財訊傳媒集團有限公司

SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

（於開曼群島註冊成立並於百慕達存續的有限公司）

(stock code 股份代號：205)

Annual Report 2015 年報

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:
Mr. Wang Boming (Chairman)
Mr. Zhang Zhifang
Mr. Dai Xiaojing
Mr. Zhou Hongtao
Mr. Li Leong
Mr. Li Xi

Independent Non-Executive Directors:
Mr. Law Chi Hung
Mr. Ding Yu Cheng
Ms. Wensy Ip

JOINT COMPANY SECRETARIES

Mr. Tseung Sheung Shun
Mr. Chung Cheuk Man

PRINCIPAL PLACE OF BUSINESS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
Bank of Beijing Company Limited
China Merchants Bank Co., Ltd.

AUDITOR

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

LEGAL ADVISER

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

SHARE REGISTRARS AND TRANSFER OFFICE

Principal Share Registrar and Transfer Office
Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office
Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITES

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

STOCK CODE

205

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of SEEC Media Group Limited (the "Company"), I am pleased to present to you the 2015 annual results for the Company and its subsidiaries (collectively referred to as the "Group").

BUSINESS REVIEW

The overall China economy continued to slow down in 2015, with the uncertainties of economy risks ever increasing. The advertising industry, especially the traditional media, experienced the biggest downturn in recent years. The Group was adversely affected in such circumstances. In 2015, the revenue of the Group saw a negative growth again, recording approximately HK$286.7 million, an approximately 35.4% year-on-year decrease from approximately HK$443.6 million in 2014. Because of the reduction in its revenue, the Group had to make large-scale provisions out of the prudence principle for goodwill and certain sole advertising agency rights that have around HK$102.0 million in aggregate, resulting in a loss of approximately HK$200.1 million attributable to the owners of the Company.

"Caijing" is still the flagship magazine for which the Group owns an exclusive advertising agency rights. Resulting from the macroeconomic downturn in China, the revenue from "Caijing" experienced a significant decrease in current year. The advertising revenue related to "China Auto Pictorial", "Sports Illustrated", "Real Estate" also dropped by a large margin with the exception that "CapitalWeek" recording an approximately 35.0% year-on-year growth due to a positive China stock market during the first half of the year 2015.

The macroeconomic downturn in China may continue for some time. Innovation and frugality will lead us through such adverse times and therefore the Group will further close down any loss-making magazine in a decisive way and endeavor to grow in new business areas.

OUTLOOK OF 2016

The picture of China economy does not look any better in 2016, with the macro environment being difficult more than ever. Regarding the advertising business in China, the Group will promote innovation and frugality to tide over such hard times.

On 22 January 2016, SEEC Media Securities Limited, an indirectly wholly-owned subsidiary of the Company, was granted by the Securities and Futures Commission a license to carry out Type 1 (dealing in securities) regulated activity. It is expected that the Group can benefit from the increase of equity fund raising activities in Hong Kong by active participation in the business of dealing in securities.

Looking forward for future development, the Group will continue to explore business opportunities and diversify its business scope.

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 drive for long-term growth and reward for our shareholders.

Wang Boming
Chairman
Hong Kong, 24 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2015, the Group recorded the revenue of approximately HK$286.7 million, representing a decrease of approximately 35.4% as compared with the revenue of approximately HK$443.6 million in 2014. The Group's revenue was decreased because of the adverse effects on the Group's operating environment as a result of keen competition, decrease in customers' spending in print media advertising and decrease in advertising revenue from the Group's conferences and events activities in China. The gross profit ratio dropped slightly to approximately 51.6 % as compared to that of last year (2014: approximately 52.0%).

During the year, in view of the severity of the difficult business environment and pessimistic outlook of the Group's operation, the Group had made provisions for impairment loss on sole advertising agency rights in certain magazines of approximately HK$40.2 million (2014: approximately HK$37.2 million) and impairment loss on goodwill of approximately HK$61.8 million (2014: approximately HK$19.5 million). There were unrealised fair value losses and realised losses on held-for-trading investments of approximately HK$32.3 million (2014: nil) and approximately HK$20.3 million (2014: nil) respectively for certain investments held by the Group.

The selling and distribution costs were decreased by approximately 28.2% from approximately HK$203.3 million to approximately HK$146.0 million, mainly due to the decrease in selling and promotional effort which was in line with the decrease in advertising agency revenue. The administrative expenses decreased by approximately 38.4% from approximately HK$106.3 million to approximately HK$65.4 million. The decrease was mainly due to the fact that in 2014, there was an equity-settled share-based payment expenses of approximately HK$47.0 million which was the fair value of the unlisted warrants issued by the Company when the service in exchange of the warrants were received by the Company in 2014 and there was no such expenses in 2015. Excluding the effect of such share based payment expenses of last year, the administrative expenses was increased by approximately 10.4% during the year mainly because of (i) the additional expenses incurred in relation to the open offer of the ordinary shares of the Company during the year; and (ii) the additional cost and expenses incurred to develop new securities trading and dealing businesses and to obtain the required license by the Group.

During the year, the Group recognised approximately HK$8.1 million (2014: approximately HK$16.5 million) share of profit from Mondadori-SEEC (Beijing) Advertising Co. Ltd., a joint venture for the operation of Grazia magazine in China. The luxury and high-end consumer market in China slowed down during the year and the advertising revenue and profitability of the joint venture for Grazia magazine contracted accordingly.

During the year, the Group subscribed 1,400,000,000 shares of the GreaterChina Professional Services Limited ("GreaterChina") at a consideration of HK$140 million. As at 31 December 2015, the Group held approximately 28.82% equity interest of the enlarged issued share capital of GreaterChina. The Group accounted for its investment in the equity interest of GreaterChina as interest in an associate. The Group had shared the loss of approximately HK$2.2 million (2014: nil) of GreaterChina since its acquisition during the year.

The Group recorded a decrease of finance costs to approximately HK$0.6 million, from HK$2.5 million in 2014 which the decrease mainly comprised of interest on bank loans because there was no bank loan arranged during the year 2015.

The loss attributable to shareholders for this year amounted to approximately HK$200.1 million (2014: approximately HK$121.2 million).

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of a dividend for the year 2015 (2014: nil).

MATERIAL TRANSACTIONS AND EVENTS

Use of proceeds from exercise of warrants

On 26 September 2014, the Company entered into a consultancy agreement with a consultancy service company, who is an independent third party, in relation to the issuance of 347,000,000 unlisted warrants (the "Warrants"), with subscription price of HK$0.001 per warrant, conferring rights to subscribe for up to 347,000,000 new ordinary shares of the Company for its service provided at an exercise price of HK$0.69 per share, which were exercisable immediately after the date of issue of the Warrants up to 18 November 2015. During the year ended 31 December 2015, the consultancy service company exercised its rights and subscribed 347,000,000 ordinary shares of the Company. The net proceeds from the exercise of the Warrants were HK$239.43 million.

Up to the date of this announcement, the entire amount of such net proceeds have been fully utilised as intended.

Subscription of shares

On 9 July 2015, Laberie Holdings Limited (the "Subscriber"), a directly wholly-owned subsidiary of the Company and GreaterChina, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") entered a share subscription agreement, pursuant to which GreaterChina has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe, 1,400,000,000 new shares of GreaterChina (the "Subscription Shares") at the consideration of HK$140 million (the "Share Subscription"). The Share Subscription was completed on 15 October 2015.

The Subscription Shares represent approximately 28.82% of the enlarged issued share capital of GreaterChina as enlarged by the issue and allotment of the Subscription Shares immediately after the completion of the Share Subscription. The Group accounted for its investment in the equity interests in GreaterChina as interest in an associate. GreaterChina is principally engaged in (i) asset advisory services and asset appraisal; (ii) corporate services and consultancy, (iii) media advertising; and (iv) financial services, including money lending and has a money lending license.

For details of the Share Subscription, please refer to the announcements of the Company dated 10 July 2015, 30 September 2015 and 15 October 2015.

Change of domicile, change of constitutional documents, cancellation of share premium account and capital reorganisation

On 9 September 2015, the Board proposed, among other things, the following changes, subject to the approval of the shareholders at the extraordinary general meeting by way of special resolution (the "Proposed Changes"):

(1) to change the domicile of the Company from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda (the "Change of Domicile");

(2) to adopt a new memorandum of continuance and new bye-laws of the Company to replace, respectively, the then existing memorandum of association and the articles of association of the Company;

(3) to cancel the entire amount standing to the credit of the share premium account of the Company and to transfer the credits arising from such cancellation to an account designated as the contributed surplus account of the Company before the Change of Domicile becoming effective (the "Cancellation of Share Premium Account"); and

(4) to reorganise the Company's issued share capital (the "Capital Reorganisation") which comprises:

    (i) the consolidation of existing shares in the issued share capital of the Company whereby every two issued existing shares of nominal value of HK$0.10 each would be consolidated into one consolidated share of nominal value of HK$0.20 each (the "Share Consolidation"); and

    (ii) the reduction of the Company's issued share capital whereby: (a) the nominal value of all the issued consolidated shares should be reduced from HK$0.20 each to HK$0.10 each through a cancellation of the paid-up capital of the Company to the extent of HK$0.10 on each of the issued consolidated share; and (b) any fractional consolidated share in the issued share capital of the Company arising from the Share Consolidation should be cancelled.

An extraordinary general meeting of the Company was held on 12 October 2015 and the Proposed Changes were passed by special resolutions.

The Company has been deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda and the Change of Domicile became effective on 26 October 2015 (Bermuda time). In connection with the Change of Domicile, the new memorandum of continuance and the new bye-laws has have been adopted by the Company with effect from 26 October 2015 (Bermuda Time).

The Capital Reorganisation became effective on 16 November 2015. Upon the Capital Reorganisation becoming effective, the board lot size for trading of the new shares would be changed from 2,000 to 20,000.

For details of the Change of Domicile, the Cancellation of Share Premium Account and the Capital Reorganisation, please refer to the announcements of the Company dated 9 September 2015, 27 October 2015 and 13 November 2015 and the circular of the Company dated 18 September 2015.

Results of the open offer

On 9 September 2015, the Company proposed to raise gross proceeds of up to approximately HK$531.13 million, before expenses, by way of an open offer of 5,311,287,930 ordinary shares of HK$0.10 each to the qualifying shareholders at a subscription price of HK$0.10 per offer share, on the basis of five offer shares for every one existing shares held on the record date (the "Open Offer"). The Open Offer was conditional upon the Change of Domicile and the Capital Reorganisation which became effective on 26 October 2015 and 16 November 2015 respectively. On 29 December 2015, 5,311,287,930 offer shares were allotted and issued pursuant to the Open Offer. The net proceeds for the Open Offer were approximately HK$518.27 million.

Up to the date of this announcement, approximately 4% of such net proceeds had been applied for the set-up and operation of a company licensed under the Securities and Futures Ordinance (the "SFO") to conduct Type 1 (dealing in securities) regulated activity under the SFO.

For details of the Open Offer, please refer to the announcements of the Company dated 19 August 2015, 9 September 2015, 23 November 2015 and 28 December 2015, the circular of the Company dated 4 November 2015 and the prospectus of the Company dated 4 December 2015.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operating activities were mainly financed by internal resources. The equity fund raised in the Open Offer will be used for development of other business opportunities. As at 31 December 2015, the Group's equity was approximately HK$945.5 million (2014: approximately HK$371.9 million). The Group had non-current liabilities of approximately HK$0.09 million as at 31 December 2015 of receipt in advance (2014: HK$0.1 million). As at 31 December 2015, the Group's gearing ratio was approximately 24.2% representing a percentage of total liabilities over total assets (2014: approximately 40.3%). The decrease in the Group's gearing ratio was mainly attributable to the equity fund raised in Open Offer.

