財訊傳媒集團有限公司
SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
(stock code 股份代號：205)

Annual Report 2011 年報

Contents

Corporate Information

Board of Directors

Executive Directors:

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

Independent Non-Executive Directors:

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

Company Secretary

Mr. Tseung Sheung Shun

Principal Place of Business

Unit 3203, Cosco Tower,
Grand Millennium Plaza,
183 Queen's 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
China Merchants Bank Co., Ltd
DBS Bank (Hong Kong) Limited
DBS Bank Limited
Hang Seng Bank Limited

Auditor

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

Legal Adviser

So Keung Yip & Sin
2203-2205, 22/F
Wheelock House
No. 20 Pedder Street
Central
Hong Kong

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

Share Registrars and Transfer Office

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

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

Websites

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

Stock Code

205

Chairman's Statement

On behalf of the board of directors (the "Board") of SEEC Media Group Limited (the "Company"), I am pleased to present to you the 2011 annual results for the Company and its subsidiaries (collectively referred to as the "Group" or "SEEC Media Group").

Business Review

In 2011, China's economic growth gradually decelerated, and there was uncertainty around the global economic environment due to European debt crisis. Despite these challenges, thanks to efforts of all our colleagues, the Group realized revenue of HK$482.5 million, or a growth of 37%, and recorded a profit attributable to owners of the Company of HK$35.0 million, or a growth of 105% as compared to those of last year. This indicates that the newly launched magazines by SEEC Media Group have entered a harvest stage.

"Caijing Magazine", as the flagship magazine of the Group, has established a unique and leading status and made outstanding influence in finance and economics publications since its debut 14 years ago. The magazine reaped a growth of 55% in advertising revenue for 2011.

"CapitalWeek" focuses its expertise on stock market. Although China's stock market was in the doldrums this year, the weekly magazine achieved a 29% growth in advertising revenue for 2011 by virtue of its professional service standards for securities business.

China has become the world's largest consumer market of luxury goods, and this will bring about a broader market to fashion and consumer magazines. In just a few years time, the Group not only successfully got access, but also established a high position in this market. "Grazia", one of the most promising fashion magazines of the Group, has carved out a niche in the fashion magazine industry since it was first published two years ago, its advertising revenue grew 95% in 2011. As to penetrate the market of the male fashion publications, the Group's "HisLife" magazine also achieved good results in 2011 with advertising revenue growing by 12%. "TimeOut", another magazine for the trendy lifestyle sector, also achieved good operating results. In June 2011, the Group cooperated with a French distinguished grape wine magazine "La Revue Du Vin de France" to launch its Chinese edition "葡萄酒評論" in China, which received warm applause from various enthusiasts of grape wines and people in the wine industry on its debut.

Besides, other magazines of the Group, including "China Auto Pictorial", "Autocar", "Marketing China" and "Real Estate", all achieved impressive advertising revenue growth in 2011.

The above operation results show that most of the Group's publications have made good development in all aspects and entered a beneficial, mature and steadily rewarding cycle, which creates outstanding achievement and brings bright future.

Outlook and Prospect

Despite the fact that China has lowered its 2012 economic growth target and global economic situation remains uncertain, it is expected that SEEC Media Group, taking the advantage of the primacy based on its extensive product lines, can continue to achieve good results.

Chairman's Statement

Acknowledgement

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

Wang Boming
Chairman

Hong Kong, 23 March 2012

Management Discussion and Analysis

During the year of 2011, turnover of the Group was approximately HK$482.5 million as compared to approximately HK$352.4 million in 2010, representing an increase of approximately 37%. The Group's revenue was improved from the economy recovery in China, with a 39% increase in advertising agency income and more than double in advertising income from hosting conferences and events. The gross profit was almost stable of 67% in 2011 with a slight decrease as compared to that of last year (2010: 69%).

The selling and distribution costs were increased by 33% from approximately HK$171.0 million to approximately HK$227.6 million, were in line with the increase in revenue and were mainly due to the increased selling and promotional effort for the magazines. The administrative expenses were increased by 42% from approximately HK$35.7 million to HK$50.6 million. The increase was mainly due to increase in business and operational activities and operational costs in China.

The other losses in this year was solely the allowance for bad and doubtful debt of approximately HK$0.8 million. The other gains and losses in the last year were the fair value gain of the derivative financial instruments related to the convertible bond of the Company and gain on early redemption of the bond of HK$6.6 million and HK$0.9 million respectively, and allowance for doubtful and bad debt of HK$2.6 million.

There was no share of loss of a jointly controlled entity during the year since the entity was still in loss position and the investment by the Group in that entity was reduced to zero and there was no contractual obligation for the Group to contribute and share the loss of the entity. The share of loss of a jointly controlled entity was HK$11.4 million in 2010. This was wholly related to normal operation of a joint venture company, Mondadori-SEEC (Beijing) Advertising Co., Ltd., which was set up together with Mondadori Group, an Italian magazines and publication group, for the Chinese version of a lifestyle fashion magazine, Grazia, in China.

The Group recorded finance cost of approximately HK$3.1 million (2010: HK$7.1 million) in this year. It mainly comprised of interest on bank loan and on loan advanced from immediate parent in this year and the interest of approximately HK$7.1 million in last year was mainly interest of HK$5.2 million from the convertible bond issued by the Company.

As a result, with a steady increase in revenue, the profit attributable to owners of the Company for this year amounted to approximately HK$35.0 million, as compared to approximately HK$17.1 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 2011 (2010: nil).

Liquidity and Financial Resources

The Group's daily operating activities were financed by internal resources. As at 31 December 2011, the Group's equity was approximately HK$367.5 million (2010: HK$320.3 million). The Group had non-current liabilities of approximately HK$63.9 million (2010: HK$85.4 million) as at 31 December 2011 mainly from a loan advanced by immediate parent, United Home Limited. As at 31 December 2011, the Group's gearing ratio was 10% representing a percentage of non-current liabilities over total assets (2010: 15%).

As at 31 December 2011 the Group had secured bank borrowings of approximately HK$30.5 million (2010: 23.5 million).

As at 31 December 2011, the Group had cash and time deposits amounted to approximately HK$98.1 million (2010: HK$99.3 million).

Management Discussion and Analysis

Charges on Assets

As at 31 December 2011, the Group had funds of approximately HK$5.7 million raised from bank borrowings of which its usage is restricted to pay certain operating expenses. As at 31 December 2010, the Group had deposits of HK$0.8 million charged to a bank for banking facilities granted to the Group's companies.

As at 31 December 2011, the Group had pledged leasehold land and building in the PRC with a carrying amount of approximately HK$34.5 million (2010: HK$34.1 million) to secure bank borrowings granted to the Group.

Contingent Liabilities

On 6 August 2010, Chau Hoi Shuen, Solina Holly (the "Plaintiff") in a writ of summons filed claims against the Company for compensatory damages for distributing and publishing certain articles in the Issue No. 265 of Caijing Magazine containing words defamatory to the Plaintiff. In the defence filed by the Company on 13 October 2010, the Company denied the Plaintiff's claims. The Plaintiff and the Company attended mediation on 20 April 2011, however, both parties failed to settle the litigation by mediation. The litigation is fixed for trail at the high court of Hong Kong in September 2012. In the opinion of the legal advisor of the Company, it is not practical to assess the outcome of the case and accordingly, no provision was made in the consolidated financial statements.

