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)

（stock code：205）

ANNUAL REPORT 2016

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:
Mr. Li Leong
Mr. Li Xi
Mr. Zhang Zhifang
Mr. Zhou Hongtao

Independent Non-Executive Directors:
Mr. Law Chi Hung
Ms. Wensy Ip
Mr. Wong Ching Cheung

JOINT COMPANY SECRETARIES

Mr. Chung Cheuk Man
Mr. Tseung Sheung Shun

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
China Merchants Bank Co., Ltd.

AUDITOR

Elite Partners CPA Limited
10/F.,
8 Observatory Road,
Tsim Sha Tsui,
Kowloon, 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
Conyers Corporate Services (Bermuda) 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
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Hong Kong

WEBSITES

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

STOCK CODE

205

DIRECTOR'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 annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016.

BUSINESS REVIEW

Advertising and Sales of Books and Magazines

Due to the continuous slowing down of economic growth in China, the print media advertising business faced ongoing difficult and challenging business environment. As such, the performance of the advertising agency business and sales of books and magazines business of the Group for the year 2016 was adversely affected.

The economic challenges in China persisted during the year ended 31 December 2016. The revenue from provision of advertising services, organising conferences and events; and from sales of books and magazines decreased from approximately HK$267.2 million to approximately HK$221.3 million, representing a decrease of approximately 17.2%, and from approximately HK$19.5 million to approximately HK$17.9 million, representing a decrease of 8.2%, respectively during the current year. The advertising revenue of the Group had been hard hit and experienced a significant decrease due to the macroeconomic downturn in China and a transformation of print media industry where customers diverted their advertising spending to other digital platforms.

Securities Broking

In January 2016, the Group was granted by the Securities and Futures Commission a license to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO"). By carrying out the securities broking business, it is expected that the Group can be benefited from diversifying its business portfolio.

The Group provides brokerage services for clients in respect of securities listed on the Stock Exchange of Hong Kong Limited. For the year ended 31 December 2016, the commission and brokerage income and the interest income derived from the securities broking business amounted to approximately HK$17.0 million and HK$6.7 million respectively, representing approximately 6.4% and 2.5% of the total revenue of the Group respectively. Since the commencement of the securities broking business, the Group endeavored to provide brokerage services for the clients, as well as participate in equity fund raising transactions for Hong Kong listed companies, including placing, underwriting and initial public offering. In addition, in view of the weak investor sentiment in 2016, the Group has adopted flexible market strategy in order to increase the number of clients.

Money Lending

In order to strengthen the flexibility of the Group so that it is able to react to the changing market situation promptly, the Group intends to provide diversified financial services to its clients through developing money lending services. It is believed that the money lending business will be able to leverage the existing financial business of the Group and broaden the Group's income stream. Therefore, the Group has commenced operation in the money lending business through an indirect non-wholly owned subsidiary of the Company, which is a licensed money lender under the Money Lenders Ordinance (Chapter 163, Laws of Hong Kong). The money lenders license was granted on 28 June 2016. For the year ended 31 December 2016, the interest income from loan receivables arising from the money lending business amounted to approximately HK$2.6 million, representing approximately 1.0% of the total revenue of the Group.

E-commerce

In September 2016, the Group acquired the entire issued share capital of a company in which its wholly-owned subsidiary was principally engaged in the provision of services in relation to an e-commerce platform. For the year ended 31 December 2016, the revenue contributed by the provision of e-commerce platform services was approximately HK$2.0 million, representing approximately 0.8% of the total revenue of the Group.

OUTLOOK AND PROSPECT

With the launch of Shenzhen-Hong Kong Stock Connect in December 2016, it is expected that the market sentiment and market momentum in Hong Kong will be improved. The management believes the financial business of the Group, including the existing business in securities broking and money lending, will be benefited. Looking forward, it is expected that the equity fund raising market and the financial activities in Hong Kong will remain strong. In addition to the Group's principal business of advertising and sales of books and magazines, the Group will continue its effort to develop and strengthen the abovementioned financial business. It is expected that the proportion of the Group's revenue contributed by the financial business will become higher in the future.

The Group will maintain its cautiously optimistic outlook and explore other suitable investment opportunities which are able to bring satisfactory and sustainable returns to the Group and maximize the shareholders' value.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my gratitude to our shareholders, business partners and customers 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.

Li Leong
Executive Director

Hong Kong, 31 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group encountered a very difficult operating environment in the print media advertising business in China during the year 2016. For the year ended 31 December 2016, the aggregated revenue of the Group deriving from the provision of advertising agency services and organising conferences and events, and sales of books and magazines was approximately HK$239.2 million, representing a decrease of approximately 16.6% as compared with that of approximately HK$286.7 million for the year ended 31 December 2015. The decrease was mainly attributable to the adverse effects on the advertising and sales of books and magazines business of the Group as a result of prolonged keen competition and decrease in customers' spending in print media advertising in China.

For the year ended 31 December 2016, the revenue of the Group deriving from the securities broking business, the e-commerce business and the money lending business were approximately HK$23.8 million (2015: nil), approximately HK$2.0 million (2015: nil) and approximately HK$2.6 million (2015: nil) respectively. The securities broking business, the e-commerce business and the money lending business were all commenced during the year ended 31 December 2016.

The overall gross profit margin of the Group for the year ended 31 December 2016 was approximately 53.8%, which was slightly higher than that for the year 2015 of approximately 51.6%. The higher gross profit margin in current year was mainly attributable to the revenue contributed by the securities broking business with much higher gross profit margin.

In view of the severity of the difficult business environment and pessimistic outlook of the Group's advertising and sales of books and magazines business, impairment loss on sole advertising agency rights in certain magazines of approximately HK$5.8 million (2015: approximately HK$40.2 million) and impairment loss on goodwill of approximately HK$37.6 million (2015: approximately HK$61.8 million) had been provided for the year ended 31 December 2016.

The Group held certain held-for-trading investments comprising of equity securities listed in Hong Kong. For the year ended 31 December 2016, there were unrealised fair value gains and realised losses on held-for-trading investments of approximately HK$77.1 million (2015: losses of approximately HK$32.3 million) and approximately HK$10.4 million (2015: approximately HK$20.3 million) respectively.

For the year ended 31 December 2016, other gains and losses mainly consisted of net exchange gain of approximately HK$10.5 million (2015: approximately HK$4.3 million), gain on deregistration of a joint venture of approximately HK$5.4 million (2015: nil) and net allowance for bad and doubtful debts of approximately HK$2.3 million (2015: approximately HK$1.3 million). The increase in allowance for bad and doubtful debts was mainly due to the slowing down of the advertising business and the deterioration of the credit of certain trade receivables arising from the advertising business. The Group had tightened the credit control and increased the effort in collection of the trade receivables arising from the advertising business.

The selling and distribution costs for the year ended 31 December 2016 was approximately HK$111.9 million, decreased by approximately 23.3% from approximately HK$146.0 million for the year 2015. The decrease was mainly due to the reduction in selling and promotional effort which was in line with the decrease in advertising services income and also the decrease of selling staff costs after the cessation of certain loss-making magazines contracts.

The administrative expenses increased by approximately 12.2% from approximately HK$65.4 million for the year 2015 to approximately HK$73.4 million for the year 2016. The increase was mainly due to the mixed result of (i) the additional administrative expenses incurred for the development and operation of the new businesses commenced during the year 2016, namely the securities broking business, the money lending business and the e-commerce business; and (ii) the tight cost management and reduction of staff costs in advertising agency business to improve operational efficiency.

For the year ended 31 December 2016, a share of profit from Mondadori-SEEC (Beijing) Advertising Co. Ltd., a joint venture of the Group, of approximately HK$11.2 million (2015: approximately HK$8.1 million) was recognised. The increase of approximately 38.0% was mainly due to the increase in its profitability by introducing cost control measures during the year by the joint venture.

For the year ended 31 December 2016, a share of loss from GreaterChina Professional Services Limited, an associate of the Group, of approximately HK$25.6 million (2015: approximately HK$2.2 million) was recognised. Greaterchina Professional Services Limited is a company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (stock code: 8193) in which the principal businesses of its subsidiaries were asset advisory services and asset appraisal, corporate services and consultancy, media advertising and financial services.

The loss for the year ended 31 December 2016 attributable to shareholders amounted to approximately HK$15.2 million (2015: approximately HK$200.1 million), representing a decrease of approximately 92.4%. The decrease was mainly due to the (i) reduction in impairment loss on sole agency rights and goodwill as compared with those in the year 2015, and (ii) the unrealised fair value gains on held-for-trading investments of approximately HK$77.1 million in current year as compared with the losses of approximately HK$32.3 million in last year.

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of a dividend for the year 2016 (2015: nil).

USE OF PROCEEDS

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"). 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.

For the 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 (the "Prospectus").

On 22 June 2016, the Company announced that the use of the unutilized net proceeds of approximately HK$72 million been changed from original allocation as for the operation and development of the e-commerce platform to the revised allocation as for the acquisition of companies engaged in the development and operation of e-commerce platform.

On 8 July 2016, the Company announced that the use of part of the unutilized net proceeds of approximately HK$100 million from original allocation as for the set-up and operation of a company licensed under the SFO (the "Type 1 Company") to conduct Type 1 (dealing in securities) regulated activity under the SFO to the revised allocation as for the operation and development of money lending business.

The Board from time to time reviews the business operation of the Type 1 Company and assesses the existing placements and underwriting activities involved, the potential business opportunities from its clients, and the condition of equity fund raising market in Hong Kong.

The Board noted that the equity fund raising market condition in Hong Kong for the first half of 2016 was less active and far below from the Company's expectation as at the date of the Prospectus. Since the commencement of business, the Group used its best endeavored to look for potential placing and underwriting business opportunities from its clients and potential clients. Nevertheless, the Type 1 Company had only acted as the underwriter/sub-underwriter for two of its clients. Apart from the two underwriting activities, no other underwriting activity from the clients or other potential clients could be identified by the Type 1 Company. On the other hand, during the first half of 2016, the liquid capital of the Type 1 Company was sufficient to comply with relevant requirement in accordance with the Securities and Futures (Financial Resources) Rules (Chapter 571N, Laws of Hong Kong) (the "FRR Rules").