As at 31 December 2015, the Group had a 8% per annum fixed interest borrowing repayable within one year of HK$35 million (2014: nil). The Group had non-interest bearing amount due to a shareholder of the Company of approximately HK$90.2 million (2014: approximately HK$50.3 million) which were mainly for financing the working capital and operational requirements in Hong Kong.

As at 31 December 2015, the Group had bank and cash balances amounted to approximately HK$746.7 million (2014: approximately HK$138.2 million) because of the equity fund raised in the Open Offer completed in December 2015.

CHARGES ON ASSETS

As at 31 December 2015, the Group had no charge on its assets (2014: nil).

COMMITMENTS

(a) Operating lease commitments

As lessee

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

	2015 HK$'000	2014 HK$'000
Within one year	10,772	13,027
In the second to fifth year inclusive	3,598	6,674
	14,370	19,701

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

(b) Other commitments

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

	2015 HK$'000	2014 HK$'000
Within one year	2,340	3,686
In the second to fifth year inclusive	7,020	9,360
Over five years	–	–
	9,360	13,046

The amount recognised as an expense (included in cost of sales) in the year was approximately HK$6,728,508 (2014: approximately HK$6,463,248).

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 ("RMB"). It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the year, apart from the bank borrowing, the Group had a fixed interest rate borrowing amounting HK$35 million from a money lender and had not engaged in any financial instruments for hedging or speculative activities.

EMPLOYEES

As at 31 December 2015, the Group had 478 (2014: 635) 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 SCHEMES

The Company operates a share option scheme (the "Share Option Scheme") which was adopted on 26 August 2002. On 11 May 2012, the Company adopted a new share option scheme (the "New Share Option Scheme"), of which all terms and conditions are the same as the Share Option Scheme. During the year, no (2014: nil) share option was granted to directors and employees of the Group.

The number of shares issuable under share options granted after adjustments for capital reorganisation and open offer of the Company under the Share Option Scheme was approximately 3,424,000 and the number of shares issuable under the shares options which has not yet been granted under the New Share Option Scheme was 85,361,358 which represented approximately 0.05% and 1.34% respectively of the Company's issued shares of 6,373,545,516 shares as at the date of this annual report.

At the date of the Company's 2014 annual report issued on 27 March 2015, the number of shares issuable under the share options granted under the Share Option Scheme was 6,100,000, and the number of shares issuable under the shares options which has not yet been granted under the New Share Option Scheme was 173,956,517, which represented 0.34% and 9.80% respectively of the Company's issued shares of 1,775,215,172 shares as at the date of the 2014 annual report.

CORPORATE GOVERNANCE PRACTICES

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

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

(1) Code Provision A.1.3 and A.7.1

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

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

(2) Code Provision A.2.1

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

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

(3) Code Provision A.4.1

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

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

CORPORATE GOVERNANCE PRACTICES (CONTINUED)

(4) Code Provision A.6.7

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

Mr. Zhang Ke and Mr. Ding Yu Cheng, being the independent non-executive Directors at the time, did not attend the Company's annual general meeting held on 11 May 2015 due to their other business engagements.

(5) Code Provision E.1.2

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

The chairman of the Board was absent from the annual general meeting held on 11 May 2015 due to his prior business engagement. Mr. Zhang Zhifang, an Executive Director and the elected chairman of that meeting, was available to answer questions in that meeting.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiries by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2015.

BOARD OF DIRECTORS

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

The Board currently comprises six executive Directors who are Mr. Wang Boming, Mr. Zhang Zhifang, Mr. Dai Xiaojing, Mr. Zhou Hongtao, Mr. Li Leong and Mr. Li Xi; and three independent non-executive Directors who are Mr. Law Chi Hung, Mr. Ding Yu Cheng and Ms. Wensy Ip. The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to the Listing Rules and the Company considers the independent non-executive Directors to be fully independent.

There is no financial, business, family, or other material/relevant relationship between the Directors. The Company considers that the Board has the necessary skills and experience appropriate for discharging their duties as Directors in the best interest of the Company and that the current size of the Board to be adequate for its present operations. Nevertheless, the Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Board diversity policy was introduced to set out the approach to diversity on the Board of Directors of the Company.

BOARD OF DIRECTORS (CONTINUED)

The Board held full board meetings at approximately quarterly intervals. The attendances of the quarterly full board meetings for the year ended 31 December 2015 are as follows:

Directors	Attendance
(number of meetings attended/number of meetings held during respective director's tenure)	
Mr. Wang Boming	1/4
Mr. Zhang Zhifang	2/4
Mr. Dai Xiaojing	1/4
Mr. Suen Man Simon (resigned on 30 December 2015)	4/4
Mr. Zhou Hongtao	0/4
Mr. Li Leong (appointed on 12 February 2015)	2/4
Mr. Li Xi (appointed on 26 November 2015)	1/1
Mr. Wang Xiangfei (retired on 11 May 2015)	1/1
Mr. Zhang Ke (retired on 11 May 2015)	0/1
Mr. Ding Yu Cheng	1/4
Mr. Law Chi Hung (appointed on 15 June 2015)	2/3
Ms. Wensy Ip (appointed on 15 June 2015)	3/3

All Directors (executive Directors, namely Mr. Wang Boming, Mr. Zhang Zhifang, Mr. Dai Xiaojing, Mr. Zhou Hongtao, Mr. Li Leong (appointed on 12 February 2015) and Mr. Li Xi (appointed on 26 November 2015); and independent non-executive Directors, namely Mr. Ding Yu Cheng, Mr. Law Chi Hung (appointed on 15 June 2015) and Ms. Wensy Ip (appointed on 15 June 2015)) have participated in continuous professional development such as attending seminars and studying relevant training materials to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

NON-EXECUTIVE DIRECTORS

The term of office of each non-executive Director is the period up to his/her retirement by rotation in accordance with the Company's Bye-laws.

BOARD COMMITTEES

Audit Committee

As at 31 December 2015, the Audit Committee comprises three independent non-executive Directors with Mr. Law Chi Hung as committee chairman, Mr. Ding Yu Cheng and Ms. Wensy Ip as committee members.

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

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

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

Members	Attendance
(number of meetings attended/number of meetings held during respective director's tenure)	
Mr. Wang Xiangfei (retired on 11 May 2015)	1/1
Mr. Zhang Ke (retired on 11 May 2015)	0/1
Mr. Law Chi Hung (appointed on 15 June 2015)	1/1
Mr. Ding Yu Cheng	1/2
Ms. Wensy Ip (appointed on 15 June 2015)	1/1

The Group's interim results for the six months ended 30 June 2015 and annual audited results for the year ended 31 December 2015 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

Remuneration Committee

As at 31 December 2015, the Remuneration Committee comprises three independent non-executive Directors, namely Mr. Law Chi Hung being the chairman of the committee, Mr. Ding Yu Cheng and Ms. Wensy Ip as committee members.

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

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

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

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

Nomination Committee

As at 31 December 2015, the Nomination Committee comprises three independent non-executive Directors, namely Mr. Ding Yu Cheng being chairman of the committee, Mr. Law Chi Hung and Ms. Wensy Ip as committee members.

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

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

The Board is empowered under the Bye-laws to appoint any person as a Director either to fill a casual vacancy on or as an additional member of the Board. In consideration of Board diversity, the Nomination committee will monitor the implementation of the Company's Board diversity policy and will from time to time review the policy to ensure its effectiveness.

The Nomination Committee met once during the year ended 31 December 2015 with the presence of Mr. Law Chi Hung and Ms. Wensy Ip.

CORPORATE GOVERNANCE FUNCTIONS

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

JOINT COMPANY SECRETARIES

The Joint Company Secretaries are responsible for assisting the Board and respective Board Committees in their proceedings and advising the Board on corporate governance matters. During the year ended 31 December 2015, the Joint Company Secretaries have each taken no less than 15 hours of professional training.

INTERNAL CONTROL

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

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

AUDITOR'S REMUNERATION

During the year, the fees paid or payable to the auditor of the Company, Messrs. Deloitte Touche Tohmatsu were approximately HK$1,783,000 (2014: HK$1,035,000) and approximately HK$513,000 (2014: HK$103,000) for statutory audit services and non-audit services rendered to the Group respectively.

DIRECTORS' RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group for the year ended 31 December 2015, which were prepared in accordance with statutory requirements and applicable accounting standards.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting

Pursuant to bye-law 58 of the Bye-laws, on the written requisition of Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company, the Directors shall convene a special general meeting for the transaction of any business specified in such requisition; and such meeting shall be held within two months from the date of deposit of such requisition.

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

Pursuant to bye-law 85 of the Bye-laws, if a Shareholder wishes to propose a person other than a Director of the Company for election as a Director at any general meeting, the shareholder can deposit a written notice to that effect at Room 806, 8/F., Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong, the principal place of business of the Company in Hong Kong, for the attention of the Board.

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

Pursuant to bye-law 85 of the Bye-laws, the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

The Company shall publish an announcement in accordance with Rule 2.07C or issue a supplementary circular upon receipt of a notice from a Shareholder to propose a person for election as a director at the general meeting where such notice is received by the Company after publication of the notice of meeting. The Company shall include particulars of the proposed director in the announcement or supplementary circular.

The Company shall assess whether or not it is necessary to adjourn the meeting of the election to give Shareholders at least 10 business days to consider the relevant information disclosed in the announcement or supplementary circular.

Voting at and notice of general meetings

As required by the Listing Rules, the Company conducts all voting at general meetings by poll except where the chairman, in good faith, decides to allow a resolution which related purely to a procedural or administrative matter to be voted on by a show of hands. To compile with the Listing Rules, notices to shareholders will be sent in the case of annual general meetings at least 20 clear business days before the meeting and at least 10 clear business days in the case of all other general meetings.

Pursuant to bye-law 59 of the Bye-laws, an annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings (including a special general meeting) must be called by notice of not less than fourteen (14) clear days and not less than ten (10) clear business days, a general meeting may be called by shorter notice if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all the Shareholders entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the Shareholders having the right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent. (95%) of the total voting rights at the meeting of all the Shareholders.

INVESTOR RELATIONS

The Board recognises that effective and timely communication with the Company's investors plays a crucial role in maintaining existing investor's confidence and attracting new investors, so the Board continuously places great importance on proactive communication with its existing and potential shareholders and invertors. The primary communication channel between the Company and its shareholders is the publication of annual reports and interim reports, announcements, circulars and notices to shareholders. The Company's annual general meetings further provided a platform and opportunity for our shareholders to exchange view with the Company.

CONSTITUTIONAL DOCUMENTS

The Company has adopted new memorandum of Continuance and new Bye-laws with effective from 26 October 2015 (Bermuda Time), the date of continuance of the Company under the laws of Bermuda.