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:

	2011	2010
	HK$'000	HK$'000
Within one year	**7,266**	2,153
In the second to fifth year inclusive	**1,991**	439
	9,257	2,592

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) Capital commitments

	2011	2010
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**2,510**	–

Management Discussion and Analysis

(c) 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:

	2011	2010
	HK$'000	HK$'000
Within one year	**2,983**	1,560
In the second to fifth year inclusive	**12,773**	8,190
Over five years	**4,680**	9,360
	20,436	19,110

Foreign Currencies and Treasury Policy

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

Employees

As at 31 December 2011, the Group had 747 (2010: 676) employees in Hong Kong and PRC. Salaries, bonuses and benefits were decided in accordance with market conditions and performance of the respective employees.

Share Option Scheme

The Company's existing share option scheme was adopted on 26 August 2002 and is due to expire in August 2012. During the year, no (2010: nil) share option was granted to directors and employees of the Group. As at 31 December 2011, the number of share issuable under share options granted was 48,550,000 (2010: 50,750,000).

Corporate Governance Report

During the year under review, the Company has complied with all relevant provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except for the deviations stated below:

(1) Code Provision A.2.1

Code A.2.1 stipulates that the roles of chairman and managing director (or chief executive officer ("CEO")) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. The Company does not presently have any officer with the title of "CEO" or "Managing Director". At present, Mr. Wang Boming, being the Chairman and an Executive Director of the Company, is assuming the role of the CEO of the Company and is responsible for the strategic planning and corporate policy of the Group.

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

(2) Code Provision A.4.1

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

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

(3) Code Provision E.1.2

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

The chairman of the Board was absent from the annual general meeting held on 13 June 2011 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").

Corporate Governance Report

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 2011.

Board of Directors

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

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

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

The Board held full board meetings at approximately quarterly intervals. The attendances of the Board meeting for the year ended 31 December 2011 are as follows:

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

Chairman and Chief Executive Officer

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

Corporate Governance Report

Remuneration of Directors

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

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

Nomination of Directors

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

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

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

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

Auditors' Remuneration

During the year, the fees paid or payable to the auditor of the Company, Messrs. Deloitte Touche Tohmatsu were approximately HK$730,000 (2010: HK$720,000) and HK$76,000 (2010: HK$172,000) for statutory audit services and non-audit services rendered to the Group respectively.

Audit Committee

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

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

Corporate Governance Report

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

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

The Group's interim results for the six months ended 30 June 2011 and annual audited results for the year ended 31 December 2011 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.

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.

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 2011, which were prepared in accordance with statutory requirements and applicable accounting standards.

Directors' Profile

Executive Directors

Mr. Wang Boming, aged 56, 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, 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 58, is responsible for the Group's investment and business planning in the PRC. Mr. Zhang graduated from Peking University with a bachelor's degree in international relations and a master's degree in international law, in 1984 and 1986, respectively. He earned his second master's degree in international commercial law and politics from the Fletcher School of Law and Diplomacy in the U.S.A. in 1987. Mr. Zhang is also a director of Shanghai SEEC Investment Development Co., Ltd. Before he joined the Group in December 1997, he was employed as an investment consultant of Fair Field Maxwell Financial Services Corp. in the U.S.A. in 1987. He has served as an executive officer of the Executive Commission of Securities Trading Automated Quotations System of the PRC since 1989.

Mr. Dai Xiaojing, aged 51, joined the Group in December 1998. He graduated from Guangzhou Zhong Shan University with a bachelor's degree in science and a master's degree in laws, in 1981 and 1984, respectively. He was engaged in economic policy research at the Economic Development Research Institute of State Council of PRC from 1984 to 1989. He has been an editorial committee member of CapitalWeek since 1990 and is also the chairman of Shanghai SEEC Investment Development Co., Ltd.

Mr. Li Shijie, aged 49, has many years of experience in the advertising, marketing and publishing industries. Mr. Li was the advertising manager of CapitalWeek, a well-known financial magazine, for the period from February 1994 to March 2000 and has been the general manager of Beijing Caixun Advertising Co., Ltd since March 2000. Mr. Li graduated from Capital Normal University in the PRC with a bachelor's degree in physics and taught physics in Beijing Automobile Industry School from 1985 to 1994. Mr. Li obtained his EMBA degree in BiMBA Center of Peking University. Mr. Li has been appointed as an executive Director since December 2002.

Directors' Profile

Independent non-executive Directors

Mr. Fu Fengxiang, aged 82, has participated in the establishment and management of the securities market in the PRC. Mr. Fu holds a bachelor's degree and was the deputy chairman of China Securities Regulatory Commission, the vice-chairman of China Investment Institute, a part-time lecturer of the Guanghua School of Management of Peking University and an executive officer of Asia Securities Research Institute. Since December 1997, Mr. Fu has been appointed as an independent non-executive Director.

Mr. Wang Xiangfei, aged 60, graduated and obtained his bachelor's degree in economics from RENMIN University of China. He taught as associate professor in finance at the department of finance in RENMIN University. 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 executive directors of its several listed subsidiaries in Hong Kong, chief executive officer of China Everbright International Limited and vice general manager of China Everbright International Trust & Investment Co.. He has served as a financial advisor to China SONANGOL International Holding Limited and vice chief financial officer of SONANGOL SINOPEC International Limited since April 2006. By the end of April 2010, Mr. Wang had also served as an independent non-executive director of Tianjin Capital Environmental Protection Co., Ltd. and Chongqing Iron & Steel Company Limited (which are both listed companies in Hong Kong and Shanghai) for a term of three years twice for each of the companies. Mr. Wang is an executive director of Nan Nan Resources Enterprise Ltd., formerly known as China Sonangol Resources Enterprise Limited, a listed company in Hong Kong and also presently serves as an independent non-executive director of China CITIC Bank Corporation Limited and Shandong Chenming Paper Holdings Ltd. (which is a listed company in Hong Kong and Shanghai) and as an external supervisor of Shenzhen Rural Commercial Bank Corporation Limited. In June 2003, Mr. Wang was appointed as an independent non-executive Director.

Mr. Ding Yu Cheng, aged 45, has many years of experience in management. Mr. Ding holds a master of business administration degree from the University of Pittsburg and a doctor of philosophy degree in economics from Tsinghua University. Mr. Ding has been appointed as an independent non-executive Director since June 2005.

Mr. Zhang Ke, aged 58, 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 of the board of directors and the chief partner of Shinewing Certified Public Accountants; vice president of China Institute of Certified Public Accountants; vice president of Beijing Association of Forensic Science; a member of CPA examination committee of the Ministry of Finance; director of China Mergers and Acquisitions Association; and was the departmental manager of China International Economic Consultants Inc. of CITIC Group; the deputy managing director of CITIC Certified Public Accountant; deputy managing partner of Coopers & Lybrand CIEC; a partner of Coopers & Lybrand International; managing partner of Coopers & Lybrand CIEC: vice executive director of Coopers & Lybrand, China. And Mr. Zhang was elected one of the outstanding accounting professionals in the nation wide by the PRC Ministry of Finance in 2005. Mr. Zhang is also an independent non-executive director of three companies whose shares are listed on The Stock Exchange of Hong Kong Limited, namely Air ChinaLimited (also listed on the Shanghai Stock Exchange), HC International Inc. and China Coal Energy Company Limited. Mr. Zhang has been appointed as an independent non-executive director since February 2007.

Directors' Report

The directors have pleasure in presenting their annual report and the audited consolidated financial statements for the year ended 31 December 2011.