In view of these, the Board considered that, after the change in use of proceeds as announced on 8 July 2016, there are still sufficient financial resources for the Type 1 Company to operate and comply with the liquid capital requirement under the FRR Rules in the foreseeable future. Moreover, it was believed that the money lending business will be able to leverage the existing financial business of the Group and broaden the Group's income stream. Accordingly, the Board considers that the change in use of proceeds is fair and reasonable and in the best interests of the Company and its shareholders as a whole.

For the details of the change in use of proceeds from the Open Offer, please refer to the announcements of the Company dated 22 June 2016 and 8 July 2016 (the "Announcements").

The information on the use of proceeds from the Open Offer is tabled as follows:

	Intended use of proceeds as stated in the Prospectus and the Announcements HK$'000	Actual use of proceeds as at the date of this report HK$'000	Unutilised balance HK$'000	Details
Set-up and operation of the Type 1 Company	265,000	150,000	115,000	Used as capital injection for the Type 1 Company
Set-up and operation of companies licensed under the SFO to conduct Type 4, Type 6 and Type 9 regulated activities under the SFO	30,000	–	30,000	–
Acquisition of companies engaged in the development and operation of e-commerce platform	124,000	94,000	30,000	Used as consideration and refundable deposits for the acquisition of companies engaged in the development and operation of e-commerce platform
Operation and development of money lending business	100,000	99,800	200	Used as intended
	519,000	343,800	175,200	

The Board expected that the unutilised balance will be used as intended.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

On 9 September 2016, a wholly-owned subsidiary of the Company, Honor Fame Group Limited, entered into an agreement with an independent third party for the acquisition of the entire issued share capital of Well Dynamic Group Limited ("Well Dynamic", together with its subsidiary, "Well Dynamic Group") at the consideration of HK$34,000,000. Well Dynamic is an investment holding company incorporated in the British Virgin Islands with limited liability. The wholly-owned subsidiary of Well Dynamic principally engages in the provision of services in relation to an e-commerce platform. The consideration was satisfied by cash. The acquisition of Well Dynamic Group was completed in September 2016.

SIGNIFICANT INVESTMENTS

As at 31 December 2016, the Group had held-for-trading investments, representing equity securities listed in Hong Kong, of approximately HK$207.6 million. The Board considers that investments with market value accounting for more than 5% of the Group's total assets as at 31 December 2016 as significant investments.

Details of the top two held-for-trading investments, in terms of market value as at 31 December 2016, are as follows:

	As at 31 December 2016				For the year ended 31 December 2016	
Company name	Number of shares held	Proportion to the total issued share capital for the stocks	Market value HK$'000	Proportion to the total assets of the Group	Unrealised fair value gains on the investments HK$'000	Dividend received HK$'000
Luen Wong Group Holdings Limited ("LWH")	3,500,000	0.28%	78,400	6.51%	57,470	–
China e-Wallet Payment Group Limited (formerly known as RCG Holdings Limited) ("CEPG")	74,000,000	3.16%	48,100	3.99%	28,120	–
			126,500		85,590	–

LWH is principally engaged in the provision of civil engineering works and investment holding. CEPG is principally engaged in the provision of biometric and Radio Frequency Identification products and solution services.

For the year ended 31 December 2016, the unrealised fair value gains on held-for-trading investments was approximately HK$77.1 million (2015: losses of approximately HK$32.3 million), which was mainly contributed by the appreciation of market values of the stocks of LWH and CEPG, and partially offset by the decrease in market values of other stocks held by the Group. The realised losses on held-for-trading investments for the year ended 31 December 2016 was approximately HK$10.4 million (2015: approximately HK$20.3 million). Looking forward, the Board believes that the future performance of the listed investments held by the Group will be volatile and substantially affected by overall economic environment, equity market conditions, investor sentiment and the business performance and development of the investee companies.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operating activities were mainly financed by internal resources. As at 31 December 2016, the Group's total equity was approximately HK$935.5 million (2015: approximately HK$945.5 million). The decrease was mainly attributable to the loss for the current year and the exchange differences arising on translation because of the depreciation of Renminbi during the year.

The Group had non-current liabilities of approximately HK$8.5 million as at 31 December 2016 (2015: approximately HK$0.1 million). The non-current liabilities as at 31 December 2016 consisted of deferred tax liabilities. As at 31 December 2016, the Group's gearing ratio was approximately 22.7% representing a percentage of total liabilities over total assets (2015: approximately 24.2%).

As at 31 December 2016, the group had borrowings of approximately HK$23.3 million (2015: approximately HK$35.0 million). The borrowings carried a fixed interest rate of 8% per annum and was repayable on demand (2015: fixed interest rate of 8% per annum; repayable within one year).

As at 31 December 2016, the Group had bank and cash balances (other than those in trust and segregated accounts) amounted to approximately HK$339.2 million (2015: approximately HK$746.7 million) because of the equity fund raised in the Company's open offer completed in December 2015.

CHARGES ON ASSETS

As at 31 December 2016, the Group had pledged held-for-trading investments of approximately HK$52.8 million (2015: nil) to secure the margin payables of approximately HK$23.3 million (2015: nil), which was included in the borrowings of the Group.

COMMITMENTS

(a) Operating lease commitments

As lessee

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

	2016 HK$'000	2015 HK$'000
Within one year	9,480	10,772
In the second to fifth year inclusive	6,079	3,598
	15,559	14,370

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

(b) Other commitments

Pursuant to several agreements entered into between the Company and magazine publication companies, being independent third parties, the Group at the end of the reporting period had commitments to make payments to certain magazines publication companies for agency rights of advertising.

During the year ended 31 December 2016, a wholly-owned subsidiary of the Group entered into agreements with two independent third parties pursuant to which the Group had agreed to acquire the entire equity interest in a company established in the PRC. The PRC company principally engaged in operating a e-commerce platform. As at 31 December 2016, the relating commitments contracted but not yet incurred was HK$6,000,000.

During the year ended 31 December 2016, a wholly-owned subsidiary of the Group entered into an agreement with an independent third party pursuant to which the Group had agreed to acquire the entire interest associated with an internet domain name. As at 31 December 2016, the relating commitments contracted but not yet incurred was HK$14,400,000.

The Group at the end of the reporting period had commitments to make payments which fall due as follows:

	2016 HK$'000	2015 HK$'000
Within one year	22,740	2,340
In the second to fifth year inclusive	4,680	7,020
Over five years	–	–
	27,420	9,360

The amount recognised as an expense (included in cost of sales) in the year was approximately HK$5.8 million for agency rights of advertising (2015: approximately HK$6.7 million).

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars or Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. As at 31 December 2016, the Group had a fixed interest rate borrowing amounting HK$23.3 million (2015: HK$35.0 million) which was obtained from a regulated securities broker and had not engaged in any financial instruments for hedging or speculative activities.

EMPLOYEES

As at 31 December 2016, the Group had 456 (2015: 478) 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 "Old Share Option Scheme") which was adopted on 26 August 2002. On 11 May 2012, the Company adopted a new share option scheme (the "Share Option Scheme"), of which all terms and conditions are the same as the Old Share Option Scheme.

During the year, no (2015: nil) share option was granted to directors and employees of the Group.

The number of shares issuable under share options granted under the Old Share Option Scheme was approximately 1,851,000 and the number of shares issuable under the shares options which has not yet been granted under the Share Option Scheme was 85,361,358, representing approximately 0.03% and 1.34% respectively of the Company's issued shares of 6,373,545,516 shares as at the date of this annual report issued on 31 March 2017.

At the date of the Company's 2015 annual report issued on 24 March 2016, the number of shares issuable under the share options granted under the Old Share Option Scheme was 3,424,000, and the number of shares issuable under the shares options which has not yet been granted under the Share Option Scheme was 85,361,358, which represented 0.05% and 1.34% respectively of the Company's issued shares of 6,373,545,546 shares as at the date of the 2015 annual report.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

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

(2) Code Provision A.2

Subsequent to the resignation of Mr. Wang Boming as the Chairman of the Board and an executive Director of the Company effected in November 2016, the Board currently does not appoint any Director as its Chairman. The Board will review the present situation in the coming regular meetings as appropriate.

(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 re-election.

The term of office for non-executive Directors are the same as for all Directors (i.e. not appointed for a specific term but only subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Company's 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.

(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.

On 13 May 2016, Ms. Wensy Ip, an independent non-executive director, did not attend the Company's annual general meeting due to her other business engagements.

CORPORATE GOVERNANCE PRACTICES (CONTINUED)

(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 13 May 2016 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.

(6) Compliance with Rules 3.10(1), 3.10A and 3.21

Rules 3.10(1), 3.10A and 3.21 of the Listing Rules stipulate the required minimum number of independent non-executive directors, the Audit Committee members, the Remuneration Committee members and the Nomination Committee members. Upon the resignations of Mr. Dai Xiaojing and Mr. Ding Yu Cheng as directors on 19 April 2016, the Company failed to compile with the aforesaid Rules. The Company has appointed Mr. Wong Ching Cheung as an independent non-executive director, chairman of Nomination Committee, and members of Remuneration Committee and Audit Committee with effect from 18 July 2016, Rules 3.10(1), 3.10A and 3.21 of the Listing Rules have then been complied with.

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 2016.

BOARD OF DIRECTORS

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

The Board currently comprises four executive Directors who are Mr. Li Leong, Mr. Li Xi, Mr. Zhang Zhifang and Mr. Zhou Hongtao, and three independent non-executive Directors who are Ms. Wensy Ip, Mr. Law Chi Hung and Mr. Wong Ching Cheung. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to the Listing Rules and the Company considers the independent non-executive Directors to be fully independent.