DIRECTORS' PROFILE

EXECUTIVE DIRECTORS

Mr. Wang Boming, aged 60, 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 62, is responsible for the Group's investment and business planning in the PRC. Mr. Zhang graduated from Peking University with a bachelor's degree in international relations and a master's degree in international law, in 1984 and 1986, respectively. He earned his second master's degree in international commercial law and politics from the Fletcher School of Law and Diplomacy in the U.S.A. in 1987. Mr. Zhang is also a director of Shanghai SEEC Investment Development Co., Ltd. Before joining the Group in December 1997, Mr. Zhang was employed as an investment consultant of Fair Field Maxwell Financial Services Corp. in the U.S.A. in 1987. He has served as an executive officer of the Executive Commission of Securities Trading Automated Quotations System of the PRC since 1989. Mr. Zhang joined the Group in December 1997.

Mr. Dai Xiaojing, aged 56, 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. Dai joined the Group in December 1998.

Mr. Zhou Hongtao, aged 38, has over 10 years of experience in investment and media related industry. Mr. Zhou is currently the managing director of Shanghai Hang Chen Hang Place The Industry Co, Ltd in the People's Republic of China ("PRC"), a real estate investment company in Shanghai. Mr. Zhou was the senior investment manager in Founder Group, Beijing, specialized in information technology and media related investment. Mr. Zhou obtained a Bachelor degree of Chemical Engineering and Technology from the Dalian University of Technology in 2000 and a Master of Business Administration degree from the Beijing Jiaotong University in 2005. Mr. Zhou joined the Group in May 2014.

Mr. Li Leong, aged 32, has years of experience in financial industry. Mr. Li graduated from the University of Western Ontario in Canada with a Bachelor of Science degree in Mathematics and Statistics in 2006. He also obtained a Master of Science degree in Investment Management from the Hong Kong University of Science and Technology in 2013. Mr. Li joined the Group in February 2015.

Mr. Li Xi, aged 41, has years of experience in investment. Mr. Li graduated from the Xi'an Jiaotong University with a Bachelor of Engineering degree in Industrial Foreign Trade in 1997. He also obtained a Master of Economics degree from Xi'an Jiaotong University in 2005. Mr. Li jointed the Group in November 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Chi Hung, aged 32, obtained a bachelor degree of Business Administration (Honors) in Accountancy from the City University of Hong Kong. He has 10 years of experience in accounting and auditing. Mr. Law is a member of the Hong Kong Institute of Certified Public Accountants and is currently a partner of CT CPT & Company. Mr. Law has not held any directorship in other listed companies in the last three years. Mr. Law has been appointed as an independent non-executive Director since June 2015.

Mr. Ding Yu Cheng, aged 50, 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.

Ms. Wensy Ip, aged 29, has years of experience in marketing and trading industry. Ms. Ip graduated from the University of Northumbria in the United Kingdom with Bachelor of Science degree in Human Organisations in 2007. She also obtained a Master of Arts degree in Communication and New Media from City University of Hong Kong in 2008. Ms. Ip has not held any directorship in other listed companies in the last three years. Ms. Ip has been appointed as an independent non-executive Director since June 2015.

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its principal subsidiaries and joint ventures are engaged in the provision of advertising agency services and distribution of books and magazines in the People's Republic of China and details are set out in notes 17 and 36 to the consolidated financial statements respectively.

RESULTS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 25.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 82.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL, WARRANTS AND SHARE OPTIONS

Details of the Company's share capital, warrants and share option scheme are set out in notes 28, 32 and 33 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2015, the Company had the following reserves available for distribution to shareholders:

	HK$'000
Contributed surplus	429,374
Accumulated loss	(238,693)
	190,681

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2015, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together accounted for 12% and 21% 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 23% of the Group's total revenue for the year.

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

DIRECTORS

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

Executive Directors:

Mr. Wang Boming	
Mr. Dai Xiaojing	
Mr. Zhang Zhifang	
Mr. Zhou Hongtao	
Mr. Li Leong	(appointed on 12 February 2015)
Mr. Li Xi	(appointed on 26 November 2015)
Mr. Suen Man Simon	(resigned on 30 December 2015)

Independent non-executive Directors:

Mr. Ding Yu Cheng	
Mr. Wang Xiangfei	(retired on 11 May 2015)
Mr. Zhang Ke	(retired on 11 May 2015)
Mr. Law Chi Hung	(appointed on 15 June 2015)
Ms. Wensy Ip	(appointed on 15 June 2015)

In accordance with bye-law 84 of the Bye-laws, Mr. Dai Xiaojing and Mr. Ding Yu Cheng shall retire at the forthcoming annual general meeting and the retiring Directors are eligible for re-election.

In accordance with bye-law 83 of the Bye-laws, Mr. Li Xi, Mr. Law Chi Hung and Ms. Wensy Ip, being Directors appointed by the Board after the Company's last annual general meeting held in May 2015, shall hold office only until the forthcoming annual general meeting to be held in May 2016 and shall be eligible for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

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

The term of office of each non-executive Director is the period up to his/her retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than those disclosed in note 35 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 2015 or at any time during the year.

DIRECTORS' INTERESTS IN SECURITIES

At 31 December 2015, 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:

Save as disclosed below, as at 31 December 2015, none of the Directors and chief executives had interests and short positions in the Shares, the underlying Shares and/or the debentures (as the case may be) of the Company or any its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in the Listing Rules:

Long positions in the Shares and underlying Shares of the Company

Name of Director	**Nature of interest**	**Number of shares held**	**Per cent of issued share capital of the Company as at 31 December 2015** Note 1 (%)
Mr. Dai Xiaojing	Beneficial owner	1,250,000	0.02
Mr. Wang Boming	Beneficial owner	750,000	0.01
Mr. Zhang Zhifang	Beneficial owner	750,000	0.01

Note 1: The percentage shareholding is calculated on the basis of the Company's issued share capital of 6,373,545,516 as at 31 December 2015.

PERMITTED INDEMNITY PROVISION

Pursuant to bye-law 164 of the Bye-laws, the Directors and every one of them is entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which the Directors or any of them, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty in their offices or otherwise in relation thereto provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

The Company has taken out and maintained Directors' liability insurance throughout the year which provides appropriate cover for legal actions brought against the Directors.

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 33 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS

At 31 December 2015, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that there is no person (other than the Directors and chief executive of the Company) had interests or short positions in the issued share capital of the Company which would fall to be disclosed to the Company and the Stock Exchange.

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 2015.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her 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 2012, certain subsidiaries of the Company entered into lease agreements with Shanghai SEEC Investment and Development Corporation ("Shanghai SEEC"). During the year, the Group paid rental of approximately HK$2,379,103 to Shanghai SEEC. All the lease agreements expired on 31 December 2015.

Shanghai SEEC was previously 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 till 26 August 2015.

Since 26 August 2015, the shareholdings of Shanghai SEEC were changed. Shanghai SEEC is owned as to 41% by Beijing Liancheng Investment Consultant Co., Ltd. ("Beijing Liancheng I&C") and as to 59% by Beijing Lianzheng Information & Technology Co., Ltd. ("Beijing Lianzheng").

Beijing Liancheng I&C is owned as to 25% each by three executive Director of the Company, namely Mr. Wang Boming, Mr. Zhang Zhifang and Mr. Dai Xiaojing. Beijing Lianzheng is owned as to 58.44% by Beijing Liancheng I&C, 10.23%, 9.44%, and 7.08% by Mr. Wang Boming, Mr. Zhang Zhifang and Mr. Dai Xiaojing respectively.

The transaction is regarded as related party transaction as set out in note 35 to the consolidated financial statements.

CONNECTED TRANSACTIONS (CONTINUED)

The independent non-executive Directors confirm that the transaction has been entered into by the Company in the ordinary course of its business, on normal commercial terms, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules of the Stock Exchange, the board of Directors engaged the auditor of the Company to perform certain procedures in respect of the continuing connected transactions of the Group. The auditor has reported the factual findings on these procedures to the board of Directors. The independent non-executive Directors have reviewed the continuing connected transactions and the report of the auditor and have confirmed that the transaction have been entered into by the Group in the ordinary course of its business, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Since 26 August 2015, none of the three Directors or any of their associates has control of the respective boards of the above-mentioned companies or holds, directly or indirectly, more than 30% of the voting rights of the above-mentioned companies, Shanghai SEEC is not an associate (as defined under 14A.12 of the Listing Rules) of the Directors of the Company. Accordingly the lease transaction of the Group ceased to be a continuing connected transaction as defined under Rule 14A.31 of the Listing Rules.

ENVIRONMENTAL POLICY

The Group has strong commitment towards environmental protection. It is the Group's policy to encourage and promote awareness towards environmental protection to our employees. It has implemented green office practices such as double-sided printing and copying, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance in the Group's offices.

The management will review the Group's environmental practices from time to time and will consider implementing further ecology friendly measures and practices in the operation to enhance environmental protection and sustainability.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year, as far as the Directors are aware, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group's business and operations.

RELATIONS WITH KEY STAKEHOLDERS

The Board recognises that our employees are valuable assets contributing to the Group's future success. The Group provides competitive remuneration package to attract, motivate and retain our employees. The Board also regularly reviews the remuneration package of our employees and makes necessary adjustments to conform to the prevailing market practices.

The Board also treasures that maintaining good relationship with our customers and suppliers is vital to achieve the Group's long-term goals. During the year, there was no significant dispute between the Group companies and our business partners.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The Directors consider, among other things, that approvals to renew the advertising licenses of certain of our Group companies by the PRC governmental authorities, renewal of the sole advertising rights of certain magazines and addition of any new exclusive advertising contracts to the Group are the key risks and uncertainties to its operation and prospects. These are not within the control of the Board and are also much dependent on the prevailing regulations and conditions at the relevant time of renewal in future. There may be other risks and uncertainties in addition to those mentioned above which are not known to the Board or which may not be material now but could turn out to be material in future.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda, 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 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

AUDITOR

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

On behalf of the Board

Li Leong
Director
Hong Kong, 24 March 2016

TO THE SHAREHOLDERS OF SEEC MEDIA GROUP LIMITED
財訊傳媒集團有限公司
(incorporated in the Cayman Islands and continued in Bermuda 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 25 to 81, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable 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 HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the applicable disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	5	286,683	443,582
Cost of sales		(138,897)	(213,084)
Gross profit		147,786	230,498
Other income	7	7,661	7,933
Impairment loss on sole agency rights	15	(40,235)	(37,163)
Impairment loss on goodwill	16	(61,790)	(19,493)
Unrealised fair value loss on held-for-trading investments		(32,297)	–
Realised losses on held-for-trading investments		(20,267)	–
Other gains and losses	8	2,976	(4,982)
Selling and distribution costs		(146,025)	(203,256)
Administrative expenses		(65,430)	(106,288)
Share of profit of a joint venture	17	8,125	16,473
Share of loss of an associate	21	(2,218)	–
Finance costs	9	(595)	(2,464)
Loss before taxation	10	(202,309)	(118,742)
Taxation	12	(194)	(4,844)
Loss for the year		(202,503)	(123,586)
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		(17,846)	(1,806)
Share of exchange differences of a joint venture		(318)	(57)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of an associate		20,631	–
Total comprehensive expense for the year		(200,036)	(125,449)
Loss for the year attributable to:			
Owners of the Company		(200,113)	(121,246)
Non-controlling interests		(2,390)	(2,340)
		(202,503)	(123,586)
Total comprehensive expense attributable to:			
Owners of the Company		(197,646)	(123,109)
Non-controlling interests		(2,390)	(2,340)
		(200,036)	(125,449)
			(Restated)
Loss per share (HK cents)	13		
Basic		(10.58)	(7.51)
Diluted		(10.58)	(7.51)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	14	35,525	41,790
Sole agency rights	15	6,756	56,692
Goodwill	16	37,603	99,393
Interests in joint ventures	17	31,110	23,303
Available-for-sale investment	20	20,000	20,000
Interest in an associate	21	158,413	–
Amount due from a joint venture	19	6,747	24,175
		296,154	265,353
Current assets			
Trade receivables	18	93,046	192,478
Amounts due from related companies	19	10,140	12,816
Other receivables and prepayments	27	28,647	14,066
Held-for-trading investments	24	72,703	–
Bank balances, cash and cash equivalents	22	746,744	138,160
		951,280	357,520
Current liabilities			
Trade payables	23	22,686	29,969
Other payables and accruals	26	132,734	145,057
Amounts due to related companies	19	9,287	7,316
Amount due to a shareholder of the Company	19	90,188	50,307
Amount due to a joint venture	19	–	192
Amount due to a director	19	–	4,017
Borrowing	25	35,000	–
Tax payable		11,973	13,953
		301,868	250,811
Net current assets		649,412	106,709
Total assets less current liabilities		945,566	372,062
Non-current liability			
Receipt in advance		86	118
Net assets		945,480	371,944
Capital and reserves			
Share capital	28	637,354	176,726
Reserves		313,142	198,106
Equity attributable to owners of the Company		950,496	374,832
Non-controlling interests		(5,016)	(2,888)
Total equity		945,480	371,944

