequent settlement and the financial position of its customers.

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:

	2014 HK$'000	2013 HK$'000
Advertising agency income	322,782	381,942
Advertising income from conferences and events	86,479	70,924
Sales of books and magazines	34,321	39,985
	443,582	492,851

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 organising 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 2014

	Provision of services HK$'000	Sales of books and magazines HK$'000	Consolidated HK$'000
Revenue			
External sales	409,261	34,321	443,582
Result			
Segment profit	26,565	677	27,242
Other income			7,933
Other gains and losses			(61,638)
Unallocated administration expense			
(including equity-settled share-based payment expense)			(106,288)
Share of profit of a joint venture			16,473
Finance costs			(2,464)
Loss before taxation			(118,742)

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

For the year ended 31 December 2013

	Provision of services HK$'000	Sales of books and magazines HK$'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

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 2014

	Provision of services HK$'000	Sales of books and magazines HK$'000	Unallocated HK$'000	Consolidated HK$'000
Depreciation of property, plant and equipment	4,914	–	479	5,393
Amortisation of sole agency rights	10,709	–	–	10,709
Allowance for (reversal of allowance for) bad and doubtful debts	4,366	(90)	–	4,276
Impairment loss on sole agency rights	37,163	–	–	37,163
Impairment loss on goodwill	19,493	–	–	19,493
Loss on disposal of property, plant and equipment	624	–	–	624

6. SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

For the year ended 31 December 2013

	Provision of services HK$'000	Sales of books and magazines HK$'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

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

	2014 HK$'000	2013 HK$'000
Bank interest income	2,268	563
Administrative service income from Hexun Information Technology Co, Ltd. ("Hexun") (Note 32)	361	991
Magazine registration number charges received from a joint venture (Note 32)	1,514	1,003
Financial refunds (Note)	1,045	552
Consultancy income	1,959	–
Other miscellaneous income	786	277
	7,933	3,386

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

	2014 HK$'000	2013 HK$'000
Impairment loss on sole agency rights (note 15)	(37,163)	–
Impairment loss on goodwill (note 16)	(19,493)	–
Allowance for bad and doubtful debts	(4,276)	(1,539)
Net foreign exchange (loss) gain	(82)	909
Loss on disposal of property, plant and equipment	(624)	(221)
	(61,638)	(851)

9. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Interest on bank loan wholly repayable within five years	2,464	2,256

10. (LOSS) PROFIT BEFORE TAXATION

	2014 HK$'000	2013 HK$'000
(Loss) profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	1,035	803
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	94,413	91,970
Contributions to retirement benefits schemes	14,810	14,759
Share option benefits	–	57
	109,223	106,786
Equity-settled share-based payment expense (note 29)	47,000	–
Depreciation of property, plant and equipment	5,393	5,938
Amortisation of sole agency rights (included in cost of sales)	10,709	10,642
Total depreciation and amortisation	16,102	16,580
Minimum lease payments under operating lease in respect of rented premises	16,599	16,858
Investment income earned on loans and receivables		
– bank interest income	(2,268)	(563)

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

The emoluments paid or payable to each of the 10 (2013: 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	Suen Man Simon HK$'000	Zhou Hongtao HK$'000	Fu Fengxiang HK$'000	Wang Xiangfei HK$'000	Ding Yu Cheng HK$'000	Zhang Ke HK$'000	Total HK$'000
2014											
Fees	–	–	–	–	70	–	24	72	180	60	406
Other emoluments											
Salaries and other benefits	248	–	432	210	–	–	–	–	–	–	890
Contributions to retirement benefits schemes	98	–	101	44	–	–	–	–	–	–	243
Total emoluments	346	–	533	254	70	–	24	72	180	60	1,539

	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

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 (2013: five) highest paid individuals were as follows:

	2014 HK$'000	2013 HK$'000
Salaries, allowances and benefits in kind	2,788	2,722
Contributions to retirement benefits scheme	519	347
Share option benefits	–	–
	3,307	3,069

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

Their emoluments were within the following bands:

	2014 No. of employees	2013 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 has been 25% from 1 January 2008 onwards.