Principal Activities

The principal activity of the Company is investment holding. Its principal subsidiaries and jointly controlled entities 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 2011 are set out in the consolidated statement of comprehensive income on page 21.

Summary of Financial Information

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

Property, Plant and Equipment

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

Share Capital

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

Distributable Reserves of the Company

At 31 December 2011, the Company had no reserves available for distribution to shareholders.

Major Customers and Suppliers

For the year ended 31 December 2011, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together accounted for 34% and 47% 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' Report

Directors

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

Executive directors:

Mr. Wang Boming
Mr. Zhang Zhifang
Mr. Dai Xiaojing
Mr. Li Shijie

Independent non-executive directors:

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

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

Directors' Service Contracts

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

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

Directors' Interests in Contracts of Significance

Other than those disclosed in note 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 2011 or at any time during the year.

Directors' Interests in Securities

At 31 December 2011, 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.

Directors' Report

At 31 December 2011, 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 31.12.2011	Number of underlying shares
Li Shijie	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	1,000,000
		29.10.2008	0.268	29.10.2011 to 28.10.2016	1,700,000	1,700,000
		16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	1,000,000
Wang Boming	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Zhang Zhifang	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Dai Xiaojing	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	1,500,000
		16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	1,000,000

Interests in associated corporation

Name of associated corporation	Name of Director	Capacity	Per cent of total issued share capital of associated corporation at 31.12.2011
United Home Limited	Dai Xiaojing	Beneficial owner	6.67%
	Li Shijie	Beneficial owner	6.67%
	Wang Boming	Beneficial owner	6.67%
	Zhang Zhifang	Beneficial owner	6.67%

Dai Xiaojing, Li Shijie, Wang Boming and Zhang Zhifang each hold 1 share in United Home Limited which has a total of 15 shares issued as at 31 December 2011.

Save as disclosed above, as at 31 December 2011, 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.

Directors' Report

Substantial Shareholders

At 31 December 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of the relevant interests and short positions in the issued share capital of the Company:

Long positions

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

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

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2011.

Appointment of Independent Non-Executive Directors

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

Emolument Policy

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

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

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 30 to the consolidated financial statements.

Connected Transactions

On 20 December 2010, 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$3,993,000 to Shanghai SEEC. All the lease agreements will be expired on 31 December 2012.

Directors' Report

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.

Pursuant to Rule 14A.38 of the Listing Rules of the Stock Exchange, the board of directors engaged the auditor of the Company to perform certain procedures in respect of the continuing connected transactions of the Group. The auditor has reported the factual findings on these procedures to the board of directors. The independent non-executive directors have reviewed the continuing connected transactions and the report of the auditor and have confirmed that the transaction have been entered into by the Group in the ordinary course of its business, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pre-Emptive Rights

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

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 December 2011.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company's 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, 23 March 2012

Independent Auditor's Report

Deloitte.
德勤

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

We have audited the consolidated financial statements of SEEC Media Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 65, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of 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.

Independent Auditor's Report

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 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 March 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000 (restated)
Revenue	5	**482,526**	352,404
Cost of sales		**(161,302)**	(110,822)
Gross profit		**321,224**	241,582
Other income		**4,832**	3,725
Other gains and losses	7	**(775)**	4,973
Selling and distribution costs		**(227,618)**	(171,039)
Administrative expenses		**(50,619)**	(35,706)
Share of loss of a jointly controlled entity		**–**	(11,436)
Finance costs	8	**(3,072)**	(7,094)
Profit before taxation	9	**43,972**	25,005
Taxation	12	**(10,476)**	(7,972)
Profit for the year		**33,496**	17,033
Exchange differences arising on translation		**12,668**	8,027
Total comprehensive income for the year		**46,164**	25,060
Profit (loss) for the year attributable to:			
Owners of the Company		**34,982**	17,074
Non-controlling interests		**(1,486)**	(41)
		33,496	17,033
Total comprehensive income (expense) attributable to:			
Owners of the Company		**47,650**	25,101
Non-controlling interests		**(1,486)**	(41)
		46,164	25,060
Earnings per share (HK cents)	13		
Basic		**2.01**	0.98
Diluted		**2.01**	0.84

Consolidated Statement of Financial Position

At 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000 (restated)
Non-current assets			
Property, plant and equipment	14	**48,148**	47,555
Deposit for acquisition of property, plant and equipment		**–**	442
Sole agency rights	15	**122,938**	127,555
Goodwill	16	**118,886**	118,886
Interests in jointly controlled entities	17	**–**	–
Amount due from a jointly controlled entity	19	**45,764**	30,562
		335,736	325,000
Current assets			
Trade receivables	18	**175,157**	130,798
Amounts due from related companies	19	**5,110**	5,670
Other receivables and prepayments		**14,643**	11,358
Restricted bank balances	20	**5,675**	777
Bank balances and cash	21	**98,117**	99,252
		298,702	247,855
Current liabilities			
Trade payables	22	**57,732**	41,482
Other payables and accruals	22	**84,530**	67,872
Amounts due to related companies	19	**7,025**	14,680
Amount due to immediate parent	19	**1,599**	–
Bank borrowings	23	**30,520**	23,505
Tax payable		**21,624**	19,628
		203,030	167,167
Net current assets		**95,672**	80,688
Total assets less current liabilities		**431,408**	405,688
Non-current liabilities			
Loan from immediate parent	24	**63,325**	85,438
Receipt in advance		**561**	–
		63,886	85,438
Net assets		**367,522**	320,250

Consolidated Statement of Financial Position

At 31 December 2011

	Note	2011 HK$'000	2010 HK$'000 (restated)
Capital and reserves			
Share capital	25	**173,956**	173,956
Reserves		**194,623**	145,865
Equity attributable to owners of the Company		**368,579**	319,821
Non-controlling interests		**(1,057)**	429
Total equity		**367,522**	320,250

The consolidated financial statements on pages 21 to 65 were approved and authorised for issue by the Board of Directors on 23 March 2012 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 2011

	Attributable to owners of the Company								
	Share capital HK$'000	**Share premium** HK$'000	**Statutory reserve** HK$'000 (note)	**Exchange translation reserve** HK$'000	**Share option reserve** HK$'000	**Accumulated (loss) profits** HK$'000	**Subtotal** HK$'000	**Attributable to non-controlling interests** HK$'000	**Total** HK$'000
At 1 January 2010	173,956	64,084	8,407	32,116	6,913	(2,952)	282,524	–	282,524
Profit for the year (restated)	–	–	–	–	–	17,074	17,074	(41)	17,033
Exchange differences arising on translation	–	–	–	8,027	–	–	8,027	–	8,027
Total comprehensive income (expense) for the year	–	–	–	8,027	–	17,074	25,101	(41)	25,060
Contributed from a joint venturer in respect of expenses previously taken by the Company	–	–	–	–	–	10,737	10,737	–	10,737
Capital contributed from non-controlling interests	–	–	–	–	–	–	–	470	470
Recognition of equity-settled share-based payment	–	–	–	–	1,459	–	1,459	–	1,459
	–	–	–	–	1,459	10,737	12,196	470	12,666
At 31 December 2010 (restated)	173,956	64,084	8,407	40,143	8,372	24,859	319,821	429	320,250
Profit for the year	–	–	–	–	–	34,982	34,982	(1,486)	33,496
Exchange differences arising on translation	–	–	–	12,668	–	–	12,668	–	12,668
Total comprehensive income (expense) for the year	–	–	–	12,668	–	34,982	47,650	(1,486)	46,164
Recognition of equity-settled share-based payment	–	–	–	–	1,108	–	1,108	–	1,108
At 31 December 2011	**173,956**	**64,084**	**8,407**	**52,811**	**9,480**	**59,841**	**368,579**	**(1,057)**	**367,522**

Note: 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.