The consolidated financial statements on pages 25 to 81 were approved and authorised for issue by the Board of Directors on 24 March 2016 and are signed on its behalf by:

Wang Boming
Director

Li Leong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Warrant reserve HK$'000 (note a)	Statutory reserve HK$'000 (note b)	Exchange translation reserve HK$'000	Other reserve HK$'000	Share options reserve HK$'000	Retained profits (accumulated losses) HK$'000	Subtotal HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 January 2014	173,956	64,084	–	–	–	8,407	63,584	–	10,278	109,424	429,733	(3,203)	426,530
Loss for the year	–	–	–	–	–	–	–	–	–	(121,246)	(121,246)	(2,340)	(123,586)
Exchange differences arising on translation	–	–	–	–	–	–	(1,806)	–	–	–	(1,806)	–	(1,806)
Share of exchange differences of a joint venture	–	–	–	–	–	–	(57)	–	–	–	(57)	–	(57)
Total comprehensive expense for the year	–	–	–	–	–	–	(1,863)	–	–	(121,246)	(123,109)	(2,340)	(125,449)
Exercise of share option (note 33)	2,770	5,149	–	–	–	–	–	–	–	–	7,919	–	7,919
Recognition of equity-settled share based payment (note 32)	–	–	–	–	47,000	–	–	–	–	–	47,000	–	47,000
Expenses incurred on warrants issue	–	–	–	–	(150)	–	–	–	–	–	(150)	–	(150)
Issue of warrant	–	–	–	–	347	–	–	–	–	–	347	–	347
Capital injection from non-controlling shareholders and deemed disposal of interest in a subsidiary (note 36(c))	–	–	13,092	–	–	–	–	–	–	–	13,092	2,655	15,747
At 31 December 2014	176,726	69,233	13,092	–	47,197	8,407	61,721	–	10,278	(11,822)	374,832	(2,888)	371,944
Loss for the year	–	–	–	–	–	–	–	–	–	(200,113)	(200,113)	(2,390)	(202,503)
Exchange differences arising on translation	–	–	–	–	–	–	(18,108)	–	–	–	(18,108)	262	(17,846)
Share of exchange differences of a joint venture	–	–	–	–	–	–	(318)	–	–	–	(318)	–	(318)
Share of other comprehensive income of an associate	–	–	–	–	–	–	–	20,631	–	–	20,631	–	20,631
Total comprehensive (expense) income for the year	–	–	–	–	–	–	(18,426)	20,631	–	(200,113)	(197,908)	(2,128)	(200,036)
Exercise of share option (note 33)	1,025	1,988	–	–	–	–	–	–	–	–	3,013	–	3,013
Exercise of warrants	34,700	251,927	–	–	(47,197)	–	–	–	–	–	239,430	–	239,430
Transfer of share premium account to contributed surplus account (note c)	–	(323,148)	–	323,148	–	–	–	–	–	–	–	–	–
Capital reduction (note 28)	(106,226)	–	–	106,226	–	–	–	–	–	–	–	–	–
Open offer (note 28)	531,129	–	–	–	–	–	–	–	–	–	531,129	–	531,129
At 31 December 2015	637,354	–	13,092	429,374	–	8,407	43,295	20,631	10,278	(211,935)	950,496	(5,016)	945,480

Note a: Warrant reserve arises from the issue of warrants less the expenses incurred pertaining to the warrants issue. Upon exercise of warrants, the warrant reserve would be transferred as an equity movement (note 32).

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

Note c: The Company cancelled the entire amount standing to the credit of the share premium account and to transfer the credits arising from such cancellation to an account designated as the contributed surplus account of the Company before the change of domicile from Cayman Islands to Bermuda becoming effective, i.e. 26 October 2015.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	(202,309)	(118,742)
Adjustments for:		
Interest income	(3,068)	(2,268)
Interest expenses	595	2,464
Depreciation of property, plant and equipment	5,040	5,393
Amortisation of sole agency rights	6,588	10,709
Impairment loss on sole agency rights	40,235	37,163
Impairment loss on goodwill	61,790	19,493
Impairment loss recognised on trade receivables	7,439	10,745
Reversal of impairment loss on trade receivables	(6,090)	(6,469)
Share of profit of a joint venture	(8,125)	(16,473)
Loss on disposal of property, plant and equipment	–	624
Share-based payment expense	–	47,000
Loss on disposal of held-for-trading investments	20,267	–
Change in fair value of held-for-trading investments	32,297	–
Dividend income from available-for-sale investment	(250)	–
Share of loss of an associate	2,218	–
Operating cash flows before movements in working capital	(43,373)	(10,361)
Decrease in trade receivables	101,696	13,068
Decrease in other receivables and prepayments	22,973	231
Decrease in trade payables	(7,056)	(550)
(Increase) decrease in other payables and accruals	(20,319)	38,635
Decrease in receipt in advance	(32)	(85)
Cash from operations	53,889	40,938
PRC income tax paid	(2,174)	(9,346)
NET CASH FROM OPERATING ACTIVITIES	51,715	31,592
INVESTING ACTIVITIES		
Repayment from a joint venture	17,428	12,017
Purchase of property, plant and equipment	(3,650)	(4,944)
Increase in loan receivable	(19,295)	–
Interest received	3,068	2,268
Sale proceeds from disposals of property, plant and equipment	546	79
Withdrawal of pledged bank deposits	–	20,351
Repayment (advance to) from related companies	2,676	(6,087)
Investment in available-for-sale investment	–	(20,000)
Investment in an associate	(140,000)	–
Dividend income from available-for-sale investment	250	–
Purchases of held-for-trading investments	(201,526)	–
Proceeds from disposal of held-for-trading investments	76,259	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(264,244)	3,684

	2015 HK$'000	2014 HK$'000
FINANCING ACTIVITIES		
Proceeds from a borrowing	35,000	–
Repayment of bank loans	–	(55,658)
Increase in amounts due to related companies	1,971	1,234
Increase in amount due to a shareholder	39,881	50,000
Interest paid	(595)	(2,464)
(Decrease) increase in amount due to a joint venture	(192)	192
(Decrease) increase in amount due to a director	(4,017)	4,017
Proceeds from exercise of share options issued	3,013	7,919
Capital injection from non-controlling shareholders of a subsidiary	–	15,747
Proceeds from issue of warrants	–	347
Proceeds from open offer	520,506	–
Proceeds from exercise of warrants	239,430	–
Expenses incurred on warrants issue	–	(150)
NET CASH FROM FINANCING ACTIVITIES	834,997	21,184
NET INCREASE IN CASH AND CASH EQUIVALENTS	622,468	56,460
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	138,160	82,186
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(13,884)	(486)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	746,744	138,160
Analysis of balances of cash and cash equivalents at the end of the year		
Bank balances, cash and cash equivalents	746,744	138,160

1. GENERAL

The Company is incorporated as an exempted company with limited liability in the Cayman Islands and continued in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The change of domicile of the Company from Cayman Island to Bermuda was effective on 26 October 2015. The address of the registered office and principal place of business of the Company are disclosed "Corporate Information" section to the annual report.

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

The Company acts as investment holding company. The Group is principally engaged in the provision of advertising agency services and distribution of books and magazines in the People's Republic of China ("PRC").

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

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

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

New and revised HKFRSs in issued but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after a date to be determined

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

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liability designated as fair value through profit or loss is presented in profit or loss.

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

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

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

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company do not anticipate that the application of other new and revised HKFRSs that have been issued but are not yet effective will have a material effect on the amounts recognised in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to certain provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and to streamline with HKFRSs and became effective for the Company for the financial year ended 31 December 2015. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less any accumulated impairment losses, if any.

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

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

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

Investments in joint ventures

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate 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 income is recognised upon the publication of the related advertisements. Advertising agency income from certain magazines which the Group has exclusive rights to serve as the advertising agent is measured at the fair value of the consideration received or receivable, net of rebates to licensors.

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

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

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

Financial instruments

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

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

Financial assets

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

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method (Continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 24.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables or (b) financial assets at FVTPL.

Loans and receivables

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

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

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

For all other financial assets objective evidence of impairment could include:

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

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

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

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

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.

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 have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Leasing

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

The Group as lessor

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

Leasehold land and building

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

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

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

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

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

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

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

Borrowing costs

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

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

Government grants

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

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

Retirement benefits costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

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

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

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

Warrant granted to a consultant

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Legal case provision

On 6 August 2010, Chau Hoi Shuen, Solina Holly ("Ms Chau") in a writ of summons filed claims against the Company for damages for distributing or publishing certain articles in a magazine, Caijing Magazine containing words defamatory of Ms. Chau (the "Litigation"). On 15 November 2012, the High Court of Hong Kong has issued a judgment in favour of Ms. Chau and adjudged that the Company needs to pay the damages to Ms. Chau and the related legal fee incurred by Ms. Chau. On 12 December 2012, the Company lodged an appeal (the "First Appeal") to the Court of Appeal and the First Appeal was heard in the Court of Appeal on 11 April 2014. On 25 April 2014,the judgment of the First Appeal was decided unfavorably against the Company. On 23 May 2014, the Company applied to the Court of Appeal for leave to appeal to the Court of Final Appeal (the "First Leave Application") and the Court of Appeal refused leave. On 4 November 2014, the Company has applied to the Court of Final Appeal for leave to appeal to the Court of Final Appeal (the "Second Leave Application"), and the Court of Final Appeal granted leave. As at 31 December 2014, damages and costs and professional fee in relation to the litigation amounted to approximately HK$8,100,000 had been provided (included in accruals.)

On 30 November 2015, the Court of Final Appeal decided unfavourably against the Company in respect of the Litigation and the Company is required to pay damages to Ms. Chau. The Company has paid approximately HK$4,200,000 out from accruals to Ms Chau during the year ended 31 December 2015 for part of her costs of legal actions and damages assessed.