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

BOARD OF DIRECTORS (CONTINUED)

The Board held full board meetings at approximately quarterly intervals. The attendances of the quarterly full board meetings for the year ended 31 December 2016 are as follows:

Directors	**Attendance**
(number of meetings attended/number of meetings held during respective director's tenure)	
Mr. Li Leong	4/4
Mr. Li Xi	4/4
Mr. Zhang Zhifang	1/4
Mr. Zhou Hongtao	0/4
Ms. Wensy Ip	4/4
Mr. Law Chi Hung	3/4
Mr. Wong Ching Cheung (appointed on 18 July 2016)	1/2
Mr. Dai Xiaojing (resigned on 19 April 2016)	0/1
Mr. Ding Yu Cheng (resigned on 19 April 2016)	0/1
Mr. Wang Boming (resigned on 15 November 2016)	0/3

All directors (executive Directors, namely Mr. Li Leong, Mr. Li Xi, Mr. Zhang Zhifang and Mr. Zhou Hongtao; and independent non-executive Directors, namely Ms. Wensy Ip, Mr. Law Chi Hung and Mr. Wong Ching Cheung (appointed on 18 July 2016)) have participated in continuous professional development by reading relevant articles and materials and attending seminars 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

After the resignation of Mr. Wang Boming as an executive Director and the Chairman of the Board in November 2016, the Board has not yet appointed its chairman.

NON-EXECUTIVE DIRECTORS

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

BOARD COMMITTEES

Audit Committee

As at 31 December 2016, the Audit Committee comprises three independent non-executive Directors with Mr. Law Chi Hung as committee chairman, Ms. Wensy Ip and Mr. Wong Ching Cheung as committee members.

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, review of the risk management and internal control systems, the effectiveness of the internal audit function of the Group. It is also responsible for reviewing the interim and financial results of the Group.

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

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

Members	Attendance
(number of meetings attended/number of meetings held during respective director's tenure)	
Mr. Law Chi Hung	2/2
Ms. Wensy Ip	2/2
Mr. Wong Ching Cheung (appointed on 18 July 2016)	1/1
Mr. Ding Yu Cheng (resigned on 19 April 2016)	0/1

The Group's interim results for the six months ended 30 June 2016 and annual audited results for the year ended 31 December 2016 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 2016, the Remuneration Committee comprises three independent non-executive Directors, namely Mr. Law Chi Hung being the chairman of the committee, Ms. Wensy Ip and Mr. Wong Ching Cheung 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 held two meetings during the year under review. Details of the attendance of the Remuneration Committee meetings are as follows:

Members	Attendance
(number of meetings attended/number of meetings held during respective director's tenure)	
Mr. Law Chi Hung	2/2
Ms. Wensy Ip	2/2
Mr. Wong Ching Cheung (appointed on 18 July 2016)	0/1
Mr. Ding Yu Cheng (resigned on 19 April 2016)	0/0

Nomination Committee

As at 31 December 2016, the Nomination Committee comprises three independent non-executive Directors, namely Mr. Wong Ching Cheung being chairman of the committee, Ms. Wensy Ip and Mr. Law Chi Hung 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.

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.

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

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

Members	Attendance
(number of meetings attended/number of meetings held during respective director's tenure)	
Mr. Law Chi Hung	1/1
Ms. Wensy Ip	1/1
Mr. Wong Ching Cheung (appointed on 18 July 2016)	0/0
Mr. Ding Yu Cheng (resigned on 19 April 2016)	0/0

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 2016, each of the Joint Company Secretaries has taken no less than 15 hours of professional training.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its overall responsibilities for maintaining sound and effective internal control and risk management systems of the Group and reviewing their effectiveness. 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 and considered them effective and adequate. 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 and regular basis.

Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

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

In addition to the review of risk management and internal controls undertaken within the Group, the external auditor also assessed the adequacy and effectiveness of certain key risk management and internal controls as part of their statutory audits. Where appropriate, the external auditor's recommendations are adopted and enhancements to the risk management and internal controls will be made.

The Company regulates the handling and dissemination of inside information to ensure that inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

AUDITOR'S REMUNERATION

During the year ended 31 December 2016, the fees paid or payable to the auditors of the Company, Elite Partners CPA Limited was approximately HK$650,000 (2015: HK$nil) and HK$12,000 (2015: HK$nil) for statutory audit services and non-audit services rendered to the Group respectively. The fees paid or payable to the predecessor auditor Messrs. Deloitte Touche Tohmatsu of the Company, were approximately HK$nil (2015: HK$1,783,000) and HK$708,000 (2015: HK$513,000) 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 2016, 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 which carries the right to vote at general meetings of the Company, the Directors shall convene an extraordinary general meeting for the transaction of any business specified in such requisition; and such meeting shall be convened within thirty days from the date of deposit of the requisition.

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

Pursuant to 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 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.

SHAREHOLDERS' RIGHTS (CONTINUED)

Voting at and notice of general meetings

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

Pursuant to 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 investors. 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. Li Leong, aged 33, 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 42, 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.

Mr. Zhang Zhifang, aged 63, 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. 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. Zhou Hongtao, aged 39, 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Chi Hung, aged 33, 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 been appointed as an independent non-executive Director since June 2015.

Ms. Wensy Ip, aged 30, 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 been appointed as an independent non-executive Director since June 2015.

Mr. Wong Ching Cheung, aged 54, has years of experience in printed circuit board industry with extensive managerial experiences. He has engaged in providing consultation in relation to the electronic industry, specializing in chemical and product manufacturing, with client base in the People's Republic of China, Taiwan, Singapore, Germany, France and Brazil. He is currently a director of a privately owned company, Finetech Electronics Limited. Prior to that, he held management role in certain Hong Kong private companies. Mr. Wong has been appointed as an independent non-executive Director since July 2016.

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2016.

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, distribution of books and magazines in the People's Republic of China ("PRC") and securities broking business money lending business and provision of e-commerce platform services in Hong Kong. Details are set out in notes 39 to the consolidated financial statements respectively.

BUSINESS REVIEW

A review of the Group's business and the outlook and prospect of the Group are provided in the "Director's Statement" section on pages 3 to 4 of this annual report. Significant events occurred after the reporting period is disclosed in note 41 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND SOCIAL RESPONSIBILITIES

In 2016, the Group has actively responded to the general direction of social development, strived to meet the demands of environmental and social responsibility, strengthened our group's and employees' awareness of the environment and society, and actively participated in environmental and social issues. To better protect natural resources, we have taken various measures to save energy, reduce waste and consumption, and promote the use of environmentally friendly products in our daily business operations. In terms of social issues, the Group attaches great importance to the cultivation of knowledge and talent in order to establish a safe and honest working environment that bears social responsibilities to our employees. Meanwhile, we would like to share our ideas and concepts with our stakeholders. Through these practices, the Group has achieved encouraging results regarding environmental and social aspects.

Detail information regarding the environmental, social and governance practices adopted by the Group is set out in the Environmental, Social and Governance Report which will be disclosed as a separate report and published on the websites of the Stock Exchange and the Company no later than three months after the publication of this annual report.

RESULTS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 28.

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 92.

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 31, 35 and 36 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2016, the Company had the following reserves available for distribution to shareholders:

	2016 HK$'000	2015 HK$'000
Contributed surplus	429,374	429,374
Accumulated loss	(252,060)	(238,693)
	177,314	190,681

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2016, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together accounted for 11% and 18% 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. Li Leong
Mr. Li Xi
Mr. Zhang Zhifang
Mr. Zhou Hongtao
Mr. Dai Xiaojing (resigned on 19 April 2016)
Mr. Wang Boming (resigned on 15 November 2016)

Independent non-executive Directors:

Ms. Wensy Ip
Mr. Law Chi Hung
Mr. Wong Ching Cheung (appointed on 18 July 2016)
Mr. Ding Yu Cheng (resigned on 19 April 2016)

In accordance with bye-law 84 of the Bye-laws, Mr. Li Leong and Mr. Zhou Hongtao 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. Wong Ching Cheung, being Director appointed by the Board after the Company's last annual general meeting held in May 2016, shall hold office only until the forthcoming annual general meeting to be held in May 2017 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 38 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 2016 or at any time during the year.

DIRECTORS' INTERESTS IN SECURITIES

At 31 December 2016, 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 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 2016, 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 2016** (Note) (%)
Mr. Zhang Zhifang	Beneficial owner	750,000	0.01

Note: The percentage shareholding is calculated on the basis of the Company's issued share capital of 6,373,545,516 shares as at 31 December 2016.

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 36 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 2016, 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 2016.

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 36 to the consolidated financial statements.

CONNECTED TRANSACTIONS

On 21 December 2015, certain subsidiaries of the Company entered into lease agreements ("Existing Leases") with Shanghai SEEC Investment and Development Corporation ("Shanghai SEEC"). During the year, the Group paid rental of approximately RMB3,566,444 to Shanghai SEEC. All Existing Leases expired on 31 December 2016.

On 18 October 2016, certain subsidiaries of the Company entered into lease agreements ("New Leases") with Shanghai SEEC for term of 24 months. New Leases are for office use purpose and shall commence on 1 January 2017 for an aggregated yearly rental of approximately RMB3,742,564. For further details of Existing Leases and New Leases, please refer to the announcement of the Company dated 18 October 2016.

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 Mr. Zhang Zhifang, one of the existing directors of the Company, by Mr. Wang Boming (a past director) and Mr. Dai Xiaojing (a past director) (collectively, the "Three 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.

The transactions under the Existing Leases were continuing connected transactions under the Listing Rules of the Stock Exchange (the "Listing Rules") and were regarded as related party transactions as set out in note 38 to the consolidated financial statements.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors confirm that the continuing connected transactions during the year have been entered into by the Group in the ordinary course of its business, on normal commercial terms, and in accordance with the terms of the agreements 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, 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 during the year and the report of the auditor and have confirmed that the transactions 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.

On 19 September 2016, a wholly-owned subsidiary of the Company entered into an agreement to sell its commercial office properties located in PRC (the "Disposal") for a consideration of RMB52,000,000 (equivalent to approximately HK$61,905,000) (inclusive of the relevant value added tax in the PRC). The purchaser was Beijing Lianban Cultural Media Company Ltd (the "Purchaser"), a limited liability company incorporated under the laws of the PRC where Three Directors, who through their shareholdings and directorship in the holding companies of Purchaser, collectively may control the holding companies and has controlling interest in Purchaser. Under the circumstances, Purchaser might constitute an associate of the Three Directors and Disposal was considered as a connected transaction under the Listing Rules. As at 31 December 2016, Disposal has not been completed due to a delay in the formalities to transfer the titles of the properties and was subsequently completed on 9 January 2017. For further details, please refer to the announcements of the Company dated 19 September 2016, 27 September 2016, 19 October 2016 and 14 November 2016.