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

	2014 HK$'000	2013 HK$'000
(Loss) profit before taxation	(118,742)	26,987
Tax at PRC income tax rate of 25% (Note)	(29,686)	6,747
Effect of the different income tax rates in other jurisdictions	5,132	353
Tax effect of tax losses not recognised	19,394	4,322
Utilisation of tax losses previously not recognised	(1,874)	(877)
Tax effect of expenses not deductible for tax purposes	14,960	3,018
Tax effect of income not taxable for tax purposes	(2,774)	(3,013)
Others	(308)	126
Taxation for the year	4,844	10,676

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.

12. TAXATION (CONTINUED)

At the end of the reporting period, the Group had estimated unused tax losses of approximately HK$282,431,000 (2013: approximately HK$212,351,000) available for offset against future taxable profits. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future taxable 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$180,987,000 (2013: approximately HK$120,190,000) 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. (LOSS) EARNINGS PER SHARE

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

	2014 HK$'000	2013 HK$'000
(Loss) earnings		
(Loss) earnings for the purposes of basic (loss) earnings per ordinary share being (loss) profit for the year attributable to owners of the Company	(121,246)	17,360
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	1,744,126,405	1,739,565,172
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	–	697,634
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	1,744,126,405	1,740,262,806

For 2013, the computation of diluted earnings per share does not assume the exercise of the Company's 22,450,000 share options with exercise price 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 in 2013.

For 2014, the computation of diluted loss per share does not assume the exercise of outstanding warrants and share options of the Company since their assumed exercise would result in a decrease in loss per share.

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 2013	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
Exchange realignment	(140)	(40)	(52)	(5)	(67)	(304)
Additions	–	2,197	153	1,624	970	4,944
Disposals	–	–	–	–	(1,628)	(1,628)
At 31 December 2014	40,624	13,955	15,455	2,241	17,719	89,994
ACCUMULATED DEPRECIATION						
At 1 January 2013	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
Exchange realignment	(21)	(40)	(29)	–	(41)	(131)
Provided for the year	1,281	61	1,516	453	2,082	5,393
Eliminated on disposals	–	–	–	–	(925)	(925)
At 31 December 2014	9,005	11,782	11,919	868	14,630	48,204
CARRYING VALUES						
At 31 December 2014	31,619	2,173	3,536	1,373	3,089	41,790
At 31 December 2013	33,019	37	4,922	207	4,930	43,115

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 had pledged leasehold land and building of approximately HK$33,019,000 to secure bank borrowings granted to the Group as at 31 December 2013. No pledge of asset as at 31 December 2014 as the all the outstanding bank loan has repaid before year end.

15. SOLE AGENCY RIGHTS

	HK$'000
COST	
At 1 January 2013	173,824
Exchange realignment	5,061
At 31 December 2013	178,885
Exchange realignment	(571)
At 31 December 2014	178,314
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 31 January 2013	61,388
Amortisation expense	10,642
Exchange realignment	1,910
At 31 December 2013	73,940
Amortisation expense	10,709
Impairment loss recognised in profit or loss	37,163
Exchange realignment	(190)
At 31 December 2014	121,622
CARRYING VALUES	
At 31 December 2014	56,692
At 31 December 2013	104,945

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.

The directors of the Company conducted an impairment review of the Group's sole agency rights. The recoverable amount of the sole agency rights has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a 4-year to 11-year period according to the remaining contractual lives for the sole agency rights of advertising in respective magazines, and at a discount rate of 17% per annum (2013: 10% per annum). Other key assumptions for the value in use calculations are 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.

As a result of the impairment review, the recoverable amounts of certain sole agency rights have been assessed to be less than their carrying amounts resulting in an impairment loss of HK$37,163,000 being recognised in profit or loss and included in "other gains and losses" during the year ended 31 December 2014. There was no impairment loss recognised for the year ended 31 December 2013.

