



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)



INTERIM
REPORT
2013
中期報告





CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended 30 June	
	Notes	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Revenue	2	216,059	230,828
Cost of sales		(78,420)	(76,084)
Gross profit		137,639	154,744
Other income		1,211	1,097
Other losses		(979)	(580)
Selling and distribution costs		(104,809)	(98,237)
Administrative expenses		(28,149)	(27,028)
Finance costs	3	(1,003)	(1,273)
Profit before tax	4	3,910	28,723
Taxation	5	(3,904)	(10,093)
Profit for the period		6	18,630
Profit (loss) for the period attributable to:			
Owners of the Company		578	19,144
Non-controlling interests		(572)	(514)
Profit for the period		6	18,630
Earnings per share (HK cents)			
Basic	7	0.03	1.10
Diluted		0.03	1.10
Other comprehensive income (expense) for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		5,931	(1,633)
Total comprehensive income for the period		5,937	16,997
Total comprehensive income (expense) attributable to:			
Owners of the Company		6,509	17,511
Non-controlling interests		(572)	(514)
		5,937	16,997



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		44,555	46,021
Sole agency rights		108,984	112,436
Goodwill		118,886	118,886
Interests in joint ventures		–	–
Amount due from a joint venture		31,499	36,708
Amount due from a related company		8,570	10,483
		312,494	324,534
Current assets			
Trade receivables	8	200,720	190,049
Amounts due from related companies		21,223	6,714
Other receivables and prepayments		16,342	13,896
Loan receivable		–	6,167
Pledged bank deposits		20,085	13,567
Bank balances and cash		25,684	37,979
		284,054	268,372
Current liabilities			
Trade payables	9	41,440	44,400
Other payables and accruals		88,818	82,060
Amounts due to related companies		3,365	2,445
Amount due to immediate parent		2,204	204
Bank borrowings		42,607	36,667
Tax payable		12,162	27,056
		190,596	192,832
Net current assets		93,458	75,540
Total assets less current liabilities		405,952	400,074
Non-current liability			
Receipt in advance		443	502
		443	502
Net assets		405,509	399,572
Capital and reserves			
Share capital	10	173,956	173,956
Reserves		234,279	227,770
Equity attributable to owners of the Company		408,235	401,726
Non-controlling interests		(2,726)	(2,154)
Total equity		405,509	399,572



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company							Attributable to non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Exchange translation reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Subtotal HK\$'000		
At 1 January 2013 (audited)	173,956	64,084	8,407	52,937	10,278	92,064	401,726	(2,154)	399,572
Profit (loss) for the period	-	-	-	-	-	578	578	(572)	6
Exchange differences on translation	-	-	-	5,931	-	-	5,931	-	5,931
Total comprehensive income (expense) for the period	-	-	-	5,931	-	578	6,509	(572)	5,937
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	-	-
At 30 June 2013 (unaudited)	173,956	64,084	8,407	58,868	10,278	92,642	408,235	(2,726)	405,509

For the six months ended 30 June 2012

	Attributable to owners of the Company							Attributable to non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Exchange translation reserve HK\$'000	Share option reserve HK\$'000	Accumulated profits HK\$'000	Subtotal HK\$'000		
At 1 January 2012 (audited)	173,956	64,084	8,407	52,811	9,480	59,841	368,579	(1,057)	367,522
Profit (loss) for the period	-	-	-	-	-	19,144	19,144	(514)	18,630
Exchange differences on translation	-	-	-	(1,633)	-	-	(1,633)	-	(1,633)
Total comprehensive (expense) income for the period	-	-	-	(1,633)	-	19,144	17,511	(514)	16,997
Recognition of equity-settled share-based payment	-	-	-	-	508	-	508	-	508
At 30 June 2012 (unaudited)	173,956	64,084	8,407	51,178	9,988	78,985	386,598	(1,571)	385,027