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, addition of any new exclusive advertising contracts to the Group and the continuation and compliance of the relevant rules and regulations related to the Group's securities broking business and money lending business 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. Description of key sources of estimation uncertainty and the risks associated with the Group's financial instruments are disclosed in note 4 and note 33 to the consolidated financial statements respectively. 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 2016.

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

The financial statements for the year ended 31 December 2015 was audited by Deloitte Touche Tohmatsu Certified Public Accountants ("Deloitte").

On 18 January 2017, Deloitte has resigned as the auditor and Elite Partners CPA Limited was appointed as the new auditor to fill the casual vacancy and to hold office until the conclusion of the forthcoming annual general meeting of the Company.

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Elite Partners CPA Limited as auditor of the Company.

On behalf of the Board

Li Leong
Director
Hong Kong, 31 March 2017

INDEPENDENT AUDITOR'S REPORT

開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

TO THE MEMBERS 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)

Opinion

We have audited the consolidated financial statements of SEEC Media Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 28 to 91, which comprise the consolidated statement of financial position as at 31 December 2016, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Impairment assessment of goodwill	
As at 31 December 2016, the Group had goodwill of approximately HK$10.3 million which was allocated to the provision of e-commerce platform services (the "CGU"). For the purpose of assessing impairment, the Group appointed an independent external valuer to assess the recoverable amount of the CGU, which was determined by the management based on the higher of value-in-use and fair value less costs of disposal. The valuation requires significant management judgement in valuing the recoverable amount of the CGU. We had identified impairment of goodwill as a key audit matter because significant management judgement was used in determining the key assumptions including future income, operating margin and discount rate in arriving the cash flow forecast of the CGU. After the management assessment of the recoverable amount of the CGU, management concluded that impairment loss on goodwill of approximately HK$37.6 million was recognised for the year ended 31 December 2016.	Our major audit procedures to address the impairment assessment of goodwill included the following: – We discussed with management as to whether there was any indicator of impairment; – We obtained cash flow forecasts of the related CGU prepared and approved by the management; – We discussed with management and the independent external valuer engaged by the Company in relation to the methodology and assumptions adopted in arriving at the forecasts, to see whether these assumptions and methodology were reasonable; – We checked on a sample basis the accuracy and reliance of the input data used; and – We assessed the competency of the independent external valuer taking into account its experiences and qualifications.

Key audit matter	How the matter was addressed in our audit
Business acquisition	
During the year ended 31 December 2016, the Group acquired the entire issued share capital of Well Dynamic Group Limited and its subsidiary (the "Well Dynamic Group") at a consideration of HK$34.0 million. The consideration was satisfied by cash. Well Dynamic Group principally engages in the provision of services in relation to an E-commerce platform, details are set out in note 40 to the consolidated financial statements. We had identified business acquisition as a key audit matter because significant management judgement for purchase price allocation (e.g. customer relationship, technological know-how and remaining goodwill balance) and special attention on accounting treatment were required.	Our major audit procedures to address the business acquisition included the following: – We examined the sales and purchase agreement for the acquisition and enquired the management the basis determination of completion date of acquisition and tested the supporting thereof; – We tested the purchase price allocation in which we especially focused on the valuation of net assets amount and the intangible assets of the Well Dynamic Group. We particularly focused on the related fair value adjustments; – We discussed with management and the independent external valuer engaged by the Company in relation to the methodology and assumptions adopted in arriving at the forecast in valuing the intangible assets, to see whether the methodology and assumptions were reasonable; – We checked on a sample basis the accuracy and reliance of the input data used; – We assessed the competency of the independent external valuer taking into account its experiences and qualifications; and – We tested the adequacy of the related disclosures.

Other Information in This Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement and Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Siu Jimmy with Practising Certificate number P05898.

Elite Partners CPA Limited
Certified Public Accountants

10/F, 8 Observatory Road,
Tsim Sha Tsui, Kowloon,
Hong Kong
31 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	5	267,594	286,683
Cost of sales		(123,513)	(138,897)
Gross profit		144,081	147,786
Other income	7	8,631	7,661
Impairment loss on sole agency rights	15	(5,848)	(40,235)
Impairment loss on goodwill	17	(37,603)	(61,790)
Unrealised fair value gains (losses) on held-for-trading investments		77,054	(32,297)
Realised losses on held-for-trading investments		(10,419)	(20,267)
Other gains and losses	8	14,016	2,976
Selling and distribution costs		(111,932)	(146,025)
Administrative expenses		(73,396)	(65,430)
Share of profit of a joint venture	18	11,210	8,125
Share of loss of an associate	20	(25,603)	(2,218)
Finance costs	9	(1,589)	(595)
Loss before taxation	10	(11,398)	(202,309)
Taxation	12	(4,948)	(194)
Loss for the year		(16,346)	(202,503)
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		(9,743)	(17,846)
Share of exchange differences of a joint venture		1,345	(318)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive (expense) income of an associate		(274)	20,631
Total comprehensive expense for the year		(25,018)	(200,036)
Loss for the year attributable to:			
Owners of the Company		(15,200)	(200,113)
Non-controlling interests		(1,146)	(2,390)
		(16,346)	(202,503)
Total comprehensive expense attributable to:			
Owners of the Company		(23,872)	(197,646)
Non-controlling interests		(1,146)	(2,390)
		(25,018)	(200,036)
Loss per share (HK cents)	13		
Basic		(0.24)	(10.58)
Diluted		(0.24)	(10.58)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	14	32,096	35,525
Sole agency rights	15	–	6,756
Other intangible assets	16	28,085	–
Goodwill	17	10,337	37,603
Interests in joint ventures	18	40,448	31,110
Available-for-sale investment	19	35,700	20,000
Interest in an associate	20	132,537	158,413
Amount due from a joint venture	21	–	6,747
Deposits paid	22	45,600	–
		324,803	296,154
Current assets			
Accounts receivable	23	170,372	93,046
Loan receivables	24	119,095	19,295
Amounts due from related companies	21	6,995	10,140
Other receivables and prepayments	25	35,079	9,352
Held-for-trading investments	26	207,603	72,703
Bank balances (trust and segregated accounts)	27	6,627	–
Bank balances (general accounts), cash and cash equivalents	27	339,171	746,744
		884,942	951,280
Current liabilities			
Accounts payable	28	19,555	22,686
Other payables and accruals	29	145,014	132,734
Amount due to a joint venture	21	1,804	–
Amounts due to related companies	21	71,796	9,287
Amount due to a shareholder of the Company	21	–	90,188
Borrowings	30	23,269	35,000
Tax payable		4,369	11,973
		265,807	301,868
Net current assets		619,135	649,412
Total assets less current liabilities		943,938	945,566
Non-current liabilities			
Receipt in advance		–	86
Deferred tax liabilities		8,476	–
Net assets		935,462	945,480
Capital and reserves			
Share capital	31	637,354	637,354
Reserves		288,947	313,142
Equity attributable to owners of the Company		926,301	950,496
Non-controlling interests		9,161	(5,016)
Total equity		935,462	945,480

The consolidated financial statements on pages 28 to 91 were approved and authorised for issue by the Board of Directors on 31 March 2017 and were signed on its behalf by:

Li Xi
Director

Li Leong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	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$'000	Accumulated losses HK$'000	Subtotal HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 January 2015	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 36)	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 31)	(106,226)	–	–	106,226	–	–	–	–	–	–	–	–	–
Open offer (Note 31)	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
Loss for the year	–	–	–	–	–	–	–	–	–	(15,200)	(15,200)	(1,146)	(16,346)
Exchange differences arising on translation	–	–	–	–	–	–	(10,066)	–	–	–	(10,066)	323	(9,743)
Share of exchange differences of a joint venture	–	–	–	–	–	–	1,345	–	–	–	1,345	–	1,345
Share of other comprehensive expenses of an associate	–	–	–	–	–	–	–	(274)	–	–	(274)	–	(274)
Total comprehensive expense for the year	–	–	–	–	–	–	(8,721)	(274)	–	(15,200)	(24,195)	(823)	(25,018)
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	15,000	15,000
At 31 December 2016	637,354	–	13,092	429,374	–	8,407	34,574	20,357	10,278	(227,135)	926,301	9,161	935,462

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 35).

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 the Cayman Islands to Bermuda becoming effective, i.e. 26 October 2015.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 HK$'000	2015 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	(11,398)	(202,309)
Adjustments for:		
Bank interest and other interest income	(3,541)	(3,068)
Interest expenses	1,589	595
Depreciation of property, plant and equipment	4,157	5,040
Amortisation of sole agency rights	1,898	6,588
Amortisation of other intangible assets	1,107	–
Impairment loss on sole agency rights	5,848	40,235
Impairment loss on goodwill	37,603	61,790
Impairment loss recognised on accounts receivable	5,112	7,439
Reversal of impairment loss on accounts receivable	(2,833)	(6,090)
Share of profit of a joint venture	(11,210)	(8,125)
Gain on deregistration of joint ventures	(5,397)	–
Gain on disposal of property, plant and equipment	(401)	–
Loss on disposal of held-for-trading investments	10,419	20,267
Change in fair value of held-for-trading investments	(77,054)	32,297
Dividend income from available-for-sale investment	–	(250)
Share of loss of an associate	25,603	2,218
Operating cash flows before movements in working capital	(18,498)	(43,373)
(Increase) decrease in accounts receivable	(79,606)	101,696
(Increase) decrease in other receivables and prepayments	(25,682)	22,973
Increase in bank balances (trust and segregated accounts)	(6,627)	–
Decrease in accounts payable	(3,131)	(7,056)
Increase (decrease) in other payables and accruals	11,293	(20,319)
Decrease in receipt in advance	(86)	(32)
Purchases of held-for-trading investments	(84,895)	(201,526)
Proceeds from disposal of held-for-trading investments	16,630	76,259
Cash used in operations	(190,602)	(71,378)
Income tax paid	(8,806)	(2,174)
NET CASH USED IN OPERATING ACTIVITIES	(199,408)	(73,552)
INVESTING ACTIVITIES		
Repayment from a joint venture	6,747	17,428
Purchase of property, plant and equipment	(3,115)	(3,650)
Increase in loan receivable	(99,800)	(19,295)
Interest received	3,541	3,068
Sale proceeds from disposals of property, plant and equipment	634	546
Repayment from related companies	3,145	2,676
Investment in available-for-sale investment	(15,700)	–
Investment in an associate	–	(140,000)
Dividend income from available-for-sale investment	–	250
Cash effect on acquisition of subsidiaries	(33,856)	–
Deposit paid	(45,600)	–
NET CASH USED IN INVESTING ACTIVITIES	(184,004)	(138,977)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 HK$'000	2015 HK$'000
FINANCING ACTIVITIES		
Proceeds from a borrowings	23,269	35,000
Repayment of borrowings	(35,000)	–
Increase in amounts due to related companies	62,508	1,971
(Decrease) increase in amount due to a shareholder of the Company	(90,188)	39,881
Interest paid	(1,589)	(595)
Increase (decrease) in amount due to a joint venture	9,073	(192)
(Decrease) increase in amount due to a director	–	(4,017)
Proceeds from exercise of share options issued	–	3,013
Capital injection from non-controlling interests	15,000	–
Proceeds from open offer	–	520,506
Proceeds from exercise of warrants	–	239,430
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(16,927)	834,997
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(400,339)	622,468
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	746,744	138,160
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(7,234)	(13,884)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	339,171	746,744
Analysis of balances of cash and cash equivalents at the end of the year		
Bank balances, cash and cash equivalents	339,171	746,744