16. GOODWILL

	HK$'000
COST	
At 1 January 2013, 31 December 2013 and 31 December 2014	118,886
ACCUMULATED IMPAIRMENT LOSSES	
At 1 January 2013 and 31 December 2013	–
Impairment loss recognised in profit or loss	19,493
At 31 December 2014	19,493
CARRYING AMOUNTS	
At 31 December 2014	99,393
At 31 December 2013	118,886

Goodwill is entirely related to the provision of advertising agency services on certain magazines of certain subsidiaries and arises from business combinations in 2002 and 2005 (the "CGU").

The recoverable amount of the CGU has been determined based on a value in use calculation. At 31 December 2014, the recoverable amount of the CGU of goodwill is determined taking into account the valuation performed by Asset Appraisals Limited, independent professional valuers not connected to the Group, based on the cash flows forecasts derived from the most recent financial budgets for the next 4 years (2013: 5 years) approved by the management using the discounted rate of 17% per annum (2013: 10% per annum) which reflects current market assessments of the time value of money and the risks specific to the CGU. 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.

Based on the results of the valuation, the recoverable amount has been assessed as being lower than the carrying amount. Accordingly, an impairment loss of HK$19,493,000 (2013: Nil) has been recognised in profit or loss and included in "other gains and losses".

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

17. INTERESTS IN JOINT VENTURES

	2014 HK$'000	2013 HK$'000
Cost of unlisted investments in joint ventures	22,863	22,863
Share of post-acquisition profits (losses) and other comprehensive income (expense)	440	(15,976)
	23,303	6,887

17. INTERESTS IN JOINT VENTURES (CONTINUED)

As at 31 December 2014 and 2013, 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
					2014	2013	2014	2013	
SEEC/Ziff Davis Media Group (China) Ltd. ("SEEC/Ziff Davis Media Group")	Incorporated	British Virgin Islands	PRC	Ordinary shares	50%	50%	50%	50%	Investment holding
SEEC/Ziff Davis Media Consulting (Beijing) Co. Ltd. ("SEEC/Ziff Davis Media Consulting")	Incorporated	PRC	PRC	Registered capital	50%	50%	50%	50%	Consulting, advertising and publishing-related activities
Mondadori – SEEC (Beijing) Advertising Co., Ltd. ("Mondadori – SEEC")	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 is regarded as individually material to the Group. Both SEEC/Ziff Davis Media Group and SEEC/Ziff Davis Media Consulting 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

	2014 HK$'000	2013 HK$'000
Current assets	98,718	92,706
Non-current assets	876	1,104
Current liabilities	(54,937)	(82,098)

17. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of a material joint venture (Continued)

Mondadori – SEEC (Continued)

The above amounts of assets including the following:

	2014 HK$'000	2013 HK$'000
Cash and cash equivalents	37,164	10,588

	2014 HK$'000	2013 HK$'000
Revenue	153,421	140,498
Profit and total comprehensive income for the year	32,946	30,113

Reconciliation of the above summarised financial information to the carrying amount of the interest in Mondadori-SEEC:

	2014 HK$'000	2013 HK$'000
Net assets	44,657	11,712
Proportion of the Group's ownership interest in a joint venture	50%	50%
Share of net assets of a joint venture	22,329	5,856
Accumulated share of exchange differences of a joint venture	974	1,031
Carrying amount of the Group's interest in a joint venture	23,303	6,887

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

	2014 HK$'000	2013 HK$'000
Depreciation of property, plant and equipment	177	201
Interest income	(78)	(15)
Impairment of accounts receivable	542	1,928

17. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of a material joint venture (Continued)

Mondadori – SEEC (Continued)

The cost of investment in joint venture represents the Group's 50% capital in the Mondadori – SEEC 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.

During the year ended 31 December 2013, Mondadori – SEEC 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.

During the year ended 31 December 2014, the Group recognised all the share of profit for the joint venture. The management believes that there is no indication that the investment in this joint venture is impaired.