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(14,902)	(11,381)
Decrease in loan receivable	6,167	–
Repayment from a joint venture	6,015	–
Other investing cash flows	77	311
Advance to a joint venture	(806)	(5,983)
Purchase of property, plant and equipment	(845)	(4,246)
Placement of pledged bank deposits	(6,518)	(725)
(Advance to) repayment from related companies	(12,596)	1,594
Fixed bank deposit released	–	6,173
NET CASH USED IN INVESTING ACTIVITIES	(8,506)	(2,876)
New bank loan raised	5,500	–
Advance from (repayment to) immediate parent	2,000	(49,417)
Increase (decrease) in amount due to related companies	920	(4,196)
Other financing cash flows	(1,003)	(1,273)
CASH FROM (USED IN) FINANCING ACTIVITIES	7,417	(54,886)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,991)	(69,143)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	37,979	91,944
Effect of foreign exchange rate changes	3,696	(1,227)
CASH AND CASH EQUIVALENTS AT END OF PERIOD, represented by bank balances and cash	25,684	21,574



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) Interim Financial Reporting issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated financial statements have been prepared on the historical cost basis. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

2. REVENUE AND 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 organized on the basis of the revenue streams. The Group’s operating and reporting segments are (a) advertising income from provision of agency services and organizing conferences and events and (b) sale of books and magazines.



The following is an analysis of the Group's revenue and results by reportable segments:

Six months ended 30 June 2013

	Advertising income HK\$'000	Sale of books and magazines HK\$'000	Consolidation HK\$'000
REVENUE			
External sales	196,374	19,685	216,059
RESULT			
Segment profit (loss)	38,776	(6,925)	31,851
Unallocated income			1,211
Unallocated expenses			(28,149)
Finance costs			(1,003)
Profit before tax			3,910

Six months ended 30 June 2012

	Advertising income HK\$'000	Sale of books and magazines HK\$'000	Consolidation HK\$'000
REVENUE			
External sales	215,815	15,013	230,828
RESULT			
Segment profit (loss)	70,108	(14,181)	55,927
Unallocated income			1,097
Unallocated expenses			(27,028)
Finance costs			(1,273)
Profit before tax			28,723

Segment result represents the profit earned by/loss from each segment without allocation of unallocated administration, selling and distribution costs, other income, other gains and losses and finance costs. This is the measure reported to the chief operating decision makers for the purpose of resource allocation and performance assessment.



3. FINANCE COSTS

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Interest on bank loan wholly repayable within five years	1,003	991
Interest on advance from immediate parent	–	282
	1,003	1,273

4. PROFIT FOR THE PERIOD

The Group's profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Depreciation of property, plant and equipment	3,021	5,568
Amortisation of sole agency rights (included in costs of sales)	5,288	5,234
Loss on disposal of property, plant and equipment	101	23
Net exchange loss (gain)	373	(91)
Bank interest income	(49)	(281)
Allowance for bad and doubtful debts	979	580

5. TAXATION

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

The tax charge for the period represents the People's Republic of China (the "PRC") Enterprise Income Tax and is calculated at the rates prevailing in the relevant districts of the PRC.

6. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors have determined that no dividend will be paid in respect of the interim period (2012: Nil).



7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Earnings for the purpose of basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	578	19,144
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,739,565,172	1,739,565,172
Effect of dilutive potential ordinary shares – options	–	1,174,580
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,739,565,172	1,740,739,752

For the six months ended 30 June 2013, the computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise prices of these options was higher than the average market price during the six months period ended 30 June 2013.

8. TRADE RECEIVABLES

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

The following is an analysis of trade receivables by age, presented based on date of magazines issued, which approximate the revenue recognition date.

	As at 30 June 2013		As at 31 December 2012	
	HK\$'000	Percentage	HK\$'000	Percentage
Less than three months	111,738	56	113,508	60
Three months to six months	51,617	25	44,041	23
Over six months to one year	37,365	19	32,500	17
	200,720	100	190,049	100



9. TRADE PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date.

	As at 30 June 2013		As at 31 December 2012	
	HK\$'000	Percentage	HK\$'000	Percentage
Less than three months	29,504	72	37,281	84
Three months to six months	8,343	20	4,231	10
Over six months to one year	2,561	6	1,824	4
Over one year	1,032	2	1,064	2
	41,440	100	44,400	100

10. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
<i>Authorised:</i>		
At 1 January 2012, 31 December 2012 and 30 June 2013	3,000,000	300,000
<i>Issued and fully paid:</i>		
At 1 January 2012, 31 December 2012 and 30 June 2013	1,739,566	173,956

During the six months ended 30 June 2013, no share was issued and no share option was exercised.