In the opinion of the directors of the Company, no additional provisions on accruals for the damages and costs and professional fee in relation to the Litigation is necessary based on the best estimates and advice from the external legal counsel and the remaining HK$3,900,000 accruals made during the year ended 31 December 2014 is recognised as at 31 December 2015.

Impairment of goodwill and sole agency rights

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

The carrying amount of goodwill and sole agency rights as at 31 December 2015 was HK$37,603,000 (2014: HK$99,393,000) and HK$6,756,000 (2014: HK$56,692,000), respectively, net of impairment loss of HK$61,790,000 (2014: HK$19,493,000) and HK$40,235,000 (2014: HK$37,163,000), respectively. Details of the impairment loss are set out in note 16 and 15, respectively.

Estimated impairment of trade receivables

Trade receivables from the provision of advertising agency services and sale of books and magazines as at 31 December 2015 was HK$93,046,000, net of allowance for doubtful debts of HK$12,108,000 (2014: HK$192,478,000, net of allowance for doubtful debts of HK$19,663,000). Trade receivables of HK$17,958,000 have been past due over three months but less than six months and HK$18,896,000 have been past due over six months but less than 1 year, respectively as at 31 December 2015. A substantial negative impact on the Group's performance and cash flows would result if the amounts are not recovered. The Group considers that the credit risk on the amounts is limited based on historical experience, subsequent settlement and the financial position of its customers.

Estimated impairment of a loan receivable

Included in the other receivables and prepayments as at 31 December 2015 was a loan receivable amounted to HK$19,295,000 to Zhao Lan ("Ms. Zhao"), an independent third party (note 27). A substantial negative impact on the Group's performance and cash flows would result if the amounts are not recovered. The Group considers that the credit risk on the amounts is limited as the loan was secured with securities listed on the Stock Exchange of Hong Kong Limited ("Stock Exchange") with fair value of HK$24,750,000 as at 31 December 2015.

5. REVENUE

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

	2015 HK$'000	2014 HK$'000
Advertising agency income	245,104	322,782
Advertising income from conferences and events	22,096	86,479
Sales of books and magazines	19,483	34,321
	286,683	443,582

6. SEGMENT INFORMATION

Information reported to the Company's executive directors, being the chief operating decision makers, for the purposes of allocating resources to segments and assessing their performance are organised on the basis of the revenue streams. The Group's operating and reporting segments are (a) advertising income from provision of agency services and organising conferences and events and (b) sale of books and magazines.

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 2015

	Provision of services HK$'000	Sales of books and magazines HK$'000	Consolidated HK$'000
Revenue			
External sales	267,200	19,483	286,683
Result			
Segment profit	1,091	670	1,761
Other income			7,661
Other gains and losses			(151,613)
Unallocated administration expense (including equity-settled share-based payment expense)			(65,430)
Share of profit of a joint venture			8,125
Share of loss of an associate			(2,218)
Finance costs			(595)
Loss before taxation			(202,309)

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

For the year ended 31 December 2014

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

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

6. SEGMENT INFORMATION (CONTINUED)

Other segment information

For the year ended 31 December 2015

	Provision of services HK$'000	Sales of books and magazines HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss:				
Depreciation of property, plant and equipment	4,150	–	890	5,040
Amortisation of sole agency rights	6,588	–	–	6,588
Allowance for (reversal of allowance for) bad and doubtful debts	1,676	(327)	–	1,349
Impairment loss on sole agency rights	40,235	–	–	40,235
Impairment loss on goodwill	61,790	–	–	61,790
Realised losses on held-for-trading investments	–	–	20,267	20,267
Unrealised fair value loss on held-for-trading investments	–	–	32,297	32,297
Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss:				
Share of loss of an associate	–	–	2,218	2,218
Share of profit of a joint venture	–	–	(8,125)	(8,125)
Interest income	–	–	(3,068)	(3,068)
Interest expenses	–	–	595	595

For the year ended 31 December 2014

	Provision of services HK$'000	Sales of books and magazines HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss:				
Depreciation of property, plant and equipment	4,914	–	479	5,393
Amortisation of sole agency rights	10,709	–	–	10,709
Allowance for (reversal of allowance for) bad and doubtful debts	4,366	(90)	–	4,276
Impairment loss on sole agency rights	37,163	–	–	37,163
Impairment loss on goodwill	19,493	–	–	19,493
Loss on disposal of property, plant and equipment	624	–	–	624
Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss:				
Share of profit of a joint venture	–	–	(16,473)	(16,473)
Interest income	–	–	(2,268)	(2,268)
Interest expenses	–	–	2,464	2,464

6. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations and assets are located in the PRC. All revenue is derived from customers located in 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 provision of services segment or sales of books and magazines segment which contributed over 10% of the total revenue of the Group.

7. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Bank interest income	3,068	2,268
Administrative service income from Hexun Information Technology Co, Ltd. ("Hexun") (Note 35)	–	361
Magazine registration number charges received from a joint venture (Note 35)	1,554	1,514
Dividend income on an available-for-sale financial asset	250	–
Sub-underwriting fee income	720	–
Financial refunds (Note)	683	1,045
Consultancy income	742	1,959
Other miscellaneous income	644	786
	7,661	7,933

Note: The amount represents one off financial refund from the finance bureau of the province in which one of the PRC subsidiaries operates. In 2014, the PRC subsidiary received financial refund from other taxes paid, representing Business Tax and City Construction Tax in the form of government grants by way of negotiation with the relevant finance bureau. In 2015, it was financial refund from value-added tax and enterprise income tax paid in the form of government grants.

8. OTHER GAINS AND LOSSES

	2015 HK$'000	2014 HK$'000
Allowance for bad and doubtful debts	(1,349)	(4,276)
Net foreign exchange gain (loss)	4,325	(82)
Loss on disposal of property, plant and equipment	–	(624)
	2,976	(4,982)

9. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest on bank loan wholly repayable within five years	595	2,464

10. LOSS BEFORE TAXATION

	2015 HK$'000	2014 HK$'000
Loss before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	1,783	1,035
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	69,644	94,413
Contributions to retirement benefits schemes	11,319	14,810
	80,963	109,223
Equity-settled share-based payment expense (note 33)	–	47,000
Depreciation of property, plant and equipment	5,040	5,393
Amortisation of sole agency rights (included in cost of sales)	6,588	10,709
Total depreciation and amortisation	11,628	16,102
Minimum lease payments under operating lease in respect of rented premises	16,366	16,599
Investment income earned on loans and receivables		
– bank interest income	(3,068)	(2,268)
Net foreign exchange (gain)/loss	(4,325)	82
Loss on disposal of property, plant and equipment	–	624

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

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

	Executive Directors							Independent Non-Executive Directors					
	Wang Boming HK$'000	Zhang Zhifang HK$'000	Dai Xiaojing HK$'000	Suen Man Simon HK$'000 (note e)	Zhou Hongtao HK$'000	Li Leong HK$'000 (note c)	Li Xi HK$'000 (note h)	Law Chi Hung HK$'000 (note g)	Wensy Ip HK$'000 (note g)	Wang Xiangfei HK$'000 (note f)	Ding Yu Cheng HK$'000	Zhang Ke HK$'000 (note f)	Total HK$'000
2015													
Fees	–	–	–	200	–	75	–	55	65	30	180	25	630
Other emoluments													
Salaries and other benefits	246	–	423	–	–	380	–	–	–	–	–	–	1,049
Contributions to retirement benefits schemes	51	–	114	–	–	5	–	–	–	–	–	–	170
Total emoluments	297	–	537	200	–	460	–	55	65	30	180	25	1,849

	Executive Directors						Independent Non-Executive Directors				
	Wang Boming HK$'000	Zhang Zhifang HK$'000	Dai Xiaojing HK$'000	Li Shijie HK$'000 (note a)	Suen Man Simon HK$'000 (note e)	Zhou Hongtao HK$'000 (note b)	Fu Fengxiang HK$'000 (note d)	Wang Xiangfei HK$'000 (note f)	Ding Yu Cheng HK$'000	Zhang Ke HK$'000 (note f)	Total HK$'000
2014											
Fees	–	–	–	–	70	–	24	72	180	60	406
Other emoluments											
Salaries and other benefits	248	–	432	210	–	–	–	–	–	–	890
Contributions to retirement benefits schemes	98	–	101	44	–	–	–	–	–	–	243
Total emoluments	346	–	533	254	70	–	24	72	180	60	1,539

Notes:

(a) Resigned on 23 May 2014

(b) Appointed on 23 May 2014

(c) Appointed on 12 February 2015

(d) Resigned on 31 March 2014

(e) Appointed on 23 May 2014 and resigned on 30 December 2015

(f) Retired on 11 May 2015

(g) Appointed on 15 June 2015

(h) Appointed on 26 November 2015

The executive directors' emoluments above were mainly for their services in connection with the management of the affairs of the Company and the Group. While the independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

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

During the years ended 31 December 2014 and 2015, Mr. Zhang Zhifang and Mr. Zhou Hongtao waived their emolument.

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

In both years, none of the five highest paid individuals were directors or chief executive of the Company, whose emoluments are included above. The emoluments of the five (2014: five) highest paid individuals were as follows:

	2015 HK$'000	2014 HK$'000
Salaries, allowances and benefits in kind	2,522	2,788
Contributions to retirement benefits scheme	558	519
Share option benefits	–	–
	3,080	3,307

Their emoluments were within the following bands:

	2015 No. of employees	2014 No. of employees
HK$nil to HK$1,000,000	5	5

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

12. TAXATION

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

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% for both years.

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

	2015 HK$'000	2014 HK$'000
Loss before taxation	(202,309)	(118,742)
Tax at PRC income tax rate of 25%	(50,577)	(29,686)
Tax effect of tax losses not recognised	15,952	24,526
Utilisation of tax losses previously not recognised	(510)	(1,874)
Tax effect of expenses not deductible for tax purposes	38,809	14,960
Tax effect of income not taxable for tax purposes	(3,581)	(2,774)
Others	101	(308)
Taxation for the year	194	4,844

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

12. TAXATION (CONTINUED)

At the end of the reporting period, the Group had estimated unused tax losses of approximately HK$364,727,000 (2014: approximately HK$302,959,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of a PRC subsidiary amounting to approximately HK$122,037,000 (2014: approximately HK$180,987,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

13. LOSS PER SHARE

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

	2015 HK$'000	2014 HK$'000
Loss		
Loss for the purposes of basic loss per ordinary share being loss for the year attributable to owners of the Company	(200,113)	(121,246)

	2015	2014 (restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,891,931,982	1,614,363,400
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	–	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	1,891,931,982	1,614,363,400

The weighted average number of ordinary shares for the year ended 31 December 2014 for the purposes of basic and diluted loss per share have been adjusted for the capital reorganisation and open offer as described in note 28. The weighted average number of ordinary shareholders for the year ended 2014 was restated retrospectively.