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 the Cayman Islands 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") and the securities broking business, money lending business and provision of e-commerce platform services in Hong Kong. Details of the principal activities of its subsidiaries are set out in note 39.

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants

Except as described below, the application of the above 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.

Amendments to HKAS 1 "Disclosure Initiative"

The Group has applied the amendments to HKAS 1 Disclosure Initiative for the first time in the current year. The amendments to HKAS 1 clarify that an entity does not need to provide a specific disclosure required by an HKFRSs if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of consolidated financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

As regards the structure of the consolidated financial statements, the amendments provide examples of systematic ordering or grouping of the notes. Furthermore, the amendments require that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other HKFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

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

Amendments to HKAS 1 "Disclosure Initiative" (Continued)

As required by the amendments, the share of other comprehensive income of associates and joint ventures had been separately presented and had been separated into (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met. Other than such a change in presentation, the application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017

HKFRS 9 "Financial Instruments"

HKFRS 9 introduced new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 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 fair value through other comprehensive income ("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.

- 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 "Financial Instruments: Recognition and Measurement". 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.

Based on the Group's financial instruments and risk management policies as at 31 December 2016, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment will either be measured at fair value through profit or loss ("FVTPL") or be designated at FVTOCI. In addition, the expected credit loss model may result in early provision of credit loss which are not yet incurred in relation of the Group's financial assets measured at amortised cost.

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

HKFRS 15 "Revenue from Contracts with Customer"

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 goods and services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with 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.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. As for the timing and amounts of revenue recognised in respective reporting period, the Group is still in the process of assessing the impact of HKFRS 15. The directors of the Company believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified assets is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

HKFRS 16 "Leases" (Continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use and those classified as investment properties while other operating lease payments are presents as operating cash flows. Under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangements and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group as lessee has non-cancellable operating lease commitments of approximately HK$15.6 million as disclosed on note 34. A preliminary assessment indicated that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new arrangements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Amendments to HKAS 7 "Disclosure Initiative"

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted.

The directors of the Company anticipate that the application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

Except for the above impact, the directors of the Company do not anticipate that the application of other new and amendments to HKFRSs will have significant impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

The consolidated financial have been prepared on the historical cost basis except for 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combination

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangement of the acquire or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net of the acquisition – date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the noncontrolling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

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 the Group cease to have joint control over joint ventures, it is accounted for as a deregistration of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

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 services income is recognised upon the publication of the related advertisements. Advertising service 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 services income from conferences and events organised by magazines is recognised when the conferences and events are held.

Interest income arising from loan receivables on an accrued basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument.

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.

E-commerce platform service income is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the bases from rendering of services, recognised when the services are rendered.

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.

Intangible assets

On initial recognition, intangible assets are recognised at cost. If intangible assets 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, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets 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)

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 33.

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.

AFS financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

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, accounts receivable, loan 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 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 accounts payables, other payables and accruals, amount due to a joint venture, amounts due to related companies, amount due to a shareholder of the Company and borrowings 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

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 a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. 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)

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. When deferred tax arises from the initial accounting from business combination, the tax effect is included in the accounting for the business combination.

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.

The functional currency of the major subsidiaries is RMB.

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 and 31 December 2016.

Impairment of sole agency rights and goodwill

Determining whether sole agency rights and goodwill are impaired requires an estimation of the value in use of the cash-generating units to which sole agency rights and goodwill 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 sole agency rights and goodwill as at 31 December 2016 was approximately HK$nil (2015: HK$6,756,000) and HK$10,337,000 (2015: HK$37,603,000) respectively, net of impairment loss of approximately HK$5,848,000 (2015: HK$40,235,000) and HK$37,603,000 (2015: HK$61,790,000) respectively. Details of the impairment loss are set out in notes 15 and 17, respectively.

Estimated impairment of accounts receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition, where applicable). Where the actual future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss/further impairment loss may arise. As at 31 December 2016, the carrying amount of accounts receivable is HK$170,372,000 (2015: carrying amount of HK$93,046,000).

5. REVENUE

Revenue represents the gross invoiced value of advertising services, sales of books and magazines, commission and brokerage income arising from securities broking services, e-commerce platform services income and interest income arising from securities broking business and interest income from loan receivables. An analysis of the Group's revenue is as follows:

	2016 HK$'000	2015 HK$'000
Advertising services income	221,256	267,200
Sales of books and magazines	17,929	19,483
Commission and brokerage income	17,023	–
E-commerce platform services income	2,018	–
Interest income arising from securities broking business	6,729	–
Interest income from loan receivables	2,639	–
	267,594	286,683

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 has five operating and reporting segments during the year (2015: two) which are as follows: (a) advertising services income from provision of advertising services and organising conferences and events; (b) sales of books and magazines; (c) provision of securities broking services including brokerage, financing and underwriting and placement; (d) provision of e-commerce platform services; and (e) money lending.

Segment revenues and results

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

For the year ended 31 December 2016

	Provision of advertising services HK$'000	Sales of books and magazines HK$'000	Provision of securities broking services HK$'000 Note	Provision of e-commerce platform services HK$'000 Note	Money lending HK$'000 Note	Consolidated HK$'000
Revenue						
External sales	221,256	17,929	23,752	2,018	2,639	267,594
Result						
Segment profit/(loss)	5,589	(1,118)	96	1,287	2,639	8,493
Other income						8,631
Other gains and losses						14,016
Unallocated administration expenses						(49,740)
Share of profit of a joint venture						11,210
Share of loss of an associate						(25,603)
Impairment loss on sole agency rights						(5,848)
Impairment loss on goodwill						(37,603)
Unrealised fair value gains on held-for-trading investments						77,054
Realised losses on held-for-trading investments						(10,419)
Finance costs						(1.589)
Loss before taxation						(11,398)

Note: Provision of securities broking services, provision of e-commence platform services and money lending are the new segments reported by the Group during the year.

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

For the year ended 31 December 2015

	Provision of advertising 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)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment result represents the profit or loss 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 2016

	Provision of advertising services HK$'000	Sales of books and magazines HK$'000	Provision of securities broking services HK$'000	Provision of e-commerce platform services HK$'000	Money lending HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss:							
Depreciation of property, plant and equipment	2,750	–	478	–	–	929	4,157
Amortisation of sole agency rights	1,898	–	–	–	–	–	1,898
Amortisation of other intangible assets	–	–	–	1,107	–	–	1,107
Allowance for (reversal of allowance for) bad and doubtful debts	2,508	(229)	–	–	–	–	2,279
Impairment loss on sole agency rights	5,848	–	–	–	–	–	5,848
Impairment loss on goodwill	37,603	–	–	–	–	–	37,603
Realised losses on held-for-trading investments	–	–	–	–	–	10,419	10,419
Unrealised fair value gains on held-for-trading investments	–	–	–	–	–	(77,054)	(77,054)
Amounts regularly provided to the chief operating decision makers but not included in the measurement of segment profit or loss:							
Share of loss of an associate	–	–	–	–	–	25,603	25,603
Share of profit of a joint venture	–	–	–	–	–	(11,210)	(11,210)
Interest income	–	–	–	–	–	(2,769)	(2,769)
Interest expenses	–	–	261	–	–	1,328	1,589

For the year ended 31 December 2015

	Provision of advertising 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 makers 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

6. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations are located in the PRC and Hong Kong.

Information about the Group's revenue from continuing and new operations from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets (Note)	
	2016 HK$'000	2015 HK$'000	2016 HK$'000	2015 HK$'000
PRC	239,185	286,683	205,081	296,154
Hong Kong	28,409	–	84,022	–
	267,594	286,683	289,103	296,154

Note: Non-current assets excluded financial instruments, deferred tax assets and post-employment benefits.

Information about major customers

There is no customer from either provision of advertising services, sales of books and magazines, provision of securities broking services, provision of e-commerce platform services or money lending segment which contributed over 10% of the total revenue of the Group.