Aggregate information of joint ventures that are not individually material

The Group discontinued recognition of its share of losses of SEEC/Ziff Davis Media and SEEC/Ziff Davis Media Consulting in past years as the Group's accumulated share of losses of these joint ventures exceeds the Group's investment cost.

During the year ended 31 December 2014 and 31 December 2013, SEEC/Ziff Davis Media and SEEC/Ziff Davis Media Consulting continue to suffer losses, hence, no share of losses of these two joint ventures was recognised by the Group for the years ended 31 December 2014 and 31 December 2013.

Unrecognised share of losses

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

	2014 HK$'000	2013 HK$'000
Unrecognised share of losses of joint ventures for the year	(1)	(1)
Accumulated unrecognised share of losses of these joint ventures	(1,772)	(1,771)

18. TRADE RECEIVABLES

	2014 HK$'000	2013 HK$'000
Trade receivables	212,141	226,613
Less: allowance for doubtful debts	(19,663)	(16,334)
	192,478	210,279

Credit periods 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:

	2014		2013	
	HK$'000	%	HK$'000	%
Less than three months	112,050	58	120,897	58
Three months to six months	51,647	27	52,718	25
Over six months to one year	28,781	15	36,664	17
	192,478	100	210,279	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$80,428,000 (2013: approximately HK$89,382,000) 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 175 days (2013: 183 days).

Ageing of trade receivables which are past due but not impaired

	2014 HK$'000	2013 HK$'000
Three months to six months	51,647	52,718
Over six months to one year	28,781	36,664
	80,428	89,382

As at 31 December 2013 and 2014, 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

	2014 HK$'000	2013 HK$'000
Balance at beginning of the year	16,334	15,986
Impairment losses recognised on trade receivables	10,745	5,177
Amount recovered during the year	(6,469)	(3,638)
Amounts written off as uncollectible	(906)	(1,689)
Exchange realignment	(41)	498
Balance at end of the year	19,663	16,334

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

19. AMOUNTS DUE FROM/TO RELATED PARTIES

	Notes	2014 HK'000	2013 HK'000
Non-trading in nature:			
Amounts due from related companies	(i)	12,816	2,714
Amount due from a related company (non-current)	(ii)	–	4,015
Amount due from a joint venture (non-current)	(iii)	24,175	36,192
Amounts due to related companies	(i)	7,316	6,082
Amount due to a substantial shareholder	(iv)	50,307	307
Amount due to a joint venture	(iv)	192	–
Amount due to a director	(iv)	4,017	–

19. AMOUNTS DUE FROM/TO RELATED PARTIES (CONTINUED)

Notes:

(i) The related companies are companies which certain directors and substantial shareholder 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$18,729,000 (2013: approximately HK$14,559,000).

(ii) The entire balance represents amount due from a joint venture that is unsecured and non-interest bearing. At 31 December 2013, 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 amount due from a joint venture that is 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 amounts are unsecured, non-interest bearing and repayable on demand.

20. AVAILABLE-FOR-SALE INVESTMENT

	2014 HK$'000	2013 HK$'000
Unlisted equity shares: Hong Kong, at cost	20,000	–

During the year ended 31 December 2014, the Group acquired 25% (2013: nil) of the issued ordinary share capital of Merit Advisory Limited ("Merit Advisory"), which is an investment holding company holding the entire issued ordinary share capital of Irregular Consulting Limited, a Hong Kong incorporated company engaged in the business of financial public relations, for a consideration of HK$20,000,000 from an independent third party. Merit Advisory is not regarded as an associate of the Group because the Group has less than one-fifth of the voting power of Merit Advisory under arrangement with other investors and the Group has no right to appoint directors to the board of Merit Advisory.

21. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.35% to 5.6% (2013: 0.35% 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:

	2014		2013	
	HK$'000	%	HK$'000	%
Less than three months	27,156	91	28,244	92
Three months to six months	660	2	1,107	4
Over six months to one year	2,153	7	1,103	4
	29,969	100	30,454	100

The average credit period granted by trade payables is 90 days (2013: 90 days). The Group has financial risk management policies in place to ensure that all payables within the credit time frame.

23. BANK BORROWINGS

	2014 HK$'000	2013 HK$'000
Secured bank loans repayable within one year		
– Wing Lung bank	–	17,500
– China Merchants Bank, Beijing branch	–	38,158
	–	55,658

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 interest at a rate of 2.6% above the Hong Kong Interbank Offered Rate ("HIBOR") per annum.

The Group made draw-downs amounting to HK$5,714,000 and HK$6,286,000 on 16 November 2012 and 14 December 2012, respectively. The amounts were 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 bore interest at a rate of 2.6% above HIBOR per annum.

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

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

The loan was secured by a bank deposit of RMB16,000,000 (equivalent to approximately HK20,351,000) which carried a fixed interest rate of 3.3% per annum in the year ended 31 December 2013. The bank deposit has been withdrawn upon the repayment of bank loans.

Bank loan from China Merchants Bank, Beijing Branch

On 30 September 2012, the Group entered into a RMB20,000,000 (equivalent to approximately HK$24,670,000) loan agreement with China Merchants Bank, Beijing branch. The loan bore 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 a RMB30,000,000 (equivalent to approximately HK$38,158,000) loan agreement with China Merchants Bank, Beijing branch. The loan bore 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 was repaid on 8 October 2014. As at 31 December 2013, the effective interest rate was 6.9% per annum.

The loan was secured by leasehold land and building of approximately HK$33,019,000 as at 31 December 2013.

All pledged leasehold land and building were released upon the repayment of bank loan.

24. OTHER PAYABLES AND ACCRUALS

	2014 HK$'000	2013 HK$'000
Advance from customers	70,002	56,978
Other tax payable	8,674	8,236
Accrued office and rental expenses	19,921	18,973
Others (a)	46,460	22,024
	145,057	106,211

(a) The amount included the accruals for damages and an accrued professional fee totalling approximately HK$8,100,000 (2013: 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 2013, 31 December 2013 and 31 December 2014	3,000,000	300,000
Issued and fully paid:		
At 1 January 2013 and 31 December 2013	1,739,565	173,956
Exercise of share options under the Company's employee share option schemes (note 30)	27,700	2,770
At 31 December 2014	1,767,265	176,726

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

On 26 September 2014, the Company entered into an agreement with a consultancy service company, who is an independent third party, in relation to the issuance of 347,000,000 unlisted warrants, with subscription price of HK$0.001 (note 29).

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 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

	2014 HK$'000	2013 HK$'000
Financial assets		
Available-for-sale investments	20,000	–
Loans and receivables	399,488	369,163
Financial liabilities		
Amortised cost	130,324	107,924

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, amount due from and to a joint venture, amounts due from and to related companies, trade receivables, other receivables, pledged bank deposits, bank balances and cash, trade payables, other payables, bank borrowings, amount due to a substantial shareholder and amount due to a director. 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.

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**	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Hong Kong dollar	77,938	18,154	89,322	4,876
United States dollar	–	–	178	184

27. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Currency risk (Continued)

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% (2013: 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% (2013: 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/decrease in post-tax loss where RMB strengthen 5% (2013: 5%) against the relevant currency and vice versa. For a 5% (2013: 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**	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
(Loss) profit for the year	427	498	(7)	(7)

Interest rate risk

Cash flow interest rate risk

The Group's cash flow interest rate risk relates to bank balances is insignificant due to low interest rates. The Group currently does not have interest rate hedging policy. However, management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis 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.

No post tax profit effect is noted for 2014 if interest rates had been 50 basis points higher/lower and all other variables were held constant as there were no outstanding borrowings as at 31 December 2014 (2013: post tax profit would decrease/increase HK$209,000).

27. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk

As at 31 December 2014, 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 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$'000	Carrying amount at 31.12.2014 HK$'000
2014							
Non-derivative financial liabilities							
Trade payables	–	27,156	660	2,153	–	29,969	29,969
Other payables	–	38,523	–	–	–	38,523	38,523
Amounts due to related companies	–	7,316	–	–	–	7,316	7,316
Amount due to a joint venture	–	192	–	–	–	192	192
Amount due to a director	–	4,017	–	–	–	4,017	4,017
Amount due to a substantial shareholder	–	50,307	–	–	–	50,307	50,307
		127,511	660	2,153	–	130,324	130,324

	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	–	28,244	1,107	1,103	–	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 a substantial shareholder	–	307	–	–	–	307	307
		50,056	18,880	41,135	–	110,071	107,924

27. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial assets and financial liabilities that are not measured at 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 consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements 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:

	2014 HK$'000	2013 HK$'000
Within one year	13,027	11,939
In the second to fifth year inclusive	6,674	9,949
	19,701	21,888

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:

	2014 HK$'000	2013 HK$'000
Within one year	3,686	4,048
In the second to fifth year inclusive	9,360	10,702
Over five years	–	2,340
	13,046	17,090

The amount recognised as an expense (included in cost of sales) in the year was approximately HK$13,640,000 (2013: approximately HK$7,892,000).

29. WARRANTS

On 26 September 2014, the Company entered into an agreement with a consultancy service company, who is an independent third party, in relation to the issuance of 347,000,000 unlisted warrants (the "Warrants") for its service provided, with subscription price of HK$0.001 per warrant, conferring rights to subscribe for up to 347,000,000 new ordinary shares of the Company for its service provided at an exercise price of HK$0.69 per share, which are exercisable immediately after the date of issue of the Warrants up to 18 November 2015.

The placing of the Warrants were completed on 19 November 2014 and they were classified as equity instruments. The fair value of the Warrants was HK$47,000,000 at date of service received and an equity-settled share based payment expense was also recognised in the profit or loss.

The proceeds from the placing were approximately HK$197,000, net of expenses incurred of HK$150,000, being available for the general working capital of the Company.

As at 31 December 2014, the consultancy service company has not exercised its right to subscribe to any shares of the Company.

The fair value of the Warrants at date of service received were determined by reference to a valuation conducted by a firm of independent valuers using Binomial Tree Model. The inputs and methodology used for the calculation of the fair value of the Warrants are as follows,

	At date of service received
Share price:	HK$0.60
Time to maturity:	1 year
Risk-free rate:	0.08%
Dividend Yield:	0%
Volatility:	70.2

30. 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 15,400,000 (2013: 46,650,000), which represented approximately 0.87% (2013: 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.

30. SHARE OPTION SCHEMES (CONTINUED)

Equity-settled share option scheme (Continued)

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.

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 1.1.2013	Forfeited during the year	Outstanding at 31.12.2013	Exercised during the year	Forfeited during the year	Outstanding at 31.12.2014
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)	–	–
(resigned as executive	29.10.2008	0.268	29.10.2011 to 28.10.2016	1,700,000	–	1,700,000	–	–	1,700,000
director on 23 May 2014)	16.12.2009	0.247	16.12.2012 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	16.12.2012 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	(100,000)	14,950,000	(11,900,000)	(1,150,000)	1,900,000
	29.10.2008	0.268	29.10.2011 to 28.10.2016	300,000	–	300,000	(300,000)	–	–
	16.12.2009	0.247	16.12.2012 to 15.12.2017	23,550,000	(1,350,000)	22,200,000	(13,500,000)	(2,400,000)	6,300,000
				48,100,000	(1,450,000)	46,650,000	(27,700,000)	(3,550,000)	15,400,000

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 15,400,000 (2013: 46,650,000).

(3) Share options forfeited upon staff resignation.

The Company did not recognise expense (2013: nil) in relation to share options during the year ended 31 December 2014.

31. 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.