The computation of diluted loss per share for both years does not assume the exercise of outstanding warrants and share options of the Company since their assumed exercise would result in a decrease in loss per share.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture, fixtures and fittings HK$'000	Computer and office equipment HK$'000	Total HK$'000
COST						
At 1 January 2014	40,764	11,798	15,354	622	18,444	86,982
Exchange realignment	(140)	(40)	(52)	(5)	(67)	(304)
Additions	–	2,197	153	1,624	970	4,944
Disposals	–	–	–	–	(1,628)	(1,628)
At 31 December 2014	40,624	13,955	15,455	2,241	17,719	89,994
Exchange realignment	(2,371)	(2,877)	(904)	(389)	(1,113)	(7,654)
Additions	–	2,470	–	358	822	3,650
Disposals	–	–	(247)	–	(1,897)	(2,144)
At 31 December 2015	38,253	13,548	14,304	2,210	15,531	83,846
ACCUMULATED DEPRECIATION						
At 1 January 2014	7,745	11,761	10,432	415	13,514	43,867
Exchange realignment	(21)	(40)	(29)	–	(41)	(131)
Provided for the year	1,281	61	1,516	453	2,082	5,393
Eliminated on disposals	–	–	–	–	(925)	(925)
At 31 December 2014	9,005	11,782	11,919	868	14,630	48,204
Exchange realignment	(574)	(680)	(1,222)	(14)	(835)	(3,325)
Provided for the year	1,260	731	1,195	359	1,495	5,040
Eliminated on disposals	–	–	244	–	(1,842)	(1,598)
At 31 December 2015	9,691	11,833	12,136	1,213	13,448	48,321
CARRYING VALUES						
At 31 December 2015	28,562	1,715	2,168	997	2,083	35,525
At 31 December 2014	31,619	2,173	3,536	1,373	3,089	41,790

The leasehold land and building are situated in the PRC.

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

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

15. SOLE AGENCY RIGHTS

	HK$'000
COST	
At 1 January 2014	178,885
Exchange realignment	(571)
At 31 December 2014	178,314
Exchange realignment	(9,703)
At 31 December 2015	168,611
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 31 January 2014	73,940
Amortisation expense	10,709
Impairment loss recognised in profit or loss	37,163
Exchange realignment	(190)
At 31 December 2014	121,622
Amortisation expense	6,588
Impairment loss recognised in profit or loss	40,235
Exchange realignment	(6,590)
At 31 December 2015	161,855
CARRYING VALUES	
At 31 December 2015	6,756
At 31 December 2014	56,692

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

The directors of the Company conducted an impairment review of the Group's sole agency rights as at 31 December 2014 and 2015, respectively. The recoverable amount of the sole agency rights has been determined based on a value in use calculation performed by Asset Appraisals Limited ("Asset Appraisals"), independent professional valuers not connected to the Group, based on the financial budgets approved by management covering a 3-year to 10-year-period (2014: 4-year to 11-year period) in accordance with the remaining contractual lives for the sole agency rights of advertising in respective magazines, and at a discount rate of 17% per annum (2014: 17% per annum). Other key assumptions for the value in use calculations are budgeted revenue and budgeted gross margin, which are determined based on past performance, management's expectations for the market development and market trend.

As a result of the impairment review, the recoverable amounts of certain sole agency rights have been assessed to be less than their carrying amounts resulting in an impairment loss of HK$40,235,000 being recognised in profit or loss during the year ended 31 December 2015 (2014: HK$37,163,000).

16. GOODWILL

	HK$'000
COST	
At 1 January 2014, 31 December 2014 and 31 December 2015	118,886
ACCUMULATED IMPAIRMENT LOSSES	
At 1 January 2014	–
Impairment loss recognised in profit or loss	19,493
At 31 December 2014	19,493
Impairment loss recognised in profit or loss	61,790
At 31 December 2015	81,283
CARRYING VALUES	
At 31 December 2015	37,603
At 31 December 2014	99,393

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

During the year ended 31 December 2015, as an annual impairment test assessed by the management, the management of the Group determines to recognise impairment loss of HK$61,790,000 (2014: HK$19,493,000) on the goodwill and the impairment loss has been included in profit or loss.

The recoverable amount of the CGU has been determined based on a value in use calculation. The recoverable amount of the CGU of goodwill is determined taking into account the valuation performed by Asset Appraisals Limited, independent professional valuers not connected to the Group, based on the cash flow forecast derived from the most recent financial budgets approved by the management covering a 3-year period (2014: 4-year period) in accordance with the expected cash inflows generating period, and at a discount rate of 17% per annum (2014: 17% per annum). Other key assumptions for the value in use calculations are the budgeted revenue and budgeted gross margin, which are determined based on past performance, management's expectations for the market development and market trend. After the impairment loss recognised for the year, the management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

17. INTERESTS IN JOINT VENTURES

	2015 HK$'000	2014 HK$'000
Cost of unlisted investments in joint ventures	22,863	22,863
Share of post-acquisition profit and other comprehensive income	8,247	440
	31,110	23,303

17. INTERESTS IN JOINT VENTURES (CONTINUED)

As at 31 December 2015 and 2014, the Group had interests in the following significant joint ventures:

Name of entity	Form of business structure	Place/ country of incorporation/ registration	Principal place of operation	Class of share held	Proportion of nominal value of issued capital/ registered capital held by the Group		Proportion of voting power held		Principal activity
					2015	2014	2015	2014	
SEEC/Ziff Davis Media Group (China) Ltd. ("SEEC/Ziff Davis Media Group")	Incorporated	British Virgin Islands	PRC	Ordinary shares	50%	50%	50%	50%	Investment holding
SEEC/Ziff Davis Media Consulting (Beijing) Co. Ltd. ("SEEC/Ziff Davis Media Consulting")	Incorporated	PRC	PRC	Registered capital	50%	50%	50%	50%	Consulting, advertising and publishing-related activities
Mondadori – SEEC (Beijing) Advertising Co., Ltd. ("Mondadori – SEEC")	Incorporated	PRC	PRC	Registered capital	50%	50%	50%	50%	Advertising agent

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

Summarised financial information of a material joint venture

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

Mondadori – SEEC

	2015 HK$'000	2014 HK$'000
Current assets	101,267	98,718
Non-current assets	653	876
Current liabilities	(41,012)	(54,937)

17. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of a material joint venture (Continued)

Mondadori – SEEC (Continued)

The above amounts of assets including the following:

	2015 HK$'000	2014 HK$'000
Cash and cash equivalents	34,279	37,164

	2015 HK$'000	2014 HK$'000
Revenue	145,520	153,421
Profit and total comprehensive income for the year	16,250	32,946

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

	2015 HK$'000	2014 HK$'000
Net assets	60,908	44,657
Proportion of the Group's ownership interest in a joint venture	50%	50%
Share of net assets of a joint venture	30,454	22,329
Accumulated share of exchange differences of a joint venture	656	974
Carrying amount of the Group's interest in a joint venture	31,110	23,303

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

	2015 HK$'000	2014 HK$'000
Depreciation of property, plant and equipment	386	177
Interest income	(356)	(78)
Impairment of accounts receivable	1,150	542

17. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of a material joint venture (Continued)

Mondadori – SEEC (Continued)

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

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

During the year ended 31 December 2014 and 2015, the Group recognised all the share of profit for the joint venture. The management believes that there is no indication that the investment in this joint venture is impaired.

Aggregate information of joint ventures that are not individually material

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

During the year ended 31 December 2015 and 31 December 2014, SEEC/Ziff Davis Media Group and SEEC/Ziff Davis Media Consulting continued to suffer losses, hence, no share of losses of these two joint ventures was recognised by the Group for the years ended 31 December 2015 and 31 December 2014.

Unrecognised share of losses

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

	2015 HK$'000	2014 HK$'000
Unrecognised share of losses of joint ventures for the year	(1)	(1)
Accumulated unrecognised share of losses of these joint ventures	(1,773)	(1,772)

18. TRADE RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	105,154	212,141
Less: allowance for doubtful debts	(12,108)	(19,663)
	93,046	192,478

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

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

	2015		2014	
	HK$'000	%	HK$'000	%
Less than three months	56,192	60	112,050	58
Three months to six months	17,958	20	51,647	27
Over six months to one year	18,896	20	28,781	15
	93,046	100	192,478	100

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

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$36,854,000 (2014: approximately HK$80,428,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances. The average age of these receivables is 197 days (2014: 175 days).

Ageing of trade receivables which are past due but not impaired

	2015 HK$'000	2014 HK$'000
Three months to six months	17,958	51,647
Over six months to one year	18,896	28,781
	36,854	80,428

As at 31 December 2015 and 2014, the Group has provided fully for all receivables over 1 year because historical experience is such that receivables that are past due beyond 1 year are generally not recoverable.

18. TRADE RECEIVABLES (CONTINUED)

Movement in the allowance for bad and doubtful debts

	2015 HK$'000	2014 HK$'000
Balance at beginning of the year	19,663	16,334
Impairment losses recognised on trade receivables	7,439	10,745
Amount recovered during the year	(6,090)	(6,469)
Amounts written off as uncollectible	(8,021)	(906)
Exchange realignment	(883)	(41)
Balance at end of the year	12,108	19,663

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

19. AMOUNTS DUE FROM/TO RELATED PARTIES

	Notes	2015 HK'000	2014 HK'000
Non-trading in nature:			
Amounts due from related companies	(i)	10,140	12,816
Amount due from a joint venture (non-current)	(ii)	6,747	24,175
Amounts due to related companies	(i)	9,287	7,316
Amount due to a shareholder of the Company	(iii)	90,188	50,307
Amount due to a joint venture (current)	(iii)	–	192
Amount due to a director	(iii)	–	4,017

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

Notes:

(i) The related companies are companies which Mr. Wang Boming, Mr. Zhang Zhifang and Mr. Dai Xiaojing, directors for the Company have interests and able to exercise control or significant influence over these companies. The amounts due from/to related companies are unsecured, non-interest bearing and repayable on demand. At the end of the reporting period, the amount is expected to be recovered within twelve months at the end of reporting period and therefore classified as current asset. The maximum outstanding amount due from related companies during the year was approximately HK$12,816,000 (2014: approximately HK$18,729,000).

(ii) The entire balance represents amounts due from a joint venture that are non-interest bearing unsecured and repayable on demand. At the end of the reporting period, the amount is expected to be recovered after twelve months at the end of reporting period and therefore classified as non-current asset. In order to minimise the credit risk, the Group has assessed the recoverability of the amount due from the joint venture at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

(iii) The amounts are unsecured, non-interest bearing and repayable on demand.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 HK$'000	2014 HK$'000
Unlisted equity shares: Hong Kong, at cost	20,000	20,000

During the year ended 31 December 2014, the Group acquired 25% of the issued ordinary share capital of Merit Advisory Limited ("Merit Advisory"), which is an investment holding company holding the entire issued ordinary share capital of Irregular Consulting Limited, a Hong Kong incorporated company which engaged in the business of investor relations in Hong Kong, for a consideration of HK$20,000,000 from an independent third party. The investment in Merit Advisory are measured at cost less impairment, if any at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. Merit Advisory is not regarded as an associate of the Group because the Group has less than one-fifth of the voting power of Merit Advisory under relevant contractual arrangement with other investors and the Group has no right to appoint directors of Merit Advisory.

21. INTEREST IN AN ASSOCIATE

	2015 HK$'000
Cost of investment in an associate	140,000
Share of post-acquisition loss	(2,218)
Share of other comprehensive income (Note)	20,631
	158,413

Note: The share of other comprehensive income mainly represented the change in fair value of the available-for-sale investments held by the associate as at 31 December 2015.

During the year ended 31 December 2015, the Group subscribed 1,400,000,000 shares of the GreaterChina Professional Services Limited ("GreaterChina") at HK$0.10 per share, representing approximately 28.82% equity interest of the enlarged issued share capital of GreaterChina.