7. OTHER INCOME

	2016 HK$'000	2015 HK$'000
Bank interest income	2,769	3,068
Magazine registration number charges received from a joint venture (Note 38)	1,339	1,554
Dividend income on an available-for-sale financial asset	–	250
Sub-underwriting fee income	–	720
Financial refunds	–	683
Consultancy income	–	742
Other miscellaneous income	515	644
Government grant	172	–
Other interest income	772	–
Rental income	2,924	–
Taobao customer service income	140	–
	8,631	7,661

8. OTHER GAINS AND LOSSES

	2016 HK$'000	2015 HK$'000
Allowance for bad and doubtful debts	(2,279)	(1,349)
Net foreign exchange gain	10,497	4,325
Gain on disposal of property, plant and equipment	401	–
Gain on deregistration of a joint venture	5,397	–
	14,016	2,976

9. FINANCE COSTS

	2016 HK$'000	2015 HK$'000
Interest on other loans wholly repayable within five years	1,589	595

10. LOSS BEFORE TAXATION

	2016 HK$'000	2015 HK$'000
Loss before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	650	1,783
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	61,683	69,644
Contributions to retirement benefits schemes	18,212	11,319
	79,895	80,963
Depreciation of property, plant and equipment	4,157	5,040
Amortisation of sole agency rights (included in cost of sales)	1,898	6,588
Amortisation of other intangible assets	1,107	–
Total depreciation and amortisation	7,162	11,628
Minimum lease payments under operating lease in respect of rented premises	23,866	16,366

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$'000 (Note a)	Zhang Zhifang HK$'000	Dai Xiaojing HK$'000 (Note b)	Zhou Hongtao HK$'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)	Ding Yu Cheng HK$'000 (Note b)	Wong Ching Cheung HK$'000 (Note d)	Total HK$'000
2016											
Fees	–	–	–	60	–	–	120	120	60	43	403
Other emoluments											
Salaries and other benefits	212	–	119	–	1,235	300	–	–	–	–	1,866
Contributions to retirement benefits schemes	–	–	40	–	18	–	–	–	–	–	58
Total emoluments	212	–	159	60	1,253	300	120	120	60	43	2,327

	Executive Directors							Independent Non-Executive Directors					
	Wang Boming HK$'000 (Note a)	Zhang Zhifang HK$'000	Dai Xiaojing HK$'000 (Note b)	Suen Man Simon HK$'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$'000 (Note b)	Zhang Ke HK$'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

Notes:

(a) Resigned on 15 November 2016

(b) Resigned on 19 April 2016

(c) Appointed on 12 February 2015

(d) Appointed on 18 July 2016

(e) Resigned on 30 December 2015

(f) Retired on 11 May 2015

(g) Appointed on 15 June 2015

(h) Appointed on 26 November 2015

Salaries, allowance and benefits in kind paid or payable to the executive directors are generally emoluments in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

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.

Prior to the resignation on 15 November 2016, Mr. Wang Boming was also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him while he was the Chief Executive.

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

During the years ended 31 December 2016 and 2015, Mr. Zhang Zhifang and during the year ended 31 December 2015, Mr. Zhou Hongtao waived their emoluments.

The five highest paid individuals whose remuneration were the highest in the Group included one executive director. Details of the remuneration of the remaining four (2015: five) highest paid employees during the year are as follows:

	2016 HK$'000	2015 HK$'000
Salaries, allowances and benefits in kind	2,347	2,522
Contributions to retirement benefits scheme	399	558
	2,746	3,080

Their emoluments were within the following bands:

	2016 No. of employees	2015 No. of employees
HK$nil to HK$1,000,000	4	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

Hong Kong Profits Tax has been provided at the rate of 16.5% for both years on the estimated assessable profits arising in Hong Kong during both years.

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.

	2016 HK$'000	2015 HK$'000
Current taxation		
– PRC Enterprise Income Tax	954	194
– Hong Kong Profits Tax	248	–
Deferred taxation	3,746	–
	4,948	194

12. TAXATION (CONTINUED)

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:

	2016 HK$'000	2015 HK$'000
Loss before taxation	(11,398)	(202,309)
Tax at EIT rate of 25%	(2,849)	(50,577)
Tax effect of tax losses not recognised	17,154	15,952
Utilisation of tax losses previously not recognised	(840)	(510)
Tax effect of expenses not deductible for tax purposes	12,373	38,809
Tax effect of income not taxable for tax purposes	(18,128)	(3,581)
Difference in tax rates under different jurisdictions	(2,762)	–
Others	–	101
Taxation for the year	4,948	194

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.

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:

	2016 HK$'000	2015 HK$'000
Loss		
Loss for the purposes of basic and diluted loss per ordinary share being loss for the year attributable to owners of the Company	(15,200)	(200,113)

	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	6,373,545,516	1,891,931,982

The computation of diluted loss per share for both years does not assume the exercise of outstanding 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 2015	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
Exchange realignment	(2,465)	(714)	(906)	(388)	(1,345)	(5,818)
Additions	–	1,341	1,022	199	553	3,115
Disposals	–	–	(211)	–	(2,287)	(2,498)
At 31 December 2016	35,788	14,175	14,209	2,021	12,452	78,645
Accumulated depreciation						
At 1 January 2015	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
Exchange realignment	(624)	(554)	(623)	(501)	(1,362)	(3,664)
Provided for the year	1,132	1,127	638	369	891	4,157
Eliminated on disposals	–	–	(201)	–	(2,064)	(2,265)
At 31 December 2016	10,199	12,406	11,950	1,081	10,913	46,549
Carrying values						
At 31 December 2016	25,589	1,769	2,259	940	1,539	32,096
At 31 December 2015	28,562	1,715	2,168	997	2,083	35,525

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 $6\frac{2}{3}$ years

15. SOLE AGENCY RIGHTS

	Sole agency rights HK$'000
Cost	
At 1 January 2015	178,314
Exchange realignment	(9,703)
At of 31 December 2015 and 1 January 2016	168,611
Exchange realignment	(10,087)
At 31 December 2016	158,524
Accumulated amortisation and impairment	
At 1 January 2015	121,622
Amortisation expense	6,588
Impairment loss recognised in profit and loss	40,235
Exchange realignment	(6,590)
At of 31 December 2015 and 1 January 2016	161,855
Amortisation expense	1,898
Impairment loss recognised in profit and loss	5,848
Exchange realignment	(11,077)
At 31 December 2016	158,524
Carrying values	
At 31 December 2016	–
At 31 December 2015	6,756

The 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 2016 and 2015, respectively. The sole agency rights were allocated to advertising services' cash generating units ("Advertising CGU"). The recoverable amount of the Advertising CGU has been determined based on a value in use calculation which are based on the financial budgets approved by management covering a 2-year to 9-year-period (2015: 3-year to 10-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 18% per annum (2015: 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 the result of the impairment review, the recoverable amounts of Advertising CGU has been assessed to be less than their carrying amounts resulting in an impairment loss of approximately HK$5,848,000 (2015: HK$40,235,000) being recognised in profit or loss during the year ended 31 December 2016.

16. OTHER INTANGIBLE ASSETS

	Technical know how HK$'000	Customer relationship HK$'000	Total HK$'000
Cost			
At 1 January 2016	–	–	–
Acquisition of subsidiaries	27,622	1,570	29,192
At 31 December 2016	27,622	1,570	29,192
Accumulated amortisation and impairment			
At 1 January 2016	–	–	–
Amortisation expense	911	196	1,107
At 31 December 2016	911	196	1,107
Carrying values			
At 31 December 2016	26,711	1,374	28,085
At 31 December 2015	–	–	–

The technical know how is related to a platform for catering business which was acquired through business combination on 9 September 2016. The useful life of the technology know how is 7 years.

The customer relationship represents the contract backlog with customers which were acquired through business combination on 9 September 2016. The useful life of the customer relationship is over its contract term.

The technical know how and customer relationship were allocated to the provision of e-commerce platform services' cash generating units ("e-commerce CGU"). The directors of the Company conducted an impairment review of the Group's e-commerce CGU as at 31 December 2016. The recoverable amount of the e-commerce CGU has been determined taking into account the valuation performed by independent professional valuers not connected to the Group, based on a value in use calculation which derived from the financial budgets approved by management covering a period of 8 years in accordance with the remaining contractual lives for the other intangible assets of the operation, and at a discount rate of 26% 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 the result of the impairment review, the recoverable amount of the e-commerce CGU has been assessed to be higher than the aggregate carrying amounts of other intangible assets and goodwill related to e-commerce platform services resulting in no impairment loss recognised in profit or loss during the year ended 31 December 2016.

17. GOODWILL

	The Group HK$'000
Cost	
At 1 January 2015, 31 December 2015 and 1 January 2016	118,886
Addition	10,337
At 31 December 2016	129,223
Accumulated impairment	
At 1 January 2015	19,493
Impairment loss recognised in profit or loss	61,790
At 31 December 2015 and 1 January 2016	81,283
Impairment loss recognised in profit or loss	37,603
At 31 December 2016	118,886
Carrying values	
At 31 December 2016	10,337
At 31 December 2015	37,603

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segment as follows:

	2016 HK$'000	2015 HK$'000
Provision of advertising service (Note a)	–	37,603
Provision of e-commerce platform services (Note b)	10,337	–
	10,337	37,603

Notes:

(a) The goodwill which 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 ("Advertising CGU").

During the year ended 31 December 2016, as an annual impairment test assessed by the management, the management of the Group determines to recognise impairment loss of approximately HK$37,603,000 (2015: HK$61,790,000) on the goodwill which related to the advertising services and the impairment loss has been included in profit or loss.

(b) The goodwill which related to the provision of e-commerce platform services of certain subsidiaries which share common cost and resulted from acquisition of subsidiaries in 2016, details are disclosed in note 40 ("e-commerce CGU").

The recoverable amount of the CGUs has been determined based on a value in use calculation. The recoverable amount of the e-commerce CGU of goodwill is determined taking into account the valuation performed by independent professional external 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 5-year period in accordance with the expected cash inflows generating period, and at a discount rate of 24.5% 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.

18. INTERESTS IN JOINT VENTURES

	2016 HK$'000	2015 HK$'000
Cost of unlisted investments in joint ventures	22,863	22,863
Share of post-acquisition profit and other comprehensive income	17,585	8,247
	40,448	31,110

As at 31 December 2016 and 2015, 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 2016	Proportion of nominal value of issued capital/ registered capital held by the Group 2015	Proportion of voting power held 2016	Proportion of voting power held 2015	Principal activity
SEEC/Ziff Davis Media Group (China) Ltd. ("SEEC/Ziff Davis Media Group")	Deregistered	British Virgin Islands	PRC	Ordinary shares	–	50%	–	50%	Investment holding
SEEC/Ziff Davis Media Consulting (Beijing) Co. Ltd. ("SEEC/Ziff Davis Media Consulting")	Deregistered	PRC	PRC	Registered capital	–	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

	2016 HK$'000	2015 HK$'000
Current assets	151,850	101,267
Non-current assets	379	653
Current liabilities	(77,761)	(41,012)

18. 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:

	2016 HK$'000	2015 HK$'000
Cash and cash equivalents	41,222	34,279

	2016 HK$'000	2015 HK$'000
Revenue	134,728	145,520
Profit and total comprehensive income for the year	22,420	16,250

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

	2016 HK$'000	2015 HK$'000
Net assets	74,468	60,908
Proportion of the Group's ownership interest in a joint venture	50%	50%
Share of net assets of a joint venture	37,234	30,454
Accumulated share of exchange differences of a joint venture	3,214	656
Carrying amount of the Group's interest in a joint venture	40,448	31,110

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

	2016 HK$'000	2015 HK$'000
Depreciation of property, plant and equipment	503	386
Interest income	(349)	(356)
Impairment of accounts receivable	1,464	1,150

18. 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 years ended 31 December 2016 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.