32. RELATED PARTY TRANSACTIONS

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

	2014 HK$'000	2013 HK$'000
Office rental expenses paid to Shanghai SEEC Investment and Development Corporation ("Shanghai SEEC") (Note)	4,504	4,473
Administrative service fee received from Hexun (Note)	361	991
Magazine registration number charges received from a joint venture	1,514	1,003
Disposal of property, plant and equipment to a joint venture	602	724
Consultancy service fee from Mondadori International Business S.R.L.	1,633	–

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 2014, one of the Company's directors who is also key management personnel of the Company indirectly held 9% (2013: 9%) of ownership interest in Hexun.

As at 31 December 2014, one of the Company's directors who is also key management personnel of the Company indirectly held 1.18% (2013: 1.18%) of ownership interest in Shanghai SEEC.

Key Management Compensation

During the years ended 31 December 2014 and 2013 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.

33. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31 December 2014 and 2013 are as follows:

Name	Country of incorporation/ registration/ operations	Paid up registered capital	Class of shares held	Proportion of ownership interest and voting power held by the Company Directly %	Indirectly %	Principal activities
Beijing Cai Lian Advertising Co., Ltd.	PRC	RMB5,000,000 Limited liability company	Registered	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	Registered	–	100	Advertising agent
Beijing Caixun Century Advertising Co., Ltd.	PRC	RMB10,000,000 Limited liability company	Registered	100	–	Advertising agent
Beijing Caixun Century Infotech Co., Ltd.	PRC	RMB4,000,000 Limited liability company	Registered	–	100	Investment holding
Beijing Jingzheng Ronglian Advertising Company Limited	PRC	RMB2,000,000 Limited liability company	Registered	–	100	Advertising agent and books and magazines distributor
Beijing SEEC Book and Press Distribution Co., Ltd.	PRC	RMB5,000,000 Limited liability company	Registered	–	100	Books and magazines distributor
Hainan Caixun Infomedia Co., Ltd.	PRC	RMB9,000,000 Limited liability company	Registered	–	100	Investment holding
Shenzhen Caixun Advertising Co., Ltd.	PRC	RMB1,000,000 Limited liability company	Registered	–	100	Advertising agent
Shanghai Caixun Advertising Co., Ltd.	PRC	RMB1,000,000 Limited liability company	Registered	–	100	Advertising agent
Shanghai Caixun Media Conference Exhibition Limited	PRC	HK$10,000,000 Limited liability company	Registered	100	–	Investment holding

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

Name	Country of incorporation/ registration/ operations	Paid up registered capital	Class of shares held	Proportion of ownership interest and voting power held by the Company Directly %	Indirectly %	Principal activities
Superfort Management Corp.	British Virgin Islands/ Hong Kong	US$100 Limited company	Ordinary	100	–	Investment holding
Beijing Le Hua Jiu Fang	PRC	RMB5,050,504 (2013: RMB4,000,000) Limited liability company	Registered	–	71.28% (2013: 90%)	Advertising agent
Beijing Boji Culture and Media Co., Ltd. (Note)	PRC	RMB500,000 Limited liability company	Registered	–	100	Advertising agent

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

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	
		31.12.2014	31.12.2013	31.12.2014 HK$'000	31.12.2013 HK$'000	31.12.2014 HK$'000	31.12.2013 HK$'000
Beijing Le Hua Jiu Fang	PRC	28.72%	10%	2,340	1,049	2,888	3,203
						2,888	3,203

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

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

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

Beijing Le Hua Jiu Fang

	2014 HK$'000	2013 HK$'000
Current assets	16,263	5,675
Non-current assets	310	319
Current liabilities	(26,627)	(19,765)
Equity attributable to owners of the Company	(10,054)	(13,771)

	2014 HK$'000	2013 HK$'000
Revenue	4,499	7,915
Expenses	(15,990)	(12,967)
Loss for the year	(11,491)	(5,052)
Net cash outflow from operating activities	(11,702)	(3,358)
Net cash outflow from investing activities	(210)	(1)
Net cash inflow from financing activities	22,260	5,813
Net cash inflow	10,348	2,454