GreaterChina was incorporated in the Cayman Islands with limited liability and its shares are listed on the Growth Enterprise Market of the Stock Exchange. GreaterChina is an investment holding company while the principal activities of its subsidiaries are provision of asset appraisal, provision of corporate services and consultancy services, provision of property agency services, provision of asset advisory services, provision of media advertising services and provision of financial credit services.

The fair value of the investment in GreaterChina as at 31 December 2015 determined based on quoted market prices on the Stock Exchange amounted to HK$1,064,000,000.

21. INTEREST IN AN ASSOCIATE (CONTINUED)

Summarised financial information of GreaterChina

Summarised financial information in respect of the GreaterChina is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

GreaterChina is accounted for using the equity method in these consolidated financial statements.

	2015 HK$'000
Current assets	212,626
Non-current assets	318,955
Current liabilities	(25,557)
Non-current liabilities	(52,355)
Revenue	16,474
Loss for the period	(7,695)
Total comprehensive income for the period	63,891

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in these consolidated financial statements:

	2015 HK$'000
Net assets of GreaterChina	453,669
Proportion of the Group's ownership interest in GreaterChina	28.82%
	130,747
Goodwill on acquisition of interests in GreaterChina	27,666
Carrying amount of the Group's interest in GreaterChina	158,413

22. BANK BALANCES, CASH AND CASH EQUIVALENTS

Included in the bank balances, cash and cash equivalents are short-term deposits of approximately HK$342,700,000 (2014:nil) placed in various brokers' accounts. There is no restrictions in the use of these balances.

Bank balances carry interest at market rates which range from 0.35% to 5.4% (2014: 0.35% to 5.6%) per annum.

23. TRADE PAYABLES

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

	2015		2014	
	HK$'000	%	HK$'000	%
Less than three months	18,410	81	27,156	91
Three months to six months	1,940	9	660	2
Over six months to one year	2,336	10	2,153	7
	22,686	100	29,969	100

The average credit period granted by trade creditors is 90 days (2014: 90 days). The Group has financial risk management policies in place to ensure that all payables within the credit time frame.

24. HELD-FOR-TRADING INVESTMENTS

	2015	2014
	HK$'000	HK$'000
Held-for-trading investments include:		
Listed securities:		
– Equity securities listed in Hong Kong	72,703	–
	72,703	–

Held-for-trading investments as at 31 December 2015 represent equity securities listed in Hong Kong. The fair values of the investments are determined based on the quoted market bid price available on the Stock Exchange. The fair value of held-for-trading investments was classified as Level 1 of the fair value hierarchy. No equity securities were disposed of subsequent to 31 December 2015 and no realised gain/loss recognised.

25. BORROWING

	2015
	HK$'000
Loan repayable within one year	
– Gold Medal Hong Kong Limited	35,000
	35,000

On 18 December 2015, the Group entered into a HK$35,000,000 loan agreement with Gold Medal Hong Kong Limited ("Gold Medal"), an independent third party and a money lender with a licence granted under the Money Lender Ordinance (Chapter 163 of the Laws of Hong Kong).The loan bears a fixed interest rate of 8% per annum and will mature on 18 March 2016. The loan was secured by a guarantee provided by the Company. The loan has been early repaid in full on 20 January 2016.

26. OTHER PAYABLES AND ACCRUALS

	2015 HK$'000	2014 HK$'000
Advance from customers	87,455	70,002
Other tax payable	3,559	8,674
Accrued office and rental expenses	20,000	19,921
Others (a)	21,720	46,460
	132,734	145,057

(a) The amount included the accruals for damages and an accrued professional fee totalling approximately HK$3,900,000 (2014: HK$8,100,000) for the legal case as described in note 4.

27. OTHER RECEIVABLES AND PREPAYMENTS

	2015 HK$'000	2014 HK$'000
Loan receivables (note)	19,295	–
Advance to staffs	4,786	6,083
Rental deposits	3,112	1,868
Others	1,454	6,115
	28,647	14,066

Note: On 22 December 2015, Laberie Holdings Limited, a wholly owned subsidiary of the Company, entered into a loan contract with Zhao Lan ("Ms. Zhao"), an independent third party. HK$19,295,000 was lent to Ms. Zhao with an interest rate of 8% per annum. The loan was secured with 165,000,000 shares of HK$0.1 each in the issued share capital of China Kingstone Mining Holdings Limited ("Pledged Shares"), a Company listed on the Stock Exchange with stock code: 1380. The loan will be due for repayment on 22 June 2016. As at 31 December 2015, the fair value Pledged Shares was HK$24,750,000 determined based on the quoted market prices on the Stock Exchange.

28. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised		
At 1 January 2014 and 31 December 2014		
– Ordinary shares of HK$0.1 each	3,000,000	300,000
Increase in authorised share capital	7,000,000	700,000
At 31 December 2015		
– Ordinary shares of HK$0.1 each	10,000,000	1,000,000
Issued and fully paid		
At 1 January 2014		
– Ordinary shares of HK$0.1 each	1,739,566	173,956
Exercise of share options under the Company's employee share option schemes (note 33)	27,700	2,770
At 31 December 2014		
– Ordinary shares of HK$0.1 each	1,767,266	176,726
Exercise of share options under the Company's employee share option schemes (note 33)	10,250	1,025
Exercise of warrants (note 32)	347,000	34,700
Share Consolidation (increase in nominal value from HK$0.1 each to HK$0.2 each) (note (a)(i))	(1,062,258)	–
Capital Reduction (decrease in nominal value from HK$0.2 each to HK$0.1 each) (note (a)(ii))	–	(106,226)
Issue of shares pursuant to the Open Offer (note (b))	5,311,288	531,129
At 31 December 2015		
– Ordinary shares of HK$0.1 each	6,373,546	637,354

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

Notes:

(a) Pursuant to a special resolution passed on 12 October 2015 (the "Special Resolution"), the proposed capital reorganisation which comprised the followings (the "Capital Reorganisation") had become effective on 16 November 2015:

(i) every two issued shares of nominal value HK$0.1 each was consolidated into one new share (the "Consolidated Share") of nominal value HK$0.2 each (the "Share Consolidation") and as a result, the number of issued ordinary shares were reduced by 1,062,258,000 shares; and

(ii) the nominal value of each issued Consolidated Share was reduced from HK$0.2 each to HK$0.1 each by cancelling paid-up capital to the extent of HK$0.1 on each Consolidated Share in issue (the "Capital Reduction") so that the share capital was reduced by approximately HK$106,226,000, in which the corresponding amount had been credited to contributed surplus.

(b) On 28 December 2015, 5,311,288,000 ordinary shares of nominal value HK$0.1 each were issued by way of Open Offer at a price of HK$0.1 each. For more details, please refer to the Company's announcement dated 28 December 2015.

29. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

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

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Available-for-sale investment	20,000	20,000
Held-for-trading investments	72,703	–
Loans and receivables	884,737	399,488
Financial liabilities		
Amortised cost	175,855	130,324

Financial risk management objectives and policies

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

Currency risk

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

	Liabilities		Assets	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Hong Kong dollar	128,132	77,938	699,678	89,322
United States dollar	–	–	168	178

30. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the currency of Hong Kong (HK$) and the currency of United States (USD).

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in HK$ and USD against RMB. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and 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% (2014: 5%) change in foreign currency rates. The sensitivity analysis includes loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender. A positive number below indicates an increase in post-tax loss and other equity where RMB strengthen 5% (2014: 5%) against the relevant currency. For a 5% (2014: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the loss and other equity and the balances below would be negative.

	Hong Kong dollar impact		**United States dollar impact**	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Loss for the year	21,433	427	(6)	(7)

Interest rate risk

Cash flow interest rate risk

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the year end. The analysis is prepared assuming financial instruments at the end of the reporting period were outstanding for the whole year. A 50 basis points (2014: 50 basis points) 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.

At 31 December 2015, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year would increase/decrease by HK$9,000. No post tax loss is noted for 2014 as there were no outstanding borrowings as at 31 December 2014.

30. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. For sensitivity analysis purpose, the sensitivity rate is increased to 5% in 2015 as a result of the volatile financial market.

If the prices of the respective equity instruments had been 5% higher/lower:

- post-tax loss for the year ended 31 December 2015 would decrease/increase by HK$3,035,000 as a result of the changes in fair value of held-for-trading investments.

Credit risk

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

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

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

In order to minimise the credit risk in relation to amount due from a joint venture and related companies, management of the Group has closely monitored the level of amounts advanced to joint venture and has taken other procedures to ensure follow-up action is taken to recover the outstanding amount. Also, the Group has assessed the recoverability of the amount due from joint venture at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group considers that the credit risk on amount due from a joint venture and related companies is limited as these are with good credit history.

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.

30. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk

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

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

	Weighted average interest rate %	Repayable on demand or Less than 3 months HK$'000	3 months to 6 months HK$'000	Over 6 months to 1 year HK$'000	Over 1 year to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2015 HK$'000
2015							
Non-derivative financial liabilities							
Trade payables	–	18,412	1,940	314	2,020	22,686	22,686
Other payables	–	18,694	–	–	–	18,694	18,694
Amounts due to related companies	–	9,287	–	–	–	9,287	9,287
Amount due to immediate parent	–	90,188	–	–	–	90,188	90,188
Borrowings	8%	35,000	–	–	–	35,000	35,000
		171,581	1,940	314	2,020	175,855	175,855

	Weighted average interest rate %	Repayable on demand or Less than 3 months HK$'000	3 months to 6 months HK$'000	Over 6 months to 1 year HK$'000	Over 1 year to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2014 HK$'000
2014							
Non-derivative financial liabilities							
Trade payables	–	27,156	660	2,153	–	29,969	29,969
Other payables	–	38,523	–	–	–	38,523	38,523
Amounts due to related companies	–	7,316	–	–	–	7,316	7,316
Amounts due to a joint venture	–	192	–	–	–	192	192
Amounts due to a director	–	4,017	–	–	–	4,017	4,017
Amount due to immediate parent	–	50,307	–	–	–	50,307	50,307
		127,511	660	2,153	–	130,324	130,324

30. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial assets that are measured at fair value on a recurring basis

The held-for trading investments which are listed equity securities in HK are measured at fair value at the end of each reporting period under the Level 1 fair value hierarchy with reference to the quoted bid prices in the market.

Fair value of financial assets and financial liabilities that are not measured at fair value

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

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

31. COMMITMENTS

(a) Operating lease commitments

As lessee

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

	2015 HK$'000	2014 HK$'000
Within one year	10,772	13,027
In the second to fifth year inclusive	3,598	6,674
	14,370	19,701

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.

31. COMMITMENTS (CONTINUED)

(b) Other commitments

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

	2015 HK$'000	2014 HK$'000
Within one year	2,340	3,686
In the second to fifth year inclusive	7,020	9,360
Over five years	–	–
	9,360	13,046

The amount recognised as an expense (included in cost of sales) in the year was approximately HK$6,728,508 (2014: approximately HK$6,463,248).

32. WARRANTS

On 26 September 2014, the Company entered into an agreement with a consultancy service company, who is an independent third party, in relation to the issuance of 347,000,000 unlisted warrants (the "Warrants") for its service provided, with subscription price of HK$0.001 per warrant, conferring rights to subscribe for up to 347,000,000 new ordinary shares of the Company for its service provided at an exercise price of HK$0.69 per share, which are exercisable immediately after the date of issue of the Warrants up to 18 November 2015. The consultancy service has been provided by the consultancy service company during the year ended 31 December 2014 and the consultancy service company has exercised its rights and subscribed 347,000,000 ordinary shares of the Company during the year ended 31 December 2015.