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000 (restated)
OPERATING ACTIVITIES		
Profit before taxation	**43,972**	25,005
Adjustments for:		
Change in fair value of derivative financial instruments	**–**	(6,594)
Allowance for bad and doubtful debts	**775**	2,550
(Reversal of) allowance for inventories obsolescence	**(809)**	1,232
Interest income	**(1,928)**	(2,226)
Interest expenses	**3,072**	7,094
Depreciation of property, plant and equipment	**7,635**	8,021
Amortisation of sole agency rights	**10,292**	9,833
Loss on disposal of property, plant and equipment	**61**	58
Gain on early redemption of convertible bond	**–**	(929)
Share-based payment expense	**1,108**	1,459
Share of loss of a jointly controlled entity	**–**	11,436
Operating cash flows before movements in working capital	**64,178**	56,939
Decrease in inventories	**809**	–
Increase in trade receivables	**(45,134)**	(42,509)
Increase in other receivables and prepayments	**(3,285)**	(1,070)
Increase in trade payables	**16,250**	8,606
Increase in other payables and accruals	**16,658**	21,411
Increase in receipt in advance	**561**	–
Cash from operations	**50,037**	43,377
Overseas tax paid	**(8,480)**	(1,276)
NET CASH FROM OPERATING ACTIVITIES	**41,557**	42,101
INVESTING ACTIVITIES		
Advance to a jointly controlled entity	**(15,202)**	(10,208)
Purchase of property, plant and equipment	**(5,954)**	(2,441)
Increase in restricted bank balances	**(5,675)**	–
Increase in fixed bank deposit	**(6,173)**	–
Interest received	**1,928**	1,267
Sale proceeds from disposals of property, plant and equipment	**889**	315
Decrease in pledged bank deposits	**777**	29,690
Repayment from (advance to) related companies	**560**	(966)
Investment in a joint controlled entity	**–**	(11,436)
Deposit paid for acquisition of property, plant and equipment	**–**	(442)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(28,850)**	5,779

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000 (restated)
FINANCING ACTIVITIES		
Repayment of bank loans	**(24,670)**	(63,390)
(Repayment to) advance from immediate parent	**(24,178)**	85,259
(Decrease) increase in amounts due to related companies	**(7,655)**	10,334
Interest paid	**(1,548)**	(1,751)
New bank loans raised	**31,685**	37,400
Proceed from amount due to immediate parent	**1,599**	–
Repayment for redemption of convertible bond	**–**	(93,944)
Capital contribution from non-controlling interests	**–**	470
NET CASH USED IN FINANCING ACTIVITIES	**(24,767)**	(25,622)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(12,060)**	22,258
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**99,252**	74,381
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**4,752**	2,613
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**91,944**	99,252
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**98,117**	99,252
Less: Fixed bank deposit with original maturity of more than three months when acquired	**(6,173)**	–
Cash and cash equivalents at the end of the year	**91,944**	99,252

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

1. General

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

The functional currency of the Company and the 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.

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised)	Related party disclosures
HKAS 32 (Amendments)	Classification of rights issues
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective

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

HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[1]
	Disclosures – Offsetting financial assets and financial liabilities[2]
	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[5]
HKAS 12 (Amendments)	Deferred tax – Recovery of underlying assets[4]
HKAS 19 (Revised)	Employee benefits[2]
HKAS 27 (Revised)	Separate financial statements[2]
HKAS 28 (Revised)	Investments in associates and joint ventures[2]
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities[6]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 "Financial Instruments" (issued in 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods.

The directors anticipate that the application of HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 will not have a material impact on the Groups' financial assets and financial liabilities.

The directors of the Company anticipate that the application of other new and revised HKFRSs issued but not yet effective will have no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. Restatement of Comparative Financial Information

Prior year adjustments have been made to adjust certain balances as at and for the year ended 31 December 2010 in the consolidated financial statements. During the process of finalising the consolidated financial statements for the year ended 31 December 2011, it was identified that an amendment to a magazine license agreement entered into during the year ended 31 December 2010 had not been appropriately recognised in the consolidated financial statements for that year. The prior year adjustments were made in order to ensure the financial statements are fairly presented for the year ended 31 December 2011 and 2010.

During the year ended 31 December 2010, the Group recognised license fee charges of HK$12,603,000 in respect of an agency right of advertising in a magazine, namely Sports Illustrated. In the current year, the license fee charges was restated to US$350,000 (equivalent to HK$2,730,000) based on the amendment to the magazine license agreement as mentioned above. The restatement reduced the cost of sales for the year ended 31 December 2010 by HK$9,873,000 and other payables and accruals by the same amount at 31 December 2010.

The effects of the restatement on the results of the Group for the year ended 31 December 2010 are summarised as follows:

	As previously stated	**Prior year adjustment**	**As restated**
	HK$'000	HK$'000	HK$'000
Cost of sales	120,695	(9,873)	110,822
Profit for the year	7,160	9,873	17,033

The effects of the restatement on the consolidated statements of financial position of the Group as at 31 December 2010 are as follows:

	As previously stated	**Prior year adjustment**	**As restated**
	HK$'000	HK$'000	HK$'000
Other payables and accruals	77,745	(9,873)	67,872
Accumulated profits	14,986	9,873	24,859

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. Restatement of Comparative Financial Information *(Continued)*

The effects of the restatement on the Group's basic and diluted earnings per share for the year ended 31 December 2010 are as follows:

	Impact on basic earnings per share HK cents	**Impact on diluted earnings per share** HK cents
Figures before adjustments	0.41	0.33
Prior year adjustment	0.57	0.51
Figures after adjustments	0.98	0.84

The restatement has had no effect on the amounts reported in the consolidated statement of financial position at 1 January 2010 as the amendment to license fee charges is solely made for the year ended 31 December 2010.

4. Significant Accounting Policies

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

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.

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 (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

4. Significant Accounting Policies *(Continued)*

Basis of consolidation *(Continued)*

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary 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 (effective from 1 January 2010 onwards).

Changes in the Group's ownership interests in existing subsidiaries prior to 1 January 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the book value of the net assets of the subsidiaries attributable to the non-controlling interests was recognised in profit or loss.

Goodwill

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

4. Significant Accounting Policies *(Continued)*

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are 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 jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

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 jointly controlled entity. When necessary, the entire carrying amount of the investment 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 to sell) 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 its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

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 fee is recognised upon the publication of the related advertisements.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

4. Significant Accounting Policies *(Continued)*

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

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

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

4. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

4. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets (Continued)

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows 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. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

Financial liabilities and equity instruments

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

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.

Other financial liabilities

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

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 recorded at the proceeds received, net of direct issue costs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

4. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Derecognition

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

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

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If 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 a 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 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 a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

4. Significant Accounting Policies *(Continued)*

Leasing

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

The Group as lessee

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

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, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

4. Significant Accounting Policies *(Continued)*

Taxation *(Continued)*

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in jointly controlled entities, 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.