(c) Change in ownership interest in a subsidiary

During the year ended 31 December 2013, the Group injected HK$2,507,000 (equivalent to RMB2,000,000) as additional registered capital in the subsidiary, Beijing Le Hua Jiu Fang, raising its equity interest from 80% to 90%. Share of losses amounted HK$971,000 has been transferred to non-controlling interests. A difference on the share of losses to non-controlling interest amounted HK$40,000 arose after the change in ownership in the subsidiary.

During the year ended 31 December 2014, two new shareholders of Beijing Le Hua Jiu Fang, which are independent to the Group, injected HK$15,747,000 (equivalent to RMB12,000,000) as additional registered capital in Beijing Le Hua Jiu Fang. The Group's equity interest in Beijing Le Hua Jiu Fang decreased from 90% to 71.28%. The difference of HK$13,092,000 between the fair value of the consideration paid by the two new shareholders and amount of HK$2,655,000 by which the non-controlling interests are adjusted is recognised directly in equity and attributable to the owners of the Company.

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

	2014 HK$'000	2013 HK$'000
Non-current assets		
Property, plant and equipment	10	268
Sole agency right	1,530	6,156
Investments in subsidiaries	88,998	88,998
Investments in joint ventures	22,863	22,863
	113,401	118,285
Current assets		
Other receivables and deposits	1,446	277
Amounts due from subsidiaries	168,567	145,087
Bank balances and cash	19,225	4,532
	189,238	149,896
Current liabilities		
Bank borrowings	–	17,500
Amounts due to subsidiaries	77,622	63,685
Amount due to a substantial shareholder	50,308	307
Amount due to joint venture	192	–
Other payables and accruals	11,909	10,170
	140,031	91,662
Net current assets	49,207	58,234
Net assets	162,608	176,519
Capital and reserves		
Share capital	176,726	173,956
Accumulated losses	(140,826)	(71,799)
Share premium	69,233	64,084
Share option reserve	10,278	10,278
Warrant reserve	47,197	–
Total equity	162,608	176,519
Movement in accumulated losses		
Balance at 1 January	(71,799)	(67,648)
Loss for the year	(69,027)	(4,151)
Balance at 31 December	(140,826)	(71,799)

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2010 HK$'000	2011 HK$'000 (restated)	2012 HK$'000	2013 HK$'000	2014 HK$'000
REVENUE	352,404	482,526	516,623	492,851	443,582
PROFIT (LOSS) FROM OPERATIONS	32,099	47,044	52,682	29,243	(116,278)
FINANCE COSTS	(7,094)	(3,072)	(2,321)	(2,256)	(2,464)
PROFIT (LOSS) BEFORE TAXATION	25,005	43,972	50,361	26,987	(118,742)
TAXATION	(7,972)	(10,476)	(19,235)	(10,676)	(4,844)
PROFIT (LOSS) FOR THE YEAR	17,033	33,496	31,126	16,311	(123,586)
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	17,074	34,982	32,223	17,360	(121,246)
NON-CONTROLLING INTEREST	(41)	(1,486)	(1,097)	(1,049)	(2,340)
	17,033	33,496	31,126	16,311	(123,586)

ASSETS AND LIABILITIES

	Year ended 31 December				
	2010 HK$'000	2011 HK$'000 (restated)	2012 HK$'000	2013 HK$'000	2014 HK$'000
TOTAL ASSETS	572,855	634,438	592,906	643,899	622,873
TOTAL LIABILITIES	(252,605)	(266,916)	(193,334)	(217,369)	(250,929)
	320,250	367,522	399,572	426,530	371,944


财经
还原
阿里巴巴
电脑时空
证券市場周刊
乌龙指
状告证监会
信息方略
MARKETING CHINA
成功营销
中国创新
营销100人
动感驾驭
汽车让未来更美好?