11. SHARE OPTIONS

The following table discloses movements in the Company's of share options under the Company's share options scheme during the current interim period:

	Date of grant	Exercise price HK\$	Exercisable period	Number of share options				
				Outstanding at 1.1.2012	Forfeited during the year	Outstanding at 31.12.2012	Forfeited during the period	Outstanding at 30.6.2013
Executive Director								
Wang Boming	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	-	1,500,000	-	1,500,000
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
Li Shijie	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	-	1,000,000	-	1,000,000
	29.10.2008	0.268	29.10.2011 to 28.10.2016	1,700,000	-	1,700,000	-	1,700,000
	16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	-	1,000,000	-	1,000,000
Zhang Zhifang	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	-	1,500,000	-	1,500,000
Other employees in aggregate								
	7.2.2007	0.330	7.2.2010 to 6.2.2015	15,050,000	-	15,050,000	-	15,050,000
	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	24,000,000	(450,000)	23,550,000	(400,000)	23,150,000
				48,550,000	(450,000)	48,100,000	(400,000)	47,700,000



12. RELATED PARTY TRANSACTIONS

Apart from certain balances with related parties as disclosed in the condensed consolidated statement of financial position, during each of the six months ended 30 June 2013 and 2012, the Group had following related party transactions:

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Compensation to key management personnel		
Fees and salaries and other benefits	566	518
Contributions to retirement benefits schemes	137	128
Share option benefits	–	25
	703	671
Office rental expenses paid to a related party	2,213	2,019
Administrative service fee received from a related party	540	–
Magazine registration number charges received from a joint venture	470	492
Interest expense paid to immediate parent	–	282
Disposal of property, plant and equipment to a joint venture	785	857

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2013 (2012: Nil).

BUSINESS REVIEW

The growth of Chinese economy was slowing down in the first half of 2013. With the impact from diversion of advertising income to the internet media sector, advertising revenue from newspaper and magazine industries was declining as compared to that of last year. According to the statistics from China Advertising Association, advertising revenue of the magazine industry recorded a decrease of 8.3% as compared to that for the corresponding period of last year.

SEEC Media Group has principally engaged in provision of magazine advertising services. The Group's turnover, though declining, still outperformed its competitors and the overall magazine advertising market. In the first half of 2013, the Group recorded a turnover of approximately HK\$216.1 million, representing a decrease of 6.4% as compared to that for the corresponding period of last year, while profit from operations was approximately HK\$0.60 million.

The turnover of "Caijing Magazine", the flagship magazine of the Group, in the first half of 2013 unprecedentedly recorded negative growth due to the sluggish economy in China. Against the backdrop of tightening of economy by the Chinese government, the customers reduced their advertisement placement. In response to this, the Group has been actively exploring new streams of revenue and enhancing its event and conference business. The event and conference business achieved a substantial year-on-year increase of 27% in revenue from the brand events and conferences against the decline in advertising revenue of the Group.



Though some of the magazines, which the Group holds advertising rights, recorded decline in advertising revenue, magazines such as “Better Homes and Gardens”, “TimeOut” and “La Revue Du Vin de France” were another stories. They were well received and recognized by readers and advertising customers, and achieved growth rates of 62%, 20% and 31% respectively in turnover in the first half of 2013. They were well positioned to capitalize on the advantages of their foothold and their own expertise and quality, enabling them to expand their market influence in the advertising industry by delivering good magazine content. We saw that market potentials of consumer goods industry remained since the growth of advertising revenue could still be achieved by virtue of excellent quality in magazine content.

The Group’s “Grazia” magazine is another good example. It has become the leading trendy lifestyle and fashion magazine in China and is second to none amongst the Group’s lifestyle magazines only in around four years. Despite the economic downturn, “Grazia” achieved its growth with excellent quality and its future development remains promising.

With increasing awareness in environment protection and the imposed selling restrictions in automobiles due to citywide traffic congestion, the boom period of the development of auto industry in China has gradually faded. The advertisements placed by automobile manufacturers in “China Auto Pictorial”, the best selling auto magazine in China, also decreased. Its advertising revenue in 2013 had a year-on-year decrease of 15%. The nationwide property sales was extremely low as the real estate industry was affected by the tightening of the macro-economic policy in Mainland China, thus the advertisement placement in “Real Estate”, a magazine of the Group, declined by 12%. However, the equity securities market was the most-affected sector as the initial public offering fund raising exercises in China were suspended, resulting in over 50% decline in advertising revenue of “CapitalWeek”, in which its advertisers were mainly listed companies.