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

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

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).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

4. Significant Accounting Policies *(Continued)*

Foreign currencies *(Continued)*

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.

Equity-settled share-based payment transactions

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

5. Revenue

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

	2011 **HK$'000**	2010 HK$'000
Advertising agency income	**413,006**	296,737
Advertising income from conferences and events	**36,182**	17,689
Sales of books and magazines	**33,338**	37,978
	482,526	352,404

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 nature of the revenue streams. The Group's operating and reporting segments are (a) advertising income from customers placing their advertisements in several magazines in the PRC and organizing conferences and events and (b) sale of books and magazines.

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 2011

	Advertising income HK$'000	**Sale of books and magazines HK$'000**	**Consolidated HK$'000**
Revenue			
External sales	**449,188**	**33,338**	**482,526**
Result			
Segment profit (loss)	**131,008**	**(34,278)**	**96,730**
Unallocated income			**4,832**
Unallocated expenses			**(54,518)**
Finance costs			**(3,072)**
Profit before taxation			**43,972**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

6. Segment Information *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2010

	Advertising income HK$'000 (restated)	Sale of books and magazines HK$'000	Consolidated HK$'000 (restated)
Revenue			
External sales	314,426	37,978	352,404
Result			
Segment profit (loss)	99,810	(25,401)	74,409
Unallocated income			4,654
Unallocated expenses			(42,122)
Change in fair value of derivative financial instruments			6,594
Share of loss of a jointly controlled entity			(11,436)
Finance costs			(7,094)
Profit before taxation			25,005

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4. Segment result represents the profit earned by/loss from each segment without allocation of central administration costs, directors' salaries, share of loss of a jointly controlled entity, change in fair value of derivative financial instruments, investment income 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

6. Segment Information *(Continued)*

Other segment information

For the year ended 31 December 2011

	Advertising income HK$'000	**Sale of books and magazines HK$'000**	**Unallocated HK$'000**	**Consolidated HK$'000**
Depreciation of property, plant and equipment	**7,345**	**157**	**133**	**7,635**
Amortisation of sole agency rights	**10,292**	**–**	**–**	**10,292**
Reversal of allowance for inventories obsolescence	**–**	**(809)**	**–**	**(809)**
Allowance for bad and doubtful debts	**27**	**748**	**–**	**775**
Loss on disposal of property, plant and equipment	**61**	**–**	**–**	**61**

For the year ended 31 December 2010

	Advertising income HK$'000	Sale of books and magazines HK$'000	Unallocated HK$'000	Consolidated HK$'000
Depreciation of property, plant and equipment	7,737	151	133	8,021
Amortisation of sole agency rights	9,833	–	–	9,833
Allowance for inventories obsolescence	–	1,232	–	1,232
(Reversal of) allowance for bad and doubtful debts	(1,199)	3,749	–	2,550
Loss on disposal of property, plant and equipment	58	–	–	58

Geographical information

The Group's operations and assets are located in the PRC. All revenue are 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

7. Other Gains and Losses

	2011 **HK$'000**	2010 HK$'000
Change in fair value of derivative financial instruments	**–**	6,594
Gain on early redemption of convertible bond	**–**	929
Allowance for bad and doubtful debts	**(775)**	(2,550)
	(775)	4,973

Convertible bond issued by the Company in 2006, which contained liability, conversion option and other embedded derivatives, was early redeemed in November 2010. Details of the convertible bond and respective derivative financial instruments are set out in the Company's 2010 annual report.

8. Finance Costs

	2011 **HK$'000**	2010 HK$'000
Interest on bank loan wholly repayable within five years	**1,548**	1,751
Interest on advance from immediate parent	**1,524**	179
Effective interest charge on convertible bond	**–**	5,164
	3,072	7,094

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

9. Profit before Taxation

	2011 HK$'000	2010 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	730	720
(Reversal of) allowance for inventories obsolescence*	(809)	1,232
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	68,219	51,496
Contributions to retirement benefits schemes	11,327	9,379
Share option benefits	1,108	1,459
	80,654	62,334
Depreciation of property, plant and equipment	7,635	8,021
Amortisation of sole agency rights (included in cost of sales)	10,292	9,833
Total depreciation and amortisation	17,927	17,854
Cost of inventories recognised as expenses	45,997	41,733
Minimum lease payments under operating lease in respect of rented premises	9,677	10,582
Loss on disposal of property, plant and equipment	61	58
Investment income earned on loans and receivables		
– bank interest income	(1,239)	(1,267)
– amount due from a jointly controlled entity	(689)	(959)
Exchange gain, net	(1,195)	(1,127)

* Reversal of inventories obsolescence when the relevant inventories were sold.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

10. Directors' Emoluments

The emoluments paid or payable to each of the 8 (2010: 8) directors were as follows:

	Wang Boming HK$'000	**Zhang Zhifang HK$'000**	**Dai Xiaojing HK$'000**	**Li Shijie HK$'000**	**Fu Fengxiang HK$'000**	**Wang Xiangfei HK$'000**	**Ding Yu Cheng HK$'000**	**Zhang Ke HK$'000**	**Total HK$'000**
2011									
Fees	**-**	**-**	**-**	**-**	**96**	**72**	**180**	**60**	**408**
Other emoluments									
Salaries and other benefits	**120**	**-**	**394**	**267**	**-**	**-**	**-**	**-**	**781**
Contributions to retirement benefits schemes	**80**	**-**	**80**	**80**	**-**	**-**	**-**	**-**	**240**
Share option benefits	**-**	**-**	**117**	**274**	**-**	**-**	**-**	**-**	**391**
Total emoluments	**200**	**-**	**591**	**621**	**96**	**72**	**180**	**60**	**1,820**

	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
2010									
Fees	–	–	–	–	96	72	180	60	408
Other emoluments									
Salaries and other benefits	111	–	409	254	–	–	–	–	774
Contributions to retirement benefits schemes	65	–	65	65	–	–	–	–	195
Share option benefits	247	247	364	470	–	–	–	–	1,328
Total emoluments	423	247	838	789	96	72	180	60	2,705

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

11. Employees' Emoluments

In both years, two of the five highest paid individual were directors, whose emoluments are included the disclosures in note 10 above. The emoluments of the other three highest paid individuals were as follows:

	2011	2010
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**2,210**	1,681
Contributions to retirement benefits scheme	**170**	142
Share option benefits	**75**	22
	2,455	1,845

Their emoluments were within the following bands:

	2011	2010
	No. of Employees	No. of Employees
HK$nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	–

No emoluments were paid by the Group to 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 five highest paid individuals has waived any emoluments in both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

12. Taxation

The tax charge for the year represents the PRC Enterprise Income Tax.

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards, excepted for the PRC subsidiaries established in Shenzhen and Hainan's Special Economic Zones which are subjected to the PRC Enterprise Income Tax rate of 24% (2010: 22%). The tax rate of Shenzhen and Hainan's Special Economic Zones is increasing from 18% to 25% progressively from 2008 to 2012 pursuant to 國務院關於實施企業所得稅過渡優惠政策.