SEEC/Ziff Davis Media Group and SEEC/Ziff Davis Media Consulting were deregistered on 31 August 2016 and on 18 August 2016 respectively.

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:

	2016 HK$'000	2015 HK$'000
Unrecognised share of losses of joint ventures for the year	–	(1)
Accumulated unrecognised share of losses of these joint ventures	–	(1,773)

19. AVAILABLE-FOR-SALE INVESTMENT

	2016 HK$'000	2015 HK$'000
Unlisted equity shares: Hong Kong, at cost	35,700	20,000

During the year ended 31 December 2016, the Group invested 18% of the issued ordinary share capital of Shining Wish Investments Ltd. ("Shining Wish"), which is an investment holding company holding the entire issued ordinary share capital of ANPA Financial Press Limited, a Hong Kong incorporated company which engaged in the business of financial printing services in Hong Kong, for a formation cost HK$2,700,000. The investment in Shining Wish 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.

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. During the year ended 31 December 2016, the Group acquired additional 13% issued ordinary share capital of Merit Advisory, for a consideration of HK$13,000,000. As at 31 December 2016, the Group held a total of 38% of the issued ordinary share capital of Merit Advisory. 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.

20. INTEREST IN AN ASSOCIATE

	2016 HK$'000	2015 HK$'000
Cost of investment in an associate	140,000	**140,000**
Share of post-acquisition loss	(27,820)	**(2,218)**
Share of other comprehensive (expense) income (Note)	20,357	**20,631**
	132,537	**158,413**

Note: The share of other comprehensive (expense) income mainly represented the change in fair value of the available-for-sale investments held by the associate as at 31 December 2016 and 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 market value of the investment in GreaterChina as at 31 December 2016 was determined based on quoted market prices on the Stock Exchange amounted to HK$896,000,000 (2015: 1,064,000,000).

20. 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.

	2016 HK$'000	2015 HK$'000
Current assets	297,039	212,626
Non-current assets	145,560	318,955
Current liabilities	(44,432)	(25,557)
Non-current liabilities	(34,284)	(52,355)
Revenue	62,581	16,474
Loss for the period	(88,837)	(7,695)
Total comprehensive (expenses) income for the period	(89,786)	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:

	2016 HK$'000	2015 HK$'000
Net assets of GreaterChina	363,883	453,669
Proportion of the Group's ownership interest in GreaterChina	28.82%	28.82%
	104,871	130,747
Goodwill on acquisition of interests in GreaterChina	27,666	27,666
Carrying amount of the Group's interest in GreaterChina	132,537	158,413

21. AMOUNTS DUE FROM/TO RELATED PARTIES

	Notes	2016 HK$'000	2015 HK$'000
Non-trading in nature:			
Amounts due from related companies	(i)	6,995	10,140
Amount due from a joint venture (non-current)	(ii)	–	6,747
Amounts due to related companies	(i)	71,796	9,287
Amount due to a shareholder of the Company	(iii)	–	90,188
Amount due to a joint venture (current)	(iii)	1,804	–

Notes:

(i) The related companies are companies which Mr. Zhang Zhifang, a director of the Company, Mr. Wang Boming (a past director) and Mr. Dai Xiaojing (a past director), 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$6,995,000 (2015: approximately HK$10,140,000).

(ii) The entire balance represents amounts due from a joint venture that are non-interest bearing unsecured and repayable on demand. As at 31 December 2015, the amount is expected to be recovered after twelve months at that date and therefore classified as non-current asset.

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

22. DEPOSIT PAIDS

As at 31 December 2016, the Group had made deposit of HK$24,000,000 in relation to the acquisition of 80% share capital in Shenzhen Ou Pai E-Commerce Co., Ltd. from an independent third party. The aforesaid company is principally engaged in provision of e-commerce service business in the PRC.

At the date these consolidated financial statements are authorised for issuance, the acquisition of the subsidiary has not been completed.

As at 31 December 2016, the Group had made deposit of HK$21,600,000 in relation to the acquisition of intangible assets from an independent third party.

The aforesaid deposit related to acquisition of website and domain name and are therefore classified as non-current assets. At the date these consolidated financial statement are authorised for issuance, the acquisition of these intangible assets have not been completed.

23. ACCOUNTS RECEIVABLE

	2016 HK$'000	2015 HK$'000
Accounts receivable	91,602	105,154
Less: allowance for doubtful debts	(13,351)	(12,108)
	78,251	93,046
Accounts receivable arising from the business of dealing in securities (Note):		
– Cash client	91,950	–
– Hong Kong Securities Clearing Company Limited ("HKSCC")	171	–
	92,121	–
	170,372	93,046

Note: The credit period for the business dealing in securities with the settlement terms of cash clients are usually one to two days after the trade date.

No ageing analysis of the Group's accounts receivable arising from the business of dealing in securities is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

The Group seeks to maintain tight control over its outstanding accounts receivable of securities broking business in order to minimise credit risk. Outstanding balances are regularly monitored by management. The management ensures that the listed equity securities belonged to clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group.

Credit period granted by the Group to customers for both provision of advertising agency services and sales 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 accounts receivable arising from the provision of advertising agency services and sales of books and magazines net of allowance for doubtful debts, presented based on date of magazines issued, which approximate the date of revenue recognition is as follows:

	2016		2015	
	HK$'000	%	HK$'000	%
Less than three months	52,603	67	56,192	60
Three months to six months	17,013	22	17,958	20
Over six months to one year	8,635	11	18,896	20
	78,251	100	93,046	100

23. ACCOUNTS RECEIVABLE (CONTINUED)

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 accounts receivable balance arising from the provision of advertising services and sales of books and magazines are debtors with aggregate carrying amount of approximately HK$25,648,000 (2015: approximately HK$36,854,000) 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 136 days (2015: 197 days).

Ageing of accounts receivable which are past due but not impaired

	2016 HK$'000	2015 HK$'000
Three months to six months	17,013	17,958
Over six months to one year	8,635	18,896
	25,648	36,854

As at 31 December 2016 and 2015, the Group has provided fully for all receivables over 1 year because historical experience is such that receivables that are past due beyond 1 year are generally not recoverable.

Movement in the allowance for bad and doubtful debts

	2016 HK$'000	2015 HK$'000
Balance at beginning of the year	12,108	19,663
Impairment losses recognised on accounts receivable	5,112	7,439
Amount recovered during the year	(2,833)	(6,090)
Amounts written off as uncollectible	(257)	(8,021)
Exchange realignment	(779)	(883)
Balance at end of the year	13,351	12,108

In determining the recoverability of accounts receivable, the Group considers any change in the credit quality of the accounts 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.

24. LOAN RECEIVABLES

The loan receivables carried fixed interest rates at 8% and will be repaid in accordance with the terms of the loan agreements.

	2016 HK$'000	2015 HK$'000
Loan receivables		
– Non-current portions	–	–
– Current portions (Note)	119,095	19,295
	119,095	19,295

Note: As at 31 December 2016, the current portions of loan receivables included amount of HK$19,295,000 (2015: HK$19,295,000) was secured with the issued shares of a company listed on the Hong Kong Stock Exchange (the "Stock Exchange"). The loan is recoverable on demand and as at 31 December 2016, the fair value of pledged shares was HK$41,250,000 (2015: HK$24,750,000) determined based on the quoted market prices.

The loan receivables balance of HK$19,295,000 has been reclassified from other receivables in 2015 to conform with the current year's presentation.

The loan receivables as at 31 December 2016 are analysed by the remaining period to contractual maturity date as follows:

	2016 HK$'000	2015 HK$'000
Less than three months	39,795	19,295
Three months to six months	79,300	–
	119,095	19,295

Loan receivables of HK$99,800,000 (2015: HK$19,295,000) that were neither past due nor impaired related to debtors for whom there is no recent history of default.

25. OTHER RECEIVABLES AND PREPAYMENTS

	2016 HK$'000	2015 HK$'000
Advance to staffs	5,014	4,786
Rental deposits	3,060	3,112
Others	27,005	1,454
	35,079	9,352

26. HELD-FOR-TRADING INVESTMENTS

	2016 HK$'000	2015 HK$'000
Held-for-trading investments include:		
Listed securities:		
– Equity securities listed in Hong Kong	207,603	72,703
	207,603	72,703

Held-for-trading investments as at 31 December 2016 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 2016 and no realised gain (loss) recognised.

27. BANK BALANCES, CASH AND CASH EQUIVALENTS

Included in the bank balances (general accounts), cash and cash equivalents are short-term deposits of approximately HK$4,951,516 (2015: HK$342,700,000) placed in various brokers' accounts. There is no restrictions in the use of these balances.

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable (Note 28) to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

28. ACCOUNTS PAYABLE

	2016 HK$'000	2015 HK$'000
Accounts payable	12,760	22,686
Accounts payable arising from the securities broking business		
– Cash clients (Note)	6,795	–
– HKSCC	–	–
	19,555	22,686

Note: The balance of accounts payable arising from the securities broking business are repayable on demand except where certain accounts payable to clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

The ageing analysis of the Group's accounts payable arising from the provision of advertising agency services and sales of books and magazines presented based on the invoice date at the end of the reporting period is as follows:

	2016		2015	
	HK$'000	%	HK$'000	%
Less than three months	9,349	73	18,410	81
Three months to six months	956	7	1,940	9
Over six months to one year	2,455	20	2,336	10
	12,760	100	22,686	100

The average credit period granted by accounts payable is 63 days (2015: 90 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

29. OTHER PAYABLES AND ACCRUALS

	2016 HK$'000	2015 HK$'000
Advance from customers	61,122	87,455
Other tax payable	15,060	3,559
Accrued office and rental expenses	9,789	20,000
Advertising fee payable	15,000	–
Others (Note)	44,043	21,720
	145,014	132,734

Note: The amount included the accruals for damages and an accrued professional fee totalling approximately HK$3,900,000 (2015: HK$3,900,000) for the legal case as described in note 4.