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

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

33. SHARE OPTION SCHEMES

Equity-settled share option scheme

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

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

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the Company's shares in issue at any time. At the end of the reporting period, the number of shares issuable under share options granted under the Share Option Scheme was 3,424,000 (2014: 15,400,000), which represented approximately 0.54% (2014: 0.87%) 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.

33. 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 HK$	Exercisable period	Outstanding at 1.1.2014	Exercised during the year	Forfeited during the year	Outstanding at 31.12.2014	Exercised during the period	Forfeited during the period	Outstanding at 30.6.2015	Adjusted exercise price HK$ (Note 4)	Adjusted after Capital Reorganization 6.11.2015 (Note 4)	Adjusted exercise price HK$ (Note 5)	Adjusted after open offer 28.12.2015 (Note 6)	Forfeited during the period	Outstanding at 31.12.2015
Mr. Li Shijie (resigned as executive director on 23 May 2015)	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	–	–	1,700,000	0.536	850,000	0.29	1,573,000	–	1,573,000
	16.12.2009	0.247	16.12.2012 to 15.12.2017	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 6.2.2015	14,950,000	(11,900,000)	(1,150,000)	1,900,000	(1,300,000)	(600,000)	–	–	–	–	–	–	–
	29.10.2008	0.268	29.10.2011 to 28.10.2016	300,000	(300,000)	–	–	–	–	–	–	–	–	–	–	–
	16.12.2009	0.247	16.12.2012 to 15.12.2017	22,200,000	(13,500,000)	(2,400,000)	6,300,000	(3,450,000)	(750,000)	2,100,000	0.494	1,050,000	0.27	1,944,000	(93,000)	1,851,000
				46,650,000	(27,700,000)	(3,550,000)	15,400,000	(10,250,000)	(1,350,000)	3,800,000		1,900,000		3,517,000	(93,000)	3,424,000

Notes:

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

(2) Share options forfeited upon staff resignation.

(3) The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK$0.442 for the year ended 31 December 2015 (31 December 2014: HK$0.766)

(4) Pursuant to the capital reorganization of the Company effected on 16 November 2015, the exercise price and number of options were adjusted.

(5) Pursuant to the open offer of the Company completed on 28 December 2015, the exercise price and number of options were adjusted.

(6) As at 31 December 2015, the number of shares issuable under the share options granted after adjustments for capital reorganisation and open offer of the Company under the Share Option Scheme was approximately 3,424,000.

The Company did not recognise expense (2014: Nil) in relation to share options during the year ended 31 December 2015.

34. RETIREMENT BENEFITS SCHEMES

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

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

The total expense recognised in profit or loss of HK$11,319,000 (2014: HK$14,810,000) represents contributions payable to these plans by the Group at rate specified in the rules of the plan.

35. RELATED PARTY TRANSACTIONS

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

	2015 HK$'000	2014 HK$'000
Office rental expenses paid to Shanghai SEEC Investment and Development Corporation ("Shanghai SEEC") (Note 2)	4,433	4,504
Administrative service fee received from Hexun (Note 1)	–	361
Magazine registration number charges received from a joint venture	1,554	1,514
Disposal of property, plant and equipment to a joint venture	469	602
Consultancy service fee from Mondadori International Business S.R.L	–	1,633

Note 1: As at 31 December 2015, Hexun is owned as to 36% by SEEC Information Limited ("SEEC Information") and 64% by independent third parties.

SEEC Information is owned as to 25% each by three directors of the Company, namely Mr. Wang Boming, Mr. Zhang Zhifang and Mr. Dai Xiaojing.

Accordingly, Hexun is related to the Group since each of the three above-mentioned Company's directors who are also key management personnel of the Company has their respective interests in SEEC Information, has interests and significant influence over Hexun.

Note 2: As at 31 December 2015, Shanghai SEEC is owned as to 41% by Beijing Liancheng Investment Consultant Co., Ltd. ("Beijing Liancheng I&C") and as to 59% by Beijing Lianzheng Information & Technology Co., Ltd. ("Beijing Lianzheng").

Beijing Liancheng I&C is owned as to 25% each of the three above-mentioned Company's directors.

Beijing Lianzheng is owned as to 58.44% by Beijing Liancheng I&C, 10.23%, 9.44%, and 7.08% by Mr. Wang Boming, Mr. Zhang Zhifang and Mr. Dai Xiaojing respectively and 14.81% by independent third parties.

Accordingly, Shanghai SEEC is related to the Group since each of the three abovementioned Company's directors who are also key management personnel of the Company has their respective interests in the above companies, has interests and significant influence over Shanghai SEEC.

35. RELATED PARTY TRANSACTIONS (CONTINUED)

Key Management Compensation

During the years ended 31 December 2015 and 2014 only directors considered as key management of the Group, the directors' emoluments were disclosed in note 11.

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

36. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31 December 2015 and 2014 are as follows:

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

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

Name	Country of incorporation/ registration/ operations	Paid up registered capital	Class of shares held	Proportion of ownership interest and voting power held by the Company Directly %	Indirectly %	Principal activities
Shanghai Caixun Media Conference Exhibition Limited	PRC	RMB$10,000,000 Limited liability company	Registered	100	–	Investment holding
Superfort Management Corp.	British Virgin Islands/ Hong Kong	US$100 Limited company	Ordinary	100	–	Investment holding
Beijing Le Hua Jiu Fang Advertising Co., Ltd ("Beijing Le Hua Jiu Fang")	PRC	RMB5,050,504 (2014: RMB4,000,000) Limited liability company	Registered	–	71.28	Advertising agent
Beijing Boji Culture and Media Co., Ltd.	PRC	RMB500,000 Limited liability company	Registered	–	100	Advertising agent
Laberie Holdings Limited	British Virgin Islands/ Hong Kong	US$10 Limited Company	Ordinary	100	–	Investment holding
SEEC Media Securities Limited	Hong Kong	HK$20,000,000 Limited Company	Ordinary	–	100	Investment holding (note(i))

Note:

(i) On 22 January 2016, a license was granted to SEEC Media Securities Limited to carry out Type 1 (dealing in securities) regulated activity under Securities and Futures Ordinance.

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

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

(a) General information of subsidiaries

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		31.12.2015	31.12.2014	31.12.2015 HK$'000	31.12.2014 HK$'000	31.12.2015 HK$'000	31.12.2014 HK$'000
Beijing Le Hua Jiu Fang	PRC	28.72%	28.72%	2,390	2,340	5,016	2,888
						5,016	2,888

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

(a) General information of subsidiaries (Continued)

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

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

Beijing Le Hua Jiu Fang

	2015 HK$'000	2014 HK$'000
Current assets	8,339	16,263
Non-current assets	266	310
Current liabilities	(26,068)	(26,627)
Equity attributable to owners of the Company	(17,463)	(10,054)

Beijing Le Hua Jiu Fang

	2015 HK$'000	2014 HK$'000
Revenue	3,923	4,499
Expenses	(12,244)	(15,990)
Loss for the year	(8,321)	(11,491)
Net cash outflow from operating activities	(5,372)	(11,702)
Net cash inflow/(outflow) from investing activities	64	(210)
Net cash inflow from financing activities	22	22,260
Net cash (outflow)/inflow	(5,286)	10,348

(c) Change in ownership interest in a subsidiary

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

37. EVENT AFTER THE REPORTING PERIOD

On 22 January 2016, a indirectly wholly-owned subsidiary of the Company obtained from the Securities and Futures Commission a license to carry out Type 1 (dealing in securities) regulated activity under Securities and Futures Ordinance, Cap. 571.

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

	2015 HK$'000	2014 HK$'000
Non-current assets		
Property, plant and equipment	–	10
Sole agency right	–	1,530
Investments in subsidiaries	84,204	88,998
Investments in joint ventures	22,863	22,863
Amount due from a subsidiary	482,701	–
	589,768	113,401
Current assets		
Other receivables and deposits	311,485	1,446
Amounts due from subsidiaries	111,149	168,567
Bank balances and cash	2,904	19,225
	425,538	189,238
Current liabilities		
Amounts due to subsidiaries	80,787	77,622
Amount due to a shareholder of the Company	90,188	50,308
Amount due to a joint venture	–	192
Other payables and accruals	6,018	11,909
	176,993	140,031
Net current assets	248,545	49,207
Net assets	838,313	162,608
Capital and reserves		
Share capital	637,354	176,726
Reserves (note)	200,959	(14,118)
Total equity	838,313	162,608

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 24 March 2016 and are signed on its behalf by:

Wang Boming
Director

Li Leong
Director

38. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: Movement in reserves

	Share premium HK$'000	Share option reserve HK$'000	Warrants reserve HK$'000	Contributed surplus HK$'000 (Note 28)	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014	64,084	10,278	–	–	(71,799)	2,563
Profit for the year	–	–	–	–	(69,027)	(69,027)
Total comprehensive income for the year	–	–	–	–	(69,027)	(69,027)
Exercise of share option	5,149	–	–	–	–	5,149
Recognition of equity-settled share-based payment	–	–	47,000	–	–	47,000
Expense incurred on warrants issued	–	–	(150)	–	–	(150)
Issue of warrants	–	–	347	–	–	347
At 31 December 2014	69,233	10,278	47,197	–	(140,826)	(14,118)
Loss for the year	–	–	–	–	(97,867)	(97,867)
Total comprehensive expense for the year	–	–	–	–	(97,867)	(97,867)
Exercise of share option	1,988	–	–	–	–	1,988
Exercise of warrant	251,927	–	(47,197)	–	–	204,730
Transfer of share premium account to contributed surplus account	(323,148)	–	–	323,148	–	–
Capital reduction	–	–	–	106,226	–	106,226
At 31 December 2015	–	10,278	–	429,374	(238,693)	200,959

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2011 HK$'000	2012 HK$'000 (restated)	2013 HK$'000	2014 HK$'000	2015 HK$'000
REVENUE	482,526	516,623	492,851	443,582	286,683
PROFIT (LOSS) FROM OPERATIONS	47,044	52,682	29,243	(116,278)	(201,714)
FINANCE COSTS	(3,072)	(2,321)	(2,256)	(2,464)	(595)
PROFIT (LOSS) BEFORE TAXATION	43,972	50,361	26,987	(118,742)	(202,309)
TAXATION	(10,476)	(19,235)	(10,676)	(4,844)	(194)
PROFIT (LOSS) FOR THE YEAR	33,496	31,126	16,311	(123,586)	(202,503)
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	34,982	32,223	17,360	(121,246)	(200,113)
NON-CONTROLLING INTEREST	(1,486)	(1,097)	(1,049)	(2,340)	(2,390)
	33,496	31,126	16,311	(123,586)	(202,503)

ASSETS AND LIABILITIES

	Year ended 31 December				
	2011 HK$'000	2012 HK$'000 (restated)	2013 HK$'000	2014 HK$'000	2015 HK$'000
TOTAL ASSETS	634,438	592,906	643,899	622,873	1,247,434
TOTAL LIABILITIES	(266,916)	(193,334)	(217,369)	(250,929)	(301,954)
	367,522	399,572	426,530	371,944	945,480

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