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

	2011 **HK$'000**	2010 HK$'000 (restated)
Profit before taxation	**43,972**	25,005
Tax at PRC income tax rate of 25%	**10,993**	6,251
Effect of tax relief granted to certain PRC subsidiaries	**(387)**	(1,065)
Tax effect of tax losses not recognised	**3,705**	4,117
Utilisation of tax losses previously not recognised	**(1,918)**	(1,539)
Tax effect of expenses not deductible for tax purposes	**1,950**	1,932
Tax effect of income not taxable for tax purposes	**(3,377)**	(1,662)
Others	**(490)**	(62)
Taxation for the year	**10,476**	7,972

At the end of the reporting period, the Group had estimated unused tax losses of HK$187,695,000 (2010: HK$180,547,000) 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 PRC subsidiaries amounting to approximately HK$77,250,000 (2010: HK$49,656,000) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

13. Earnings per Share

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

	2011 HK$'000	2010 HK$'000 (restated)
Earnings		
Earnings for the purpose of basic earnings per share		
Profit for the year attributable to owners of the Company	**34,982**	17,074
Effect of dilutive potential ordinary shares:		
Interest on convertible bond	**–**	5,164
Change in fair value of conversion option embedded to convertible bond	**–**	(5,035)
Gain on early redemption of convertible bond	**–**	(929)
Earnings for the purpose of diluted earnings per share	**34,982**	16,274
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**1,739,565,172**	1,739,565,172
Effect of dilutive potential ordinary shares:		
Convertible bond	**–**	193,812,894
Options	**3,066,418**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,742,631,590**	1,933,378,066

For the year ended 31 December 2010, the computation of diluted earnings per share did not assume the exercise of the Company's share options and warrants because the exercise prices of those options and warrants was higher than the average market price for shares during the year ended 31 December 2010.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

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 2010	36,398	11,239	8,025	328	12,324	68,314
Exchange realignment	1,266	883	313	–	447	2,909
Additions	–	90	1,456	–	1,938	3,484
Disposals	–	(504)	–	–	(1,115)	(1,619)
At 31 December 2010	37,664	11,708	9,794	328	13,594	73,088
Exchange realignment	1,868	561	552	–	1,469	4,450
Additions	–	–	3,319	–	3,077	6,396
Disposals	–	–	(193)	–	(1,787)	(1,980)
At 31 December 2011	39,532	12,269	13,472	328	16,353	81,954
ACCUMULATED DEPRECIATION						
At 1 January 2010	2,306	6,485	3,092	130	5,100	17,113
Exchange realignment	107	921	140	–	477	1,645
Provided for the year	1,165	3,285	1,369	99	2,103	8,021
Eliminated on disposals	–	(504)	–	–	(742)	(1,246)
At 31 December 2010	3,578	10,187	4,601	229	6,938	25,533
Exchange realignment	204	520	254	–	690	1,668
Provided for the year	1,255	1,562	1,226	99	3,493	7,635
Eliminated on disposals	–	–	–	–	(1,030)	(1,030)
At 31 December 2011	5,037	12,269	6,081	328	10,091	33,806
CARRYING VALUES						
At 31 December 2011	34,495	–	7,391	–	6,262	48,148
At 31 December 2010	34,086	1,521	5,193	99	6,656	47,555

The leasehold land and building is held under medium-term lease and situated outside Hong Kong.

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

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

The Group has pledged leasehold land and building with a carrying amount of HK$34,495,000 (2010: HK$34,086,000) to secure bank borrowings granted to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

15. Sole Agency Rights

	HK$'000
COST	
At 1 January 2010	162,146
Exchange realignment	4,079
At 31 December 2010	166,225
Exchange realignment	7,619
At 31 December 2011	173,844
ACCUMULATED AMORTISATION	
At 1 January 2010	28,837
Provided for the year	9,833
At 31 December 2010	38,670
Provided for the year	10,292
Exchange realignment	1,944
At 31 December 2011	50,906
CARRYING VALUES	
At 31 December 2011	122,938
At 31 December 2010	127,555

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

16. Goodwill

	HK$'000
COST AND IMPAIRMENT	
At 1 January 2010, 31 December 2010 and 31 December 2011	118,886

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

The recoverable amount has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and at a discount rate of 15% (2010: 15%). The cash flows beyond the 5-year period are extrapolated using a constant growth rate of 5%. This growth rate is based on the relevant industry growth forecasts in the PRC. Key assumptions for the value in use calculations are the budgeted growth rate and budgeted gross margin, which are determined based on past performance, management's expectations for the market development and market growth forecasts. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

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For the year ended 31 December 2011

17. Interests in Jointly Controlled Entities

	2011	2010
	HK$'000	HK$'000
Cost of unlisted investments in jointly controlled entities	**22,863**	22,863
Share of losses	**(22,863)**	(22,863)
	–	–

As at 31 December 2011 and 2010, the Group had interests in the following significant jointly controlled entities:

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
					2011	2010	**2011**	2010	
SEEC/Ziff Davis Media Group (China) Ltd.	Incorporated	British Virgin Islands	PRC	Ordinary shares	**50%**	50%	**50%**	50%	Investment holding
SEEC/Ziff Davis Media Consulting (Beijing) Co. Ltd.	Incorporated	PRC	PRC	Registered capital	**50%**	50%	**50%**	50%	Consulting, advertising and publishing-related activities
Mondadori – SEEC (Beijing) Advertising Co., Ltd.	Incorporated	PRC	PRC	Registered capital	**50%**	50%	**50%**	50%	Advertising agent

The summarised financial information in respect of the Group's jointly controlled entities which are accounted for using the equity method is set out below:

	2011	2010
	HK$'000	HK$'000
Total assets	**45,467**	32,050
Total liabilities	**(50,458)**	(35,600)
Net liabilities	**(4,991)**	(3,550)
Revenue	**42,544**	20,355
Loss for the year	**(1,240)**	(7,561)
Group's share of losses of jointly controlled entities for the year	**–**	(11,436)

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For the year ended 31 December 2011

17. Interests in Jointly Controlled Entities *(Continued)*

The Group has discontinued recognition of its share of loss of jointly controlled entities. The amounts of unrecognised share of results of jointly controlled entities, extracted from the relevant unaudited management accounts is as follows:

	2011 **HK$'000**	2010 HK$'000
Unrecognised share of losses of jointly controlled entities for the year	**1,240**	–
Accumulated unrecognised share of losses of these jointly controlled entities	**5,533**	4,293

18. Trade Receivables

Credit period granted by the Group to customers is 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 invoice date is as follows:

	2011		2010	
	HK$'000	**%**	HK$'000	%
Within three months	**98,439**	**56**	82,814	63
Months four to six	**48,885**	**28**	28,159	22
Months seven to one year	**27,833**	**16**	19,825	15
	175,157	**100**	130,798	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 HK$76,718,000 (2010: HK$47,984,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 175 days (2010: 183 days).

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18. Trade Receivables *(Continued)*

Ageing of trade receivables which are past due but not impaired

	2011 **HK$'000**	2010 HK$'000
Months four to six	**48,885**	28,159
Months seven to one year	**27,833**	19,825
Total	**76,718**	47,984

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.

Movement in the allowance for bad and doubtful debts

	2011 **HK$'000**	2010 HK$'000
Balance at beginning of the year	**14,888**	11,903
Impairment losses recognised on trade receivables	**3,091**	6,417
Amount recovered during the year	**(2,316)**	(3,867)
Amounts written off as uncollectible	**(809)**	(164)
Exchange realignment	**738**	599
Balance at end of the year	**15,592**	14,888

19. Amounts due from/to Related Parties

	Notes	**2011** **HK'000**	2010 HK'000
Non trading in nature:			
Amounts due from related companies	*(i)*	**5,110**	5,670
Amount due from a jointly controlled entity	*(ii)*	**45,764**	30,562
Amounts due to related companies	*(i)*	**7,025**	14,680
Amount due to immediate parent	*(iii)*	**1,599**	–

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19. Amounts due from/to Related Parties *(Continued)*

Notes:

(i) The related companies are companies in which certain key management personnel of the Company have significant influences over as a group of individuals. The amounts due from/to related companies are unsecured, non-interest bearing and repayable on demand. The maximum outstanding amount due from related companies during the year was HK$5,670,000 (2010: HK$5,670,000).