OUTLOOK AND PROSPECT

On the whole, the advertising industry is particularly drowned in the stiff market environment which has significantly affected all industries in general, but the impact of the internet media over the traditional print media advertising business has been increasingly significant. The Group realized that changes and innovation are the keys for a sustainable growth of its turnover and profitability. Accordingly, the Board decided to discontinue the advertising business of “HisLife” magazine, which faced an unfavourable and difficult prospect. The Board will continue to review its portfolio of magazines advertising business in light of the internet era. While retaining the traditional leading magazines, the Group will focus on media product development in new media era and continuous innovations in line with the market development trend.

The Board strongly believes that the traditional media industry will still have ample development opportunities as the reform and development of China will go far beyond 30 years since its adoption of open door policy. In an ever-changing environment, the traditional media can only survive through business transformation in a timely manner to adapt to the change of the times. The Group will keep its mind open and keep up with the times to facilitate the transformation, and to sustain growth with self-enhancement.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group encountered a very difficult operating environment and there were uncertainties in economic prospect in China during the first half of 2013. There was keen competition in the advertising business in China during the period. As a result, there was a decrease in advertising revenue, increase in costs and a decrease of gross profit for the six-month period ended 30 June 2013 as compare to those of the same period in 2012.

During the first half of the year of 2013, revenue of the Group was approximately HK\$216.1 million as compared to approximately HK\$230.8 million in the same period of 2012, representing a decrease of 6.4%. The gross profit margin for the first half of the year of 2013 was 63.7% which was decreased as compared to that of the same period in 2012 of 67.0%.

The selling and distribution cost increased by 6.7% to HK\$104.8 million which was resulted from increase in the number of sales staff for increasing selling and promotion efforts. The administrative expense was increased by 4.1% to HK\$28.1 million because of general increase in salary, expansion in staff number and increase in operating costs in China.

The profit attributable to the shareholders of the Company was approximately HK\$0.6 million for the first six-month period of 2013, while the profit attributable to the shareholders of the Company was approximately HK\$19.1 million in the same period of last year, representing a decrease of 97.0%.

To preserve financial resources for future expansion and operation of the Group, the Board did not recommend the payment of an interim dividend for the period (2012: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operation activities were financed by internal resources. The Group's equity as at 30 June 2013 was approximately HK\$405.5 million as compared to approximately HK\$399.6 million as at 31 December 2012.

The Group had non-current liability of approximately HK\$0.4 million of receipt in advance as at 30 June 2013 as compared to approximately HK\$0.5 million of receipt in advance as at 31 December 2012. The gearing ratio, which was computed by total liabilities over total assets was 32% as at 30 June 2013 as compared to 33% as at 31 December 2012.

As at 30 June 2013, the Group had secured bank borrowings of approximately HK\$42.6 million as compared to HK\$36.7 million as at 31 December 2012.

As at 30 June 2013, the Group had cash and time deposits amounted to approximately HK\$25.7 million as compared to approximately HK\$38.0 million as at 31 December 2012.



CHARGE ON ASSETS

As at 30 June 2013, the Company had fixed deposits of approximately HK\$20.1 million charged to a bank for banking facilities granted to the Group as compared to approximately HK\$13.6 million as at 31 December 2012.

As at 30 June 2013, the Group had pledged leasehold land and building in the PRC with a carrying amount of approximately HK\$33.2 million to secure bank borrowings granted to the Group as compared to approximately HK\$33.3 million as at 31 December 2012.

LEGAL CASE PROVISION

On 6 August 2011, Chau Hoi Shuen, Solina Holly (“Ms. Chau”) in a writ of summons filed claims against the Company for compensatory damages for distributing and publishing certain articles in a magazine, *Caijing Magazine* containing words defamatory to Ms. Chau. On 15 November 2012, the High Court of Hong Kong has issued a judgment in favour of Ms. Chau and adjudged that the Company need to pay the damages to Ms. Chau and the related legal fee incurred for both parties. The directors of the Company have provided for the damages and professional fee in relation to the case totalling approximately HK\$6,000,000 (including in other payables and accruals) based on their best estimates and advice from the legal counsel engaged by the Company. On 12 December 2012, the Company has lodged an appeal to the Court of Appeal and the appeal will be heard in the Court of Appeal on 11 April 2014. In the opinion of the legal counsel, it is not practical to assess the outcome of the appeal and the directors of the Company considered that the provision is adequate.