(ii) Included in amount due from a jointly controlled entity was an amount of nil (2010: HK$19,502,000) which carries interest at 10 basis points over lending rate promulgated in the People's Bank of China and the remaining balances are interest-free. The entire balance is 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.

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

20. Restricted Bank Balances

At 31 December 2011, the amount represents funds raised from bank borrowings of which its usage is restricted to pay certain operating expenses as specified in respective drawdown application.

At 31 December 2010, the amount represented deposits pledged to a bank to secure short-term banking facilities granted to Group and was released upon the settlement of relevant bank borrowings. The pledged deposits carried fixed interest rate of 0.24% per annum.

21. Bank Balances and Cash

Included in bank balances and cash is fixed deposit of RMB5,000,000 (equivalent to HK$6,173,000) (2010: nil) at bank which carries fixed interest at 3.5% per annum and will be matured on 7 November 2012. The remaining bank balances carry interest at market rates which range from 0.01% to 2.58% (2010: 0.01% to 1.39%) per annum, and have a short maturity of generally within three months when acquired.

22. Trade Payables, Other Payables and Accruals

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

	2011		2010	
	HK$'000	**%**	HK$'000	%
Within three months	**46,525**	**81**	29,773	72
Months four to six	**10,333**	**18**	10,762	26
Months six to one year	**209**	**–**	385	1
Over one year	**665**	**1**	562	1
	57,732	**100**	41,482	100

The average credit period granted by suppliers is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

Included in other payables and accruals is approximately HK$30,443,000 (2010: HK$29,437,000) receipts in advance from customers.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

23. Bank Borrowings

	2011 **HK$'000**	2010 HK$'000
Secured bank loans repayable within one year	**30,520**	23,505

At the end of the reporting period, bank borrowings carry floating lending rate promulgated by the People's Bank of China plus ten basis points and London Interbank Offered Rate ("LIBOR") plus 250 basis points, which range from 5.84% to 9.06% (2010: 5.84%) per annum.

The bank loans were secured by a bank deposit of nil (2010: HK$777,000) and the leasehold land and building of HK$34,495,000 (2010: HK$34,086,000).

24. Loan from Immediate Parent

On 18 November 2010, the Company entered into a loan agreement with United Home Limited, immediate parent, for the principal amount of US$11 million (equivalent to approximately HK$85,259,000) (the "Shareholder Loan"). The Shareholder Loan borne interest at 2% per annum, was unsecured and was for a term of 24 months.

On 27 July 2011, an early repayment of US$3,100,000 (equivalent to approximately HK$24,178,000) was effected by the Company. Pursuant to a supplementary agreement dated 31 July 2011, the remaining outstanding loan of US$7,900,000 and its accrued interest would be extended to 31 December 2013, remain unsecured and bearing interest at 2% per annum.

25. Share Capital

	Number of shares '000	**Amount** HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2010, 31 December 2010 and 31 December 2011	3,000,000	300,000
Issued and fully paid:		
At 1 January 2010, 31 December 2010 and 31 December 2011	1,739,566	173,956

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

Notes to the Consolidated Financial Statements

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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 debt, which includes bank borrowings and the Shareholder Loan disclosed in notes 23 and 24, 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 associated 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

	2011	2010
	HK$'000	HK$'000
		(restated)
Financial assets		
Loans and receivables	**343,097**	277,467
Financial liabilities		
Amortised cost	**212,986**	187,581

Financial risk management objectives and policies

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

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**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**1,024**	421	**810**	2,605
United States dollar	**75,382**	90,325	**5,820**	5,748

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

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% (2010: 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% (2010: 5%) change in foreign currency rates. The sensitivity analysis includes those financial assets and financial liabilities denominated in currency other than RMB. A positive number below indicates an increase in post-tax profit where RMB strengthen 5% (2010: 5%) against the relevant currency and vice versa. For a 5% (2010: 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**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Increase (decrease) in post-tax profit	**11**	(109)	**3,478**	4,229

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

Fair value interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Shareholder Loan, fixed bank deposit and pledged bank deposits.

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

Cash flow interest rate risk

The Group's cash flow interest rate risk relates to the amount due from a jointly controlled entity as well as variable-rate bank borrowings (see notes 19 and 23 for details). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of lending rate promulgated by the People's Bank of China and LIBOR. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

27. Financial Instruments *(Continued)*

Financial risk management objectives and policies *(Continued)*

Cash flow interest rate risk (Continued)

Sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post tax profit would decrease/increase by HK$122,000 (2010: HK$15,000).

Credit risk

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 amounts due from a jointly controlled entity 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

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 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 %	**Less than 3 months HK$'000**	**4 – 6 months HK$'000**	**7 months to 1 year HK$'000**	**Over 1 year to 2 years HK$'000**	**Total undiscounted cash flows HK$'000**	**Carrying amount at 31.12.2011 HK$'000**
2011							
Non-derivative financial liabilities							
Trade payables	**-**	**57,732**	**-**	**-**	**-**	**57,732**	**57,732**
Other payables	**-**	**52,785**	**-**	**-**	**-**	**52,785**	**52,785**
Amounts due to related companies	**-**	**7,025**	**-**	**-**	**-**	**7,025**	**7,025**
Bank borrowings	**8.14**	**-**	**-**	**33,004**	**-**	**33,004**	**30,520**
Shareholder Loan	**2**	**-**	**-**	**-**	**65,883**	**65,883**	**63,325**
Amount due to immediate parent	**-**	**1,599**	**-**	**-**	**-**	**1,599**	**1,599**
		119,141	**-**	**33,004**	**65,883**	**218,028**	**212,986**

	Weighted average interest rate %	Less than 3 months HK$'000	4 – 6 months HK$'000	7 months to 1 year HK$'000	Over 1 year to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2010 HK$'000
2010 (restated)							
Non-derivative financial liabilities							
Trade payables	–	41,482	–	–	–	41,482	41,482
Other payables	–	22,476	–	–	–	22,476	22,476
Amounts due to related companies	–	14,680	–	–	–	14,680	14,680
Bank borrowings	5.84	–	–	24,878	–	24,878	23,505
Shareholder Loan	2	–	–	–	89,266	89,266	85,438
		78,638	–	24,878	89,266	192,782	187,581

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

27. Financial Instruments *(Continued)*

Fair value

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

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

28. Contingent Liabilities

On 6 August 2010, Chau Hoi Shuen, Solina Holly (the "Plaintiff") in a writ of summons filed claims against the Company for compensatory damages for distributing and publishing certain articles in the Issue No. 265 of Caijing Magazine containing words defamatory to the Plaintiff. In the defence filed by the Company on 13 October 2010, the Company denied the Plaintiff's claims. The Plaintiff and the Company attended mediation on 20 April 2011, however, both parties failed to settle the litigation by mediation. The litigation is fixed for trail at the high court of Hong Kong in September 2012. In the opinion of the legal advisor of the Company, it is not practical to assess the outcome of the case and accordingly, no provision was made in the consolidated financial statements.