COMMITMENTS

(a) Operating lease commitments

As lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments which fall due as follows:

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Within one year	10,860	8,345
In the second to fifth year inclusive	12,581	8,313
	23,441	16,658

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



(b) Other commitments

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

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Within one year	3,452	3,296
In the second to fifth year inclusive	13,163	11,427
Over five years	1,170	4,680
	17,785	19,403

FOREIGN CURRENCIES AND TREASURY POLICY

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

EMPLOYEES

At as 30 June 2013, the Group had 819 (31.12.2012: 828) employees in Hong Kong and the PRC. Salaries, bonus and benefits were decided in accordance with the market condition and performance of the respective employees.



DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2013, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(i) 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 30 June 2013, details of the share options to subscribe for shares of HK\$0.10 each in the Company granted to directors were as follows:

Name of Director	Capacity	Date of grant	Exercise price HK\$	Exercisable period	Number of share options outstanding at 1.1.2013 and 30.6.2013	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
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
Li Shijie	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	1,000,000
		29.10.2008	0.268	29.10.2011 to 28.10.2016	1,700,000	1,700,000
		16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	1,000,000
Zhang Zhifang	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	1,500,000
					9,200,000	9,200,000



(ii) Interests in associated corporation

Name of associated corporation	Name of Director	Capacity	Number of shares of the associated corporation (Personal interests) (note)	Percentage of total issued share capital of associated corporation at 30.6.2013
United Home Limited	Wang Boming	Beneficial owner	1	6.67%
	Dai Xiaojing	Beneficial owner	1	6.67%
	Li Shijie	Beneficial owner	1	6.67%
	Zhang Zhifang	Beneficial owner	1	6.67%

Note: Wang Boming, Dai Xiaojing, Li Shijie and Zhang Zhifang each hold 1 share in United Home Limited which has a total of 15 shares issued as at 30 June 2013.

Save as disclosed above, as at 30 June 2013, none of the directors, chief executives nor their associates had any long or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company:

Long positions

Ordinary shares of HK\$0.10 each of the Company

Name	Capacity	Number of shares beneficially held	Percentage of holding
United Home Limited	Beneficial owner and controlled corporation	988,788,699	56.84%
Carlet Investments Ltd.	Beneficial owner	172,644,210	9.92%

The 172,644,210 shares held by Carlet Investments Ltd. were indirectly owned by United Home Limited by virtue of its 100% ownership of Carlet Investments Ltd.. In addition to the 172,644,210 shares held by Carlet Investments Ltd., 816,144,489 shares which represents approximately 46.92% of the issued share capital of the Company, were directly owned by United Home Limited.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2013.



PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company has complied throughout the period with 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 (the "Listing Rules") except the following major deviations:

Code Provision A.2.1

This Code stipulates that the roles of chairman and managing director (or chief executive officer) should be separate and should not be performed by the same individual.

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

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

Code Provision A.4.1

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

The term of office for non-executive directors are the same as for all directors (i.e. no specific term and 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.



Code Provision E.1.2

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

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

REMUNERATION COMMITTEE

The Remuneration Committee comprises two independent non-executive directors, namely Mr. Zhang Ke being the chairman of the committee and Mr. Ding Yu Cheng.

NOMINATION COMMITTEE

The Nomination Committee comprises two independent non-executive directors, namely Mr. Ding Yu Cheng being the chairman of the committee and Mr. Zhang Ke.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors. It is chaired by Mr. Fu Fengxiang and comprises two other members, namely Mr. Wang Xiangfei and Mr. Zhang Ke. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements for the six months ended 30 June 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry of all directors, all directors confirmed 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 for the six months ended 30 June 2013.



MEMBERS OF THE BOARD OF DIRECTORS

As at the date hereof, the members of the Board are as follows:

Executive Directors:

Mr. Wang Boming (*Chairman*)

Mr. Dai Xiaojing

Mr. Li Shijie

Mr. Zhang Zhifang

Independent Non-Executive Directors:

Mr. Fu Fengxiang

Mr. Ding Yu Cheng

Mr. Wang Xiangfei

Mr. Zhang Ke

By order of the Board

Wang Boming

Chairman

Hong Kong, 27 August 2013

Room 806, 8/F,
Nan Fung Tower,
173 Des Voeux Road Central,
Hong Kong
www.seec-media.com.hk