29. 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:

	2011	2010
	HK$'000	HK$'000
Within one year	**7,266**	2,153
In the second to fifth year inclusive	**1,991**	439
	9,257	2,592

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) Capital commitments

	2011	2010
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**2,510**	–

Notes to the Consolidated Financial Statements

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29. Commitments *(Continued)*

(c) Other commitments

The amount recognised as an expense (included in cost of sales) in the year was HK$2,563,000 (2010: HK$6,245,000).

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:

	2011	2010
	HK$'000	HK$'000
Within one year	**2,983**	1,560
In the second to fifth year inclusive	**12,773**	8,190
Over five years	**4,680**	9,360
	20,436	19,110

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.

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 48,550,000 (2010: 50,750,000), which represented approximately 2.79% (2010: 2.92%) of the Company's shares in issue as at that date. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

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30. Share Option Schemes *(Continued)*

Equity-settled share option scheme *(Continued)*

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:

				Number of share options				
Grantee	Date of grant	Exercise price	Exercisable period	Outstanding at 1.1.2010	Forfeited during the year	Outstanding at 31.12.2010	Forfeited during the year	Outstanding at 31.12.2011
		HK$						
Executive director:								
Mr. Li Shijie	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	–	1,000,000	–	1,000,000
	29.10.2008	0.268	29.10.2011 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
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 employee in aggregate	7.2.2007	0.330	7.2.2010 to 25.6.2015	16,050,000	(300,000)	15,750,000	(700,000)	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	28,150,000	(2,650,000)	25,500,000	(1,500,000)	24,000,000
				53,700,000	(2,950,000)	50,750,000	(2,200,000)	48,550,000

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 22,550,000 (2010: 21,250,000).

(3) Share options forfeited upon staff resignation.

The Company recognised the total expense of HK$1,108,000 (2010: HK$1,459,000) in relation to share options during the year ended 31 December 2011.

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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 is 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 notes 19 and 24, during the year, the Group had following related party transactions:

	2011 **HK$'000**	2010 HK$'000
Office rental expenses paid to Shanghai SEEC Investment and Development Corporation ("Shanghai SEEC")	**3,993**	3,600
Magazine registration number charges received from a jointly controlled entity	**964**	919
Interest income received from a jointly controlled entity	**689**	959
Interest expense paid to immediate parent	**1,524**	179
Website development cost received from a jointly controlled entity	**385**	–
Disposal of property, plant and equipment to a jointly controlled entity	**841**	–

Note: Shanghai SEEC is related to the Group since the Company's key management personnel has significant interest in Shanghai SEEC.

In addition, compensation of key management personnel, which includes short-term benefit (i.e. fees and salaries and other benefits), post-employment benefits (i.e. contribution to retirement benefits schemes) and share-based payments (i.e. share option benefits), represents directors' remuneration as set out in note 10. The directors' remuneration is determined by the Board having regard to the performance, responsibilities and experiences of individuals and market trends.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

33. Particulars of the Principal Subsidiaries of the Company

Particulars of the Company's principal subsidiaries at 31 December 2011 and 2010 are as follows:

Name	Country of incorporation or registration/ operations	Issued and fully paid ordinary share capital/ registered capital and form of business structure	Proportion of nominal value of issued share capital/ registered capital held by the Company	Proportion of nominal value of issued share capital/ registered capital held by the Company Directly %	Indirectly %	Principal activities
Beijing Cai Lian Advertising Co., Ltd.	PRC	RMB5,000,000 Limited liability company	Ordinary shares	100	–	Advertising agent
Beijing Caixun Advertising Co., Ltd.	PRC	RMB5,000,000 Limited liability company	Ordinary shares	–	100	Advertising agent
Beijing Caixun Century Advertising Co., Ltd	PRC	RMB10,000,000 Limited liability company	Ordinary shares	100	–	Advertising agent
Beijing Caixun Century Infotech Co., Ltd.	PRC	RMB4,000,000 Limited liability company	Ordinary shares	–	100	Investment holding
Beijing Jingzheng Ronglian Advertising Company Limited	PRC	RMB2,000,000 Limited liability company	Ordinary shares	–	100	Advertising agent and books and magazines distributor
Beijing SEEC Book and Press Distribution Co., Ltd.	PRC	RMB5,000,000 Limited liability company	Ordinary shares	–	100	Books and magazines distributor
Hainan Caixun Infomedia Co., Ltd.	PRC	RMB9,000,000 Limited liability company	Ordinary shares	–	100	Investment holding
Shenzhen Caixun Advertising Co., Ltd.	PRC	RMB1,000,000 Limited liability company	Ordinary shares	–	100	Advertising agent
Shanghai Caixun Media Conference Exhibition Limited	PRC	HK$10,000,000 Limited liability company	Ordinary shares	100	–	Investment holding
Superfort Management Corp.	British Virgin Islands/ Hong Kong	US$100 Limited company	Ordinary shares	100	–	Investment holding
Beijing Le Hua Jiu Fang Advertising Co., Ltd.	PRC	RMB2,000,000 Limited liability company	Ordinary shares	80	–	Advertising agent

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

34. Information about the Statement of Financial Position of the Company

	2011 HK$'000	2010 HK$'000
Non-current assets		
Property, plant and equipment	–	132
Sole agency right	8,125	9,110
Investments in subsidiaries	88,998	88,998
Investments in jointly controlled entities	22,863	22,863
	119,986	121,103
Current assets		
Other receivables and deposits	127	127
Amounts due from subsidiaries	193,266	197,346
Pledged bank deposit	–	777
Bank balances and cash	6,373	7,275
	199,766	205,525
Current liabilities		
Amounts due to subsidiaries	47,931	47,931
Amount due to immediate parent	1,599	–
Other payables and accruals	5,632	5,487
Bank borrowings	5,850	–
	61,012	53,418
Net current assets	138,754	152,107
Total assets less current liabilities	258,740	273,210
Non-current liability		
Amount due to immediate parent	63,325	85,438
Net assets	195,415	187,772
Capital and reserves		
Share capital	173,956	173,956
Reserves	21,459	13,816
Total equity	195,415	187,772

Financial Summary

Results

	Year ended 31 December				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000 (restated)	**2011** **HK$'000**
REVENUE	186,491	307,176	275,300	352,404	**482,526**
PROFIT (LOSS) FROM OPERATING ACTIVITIES	24,907	5,060	(37,922)	32,099	**47,044**
FINANCE COSTS	(9,245)	(12,115)	(8,158)	(7,094)	**(3,072)**
PROFIT (LOSS) BEFORE TAXATION	15,662	(7,055)	(46,080)	25,005	**43,972**
TAXATION	(9,521)	(7,299)	–	(7,972)	**(10,476)**
PROFIT (LOSS) AND TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR	6,141	(14,354)	(46,080)	17,033	**33,496**
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	6,141	(14,354)	(46,080)	17,074	**34,982**
NON-CONTROLLING INTEREST	–	–	–	(41)	**(1,486)**
	6,141	(14,354)	(46,080)	17,033	**33,496**

Assets and Liabilities

	Year ended 31 December				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011** **HK$'000**
TOTAL ASSETS	542,377	567,720	524,937	572,855	**634,438**
TOTAL LIABILITIES	(222,782)	(241,569)	(242,413)	(252,605)	**(266,916)**
	319,595	326,151	282,524	320,250	**367,522**

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