30. BORROWINGS

	2016 HK$'000	2015 HK$'000
Loan repayable within one year	–	35,000
Margin payables	23,269	–
	23,269	35,000

On 18 December 2015, the Group entered into a HK$35,000,000 loan agreement with an independent third party which was a money lender with a licence granted under the Money Lender Ordinance (Chapter 163 of the Laws of Hong Kong). The loan borned a fixed interest rate of 8% per annum and would 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.

As at 31 December 2016, margin financing from a regulated securities broker was granted to the Group which were secured by the Group's held-for-trading investments. Amount of margin payables of approximately HK$23,269,000 (2015: nil) as at 31 December 2016 had been utilised against these facilities and the total carrying amount of the held-for-trading investments charged to the securities broker was approximately HK$52,824,000 (2015: nil).

31. SHARE CAPITAL

	Number of shares '000	**Amount** HK$'000
Authorised		
At 1 January 2015		
– 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, 1 January 2016 and 31 December 2016		
– Ordinary shares of HK$0.1 each	10,000,000	1,000,000
Issued and fully paid		
At 1 January 2015		
– 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 36)	10,250	1,025
Exercise of warrants (Note 35)	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, 1 January 2016 and 31 December 2016		
– Ordinary shares of HK$0.1 each	6,373,546	637,354

31. SHARE CAPITAL (CONTINUED)

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.

32. 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.

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2016 HK$'000	2015 HK$'000
Financial assets		
Available-for-sale investment	35,700	20,000
Held-for-trading investments	207,603	72,703
Loans and receivables (including cash and cash equivalents)	661,263	884,737
	904,566	977,440
Financial liabilities		
Amortised cost	131,203	175,855

33. FINANCIAL INSTRUMENTS (CONTINUED)

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, accounts receivable, other receivables, bank balances and cash, accounts payable, other payables, borrowings and amount due to a shareholder. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, other price 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	
	2016 HK$'000	2015 HK$'000	2016 HK$'000	2015 HK$'000
Hong Kong dollar	57,440	128,132	862,026	699,678
United States dollar	–	–	814	168

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% (2015: 5%) increase and decrease in HK$ and USD against RMB. 5% (2015: 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% (2015: 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% (2015: 5%) against the relevant currency. For a 5% (2015: 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	
	2016 HK$'000	2015 HK$'000	2016 HK$'000	2015 HK$'000
Loss for the year	30,172	21,433	(30)	(6)

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

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 (2015: 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.

No sensitivity analysis needed for fixed interest rates for both derivatives and non-derivative instruments at the year ended 31 December 2016.

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.

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 2016 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 2016 would decrease/increase by HK$10,380,150 (2015: HK$3,035,000) as a result of the changes in fair value of held-for-trading investments.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk

As at 31 December 2016, 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 receivables, 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.

33. 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$'000	Carrying amount at 31.12.2016 HK$'000
2016							
Non-derivative financial liabilities							
Accounts payable	–	16,144	956	34	2,421	19,555	19,555
Other payables	–	142,314	–	–	–	142,314	142,314
Amounts due to related companies	–	71,796	–	–	–	71,796	71,796
Amounts due to a joint venture	–	1,804	–	–	–	1,804	1,804
Borrowings	8%	23,269	–	–	–	23,269	23,269
		255,327	956	34	2,421	258,738	258,738

	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							
Accounts payable	–	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 a shareholder of the Company	–	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

33. 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 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.

34. 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:

	2016 HK$'000	2015 HK$'000
Within one year	9,480	10,772
In the second to fifth year inclusive	6,079	3,598
	15,559	14,370

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

34. COMMITMENTS (CONTINUED)

(b) Other commitments

Pursuant to several agreements entered into between the Company and magazine publication companies, being independent third parties, the Group at the end of the reporting period had commitments to make payments to certain magazines publication companies for agency rights of advertising.

During the year ended 31 December 2016, a wholly-owned subsidiary of the Group has entered into agreements with two independent third parties pursuant to which the Group has agreed to acquire the entire equity interest in a company established in the PRC. The PRC company principally engaged in operating a e-commerce platform. As at 31 December 2016, the relating commitments contracted but not yet incurred was HK$6,000,000.

During the year ended 31 December 2016, a wholly-owned subsidiary of the Group has entered into an agreement pursuant to which the Group has agreed to acquire the entire interest associated with an internet domain name. As at 31 December 2016, the relating commitments contracted but not yet incurred was HK$14,400,000.

The Group at the end of the reporting period had commitments to make payments which fall due as follows:

	2016 HK$'000	2015 HK$'000
Within one year	22,740	2,340
In the second to fifth year inclusive	4,680	7,020
	27,420	9,360

The amount recognised as an expense (included in cost of sales) in the year was approximately HK$5.8 million for agency rights of advertising (2015: approximately HK$6.7 million).

35. 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%

36. SHARE OPTION SCHEMES

Equity-settled share option scheme

The Company operates a share option scheme (the "Old 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 Old 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 Old 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 "Share Option Scheme"), of which all the terms and conditions are same as the Old Share Option Scheme. This 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 Old 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 Old Share Option Scheme was 1,851,000 (2015: 3,424,000), which represented approximately 0.03% (2015: 0.54%) of the Company's shares in issue as at that date. At the end of the reporting period, there is no share options granted under the Share Option Scheme. 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.

36. 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 1.1.2015	Exercised during the period	Forfeited during the period	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	Forfeited during the year	Outstanding at 31.12.2016
Mr. Zhang Zhifang	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	(1,500,000)	–	–	–	–	–	–	–	–	–
Mr. Wang Boming (resigned as executive director on 15 November 2016)	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	(1,500,000)	–	–	–	–	–	–	–	–	–
Mr. Dai Xiaojing (resigned as executive director on 19 April 2016)	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	(1,500,000)	–	–	–	–	–	–	–	–	–
	16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	(1,000,000)	–	–	–	–	–	–	–	–	–
Mr. Li Shijie (resigned as executive director on 23 May 2014)	29.10.2008	0.268	29.10.2011 to 28.10.2016	1,700,000	–	–	0.536	850,000	0.29	1,573,000	–	1,573,000	(1,573,000)	–
Other employees in aggregate	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,900,000	(1,300,000)	(600,000)	–	–	–	–	–	–	–	–
	16.12.2009	0.247	16.12.2012 to 15.12.2017	6,300,000	(3,450,000)	(750,000)	0.494	1,050,000	0.27	1,944,000	(93,000)	1,851,000	–	1,851,000
				15,400,000	(10,250,000)	(1,350,000)		1,900,000		3,517,000	(93,000)	3,424,000	(1,573,000)	1,851,000

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) No option was exercised during the year ended 31 December 2016. 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.

(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 2016, the number of shares issuable under the share options granted after adjustments for capital reorganisation and open offer of the Company under the Old Share Option Scheme was approximately 1,851,000 (2015: 3,424,000).

(7) As at 31 December 2016, no share option has been granted under the Share Option Scheme since its adoption on 11 May 2012.

The Company did not recognise expense in relation to share options during the year ended 31 December 2016 (2015: nil).

37. 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 complied with 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$18,212,000 (2015: HK$11,319,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

38. RELATED PARTY TRANSACTIONS

Apart from balances with related parties and related terms disclosed in consolidated statement of financial position and note 21, the Group had following related party transactions:

	2016 HK$'000	2015 HK$'000
Office rental expenses paid to Shanghai SEEC Investment and Development Corporation ("Shanghai SEEC") (Note)	3,980	4,433
Magazine registration number charges received from a joint venture	1,339	1,554

Note: 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 Mr. Zhang Zhifang, one of the existing directors of the Company, by Mr. Wang Boming (a past director) and Mr. Dai Xiaojing (a past director) (collectively, the "Three 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.

Under the circumstances, Shanghai SEEC might constitute an associate of the Three Directors and the transactions were continuing connected transactions under the Listing Rules.

Key Management Compensation

During the years ended 31 December 2016 and 2015 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.

39. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31 December 2016 and 2015 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 Boji Culture and Media Co., Ltd.	PRC	RMB500,000 Limited liability company	Registered	–	100	Advertising agent
Beijing Cai Lian 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 Caixun Culture and Media Co., Ltd.	PRC	RMB5,000,000 Limited liability company	Registered	–	100	Advertising agent
Beijing Jingzheng Ronglian Advertising Company Limited	PRC	RMB2,000,000 Limited liability company	Registered	–	100	Advertising agent and books and magazines distributor
Beijing Le Hua Jiu Fang Advertising Co., Ltd ("Beijing Le Hua Jiu Fang")	PRC	RMB5,050,504 Limited liability company	Registered	–	71.28	Advertising agent
Beijing SEEC Book and Press Distribution Co., Ltd.	PRC	RMB5,000,000 Limited liability company	Registered	–	100	Books and magazines distributor
China Asset Credit Limited	Hong Kong	HK$1 Limited company	Ordinary	–	70	Money lending services
China Prospect Securities Limited (Note)	Hong Kong	HK$20,000,000 Limited company	Ordinary	–	100	Provision of securities broking services
Grace Tech Development Limited	Hong Kong	HK$10,000 Limited company	Ordinary	–	100	Provision of e-commerce platform services
Hainan Caixun Infomedia Co., Ltd.	PRC	RMB9,000,000 Limited liability company	Registered	–	100	Investment holding
Honor Fame Group Limited	British Virgin Islands/ Hong Kong	US$1 Limited company	Ordinary	100	–	Investment holding
Laberie Holdings Limited	British Virgin Islands/ Hong Kong	US$10 Limited company	Ordinary	100	–	Investment holding

39. 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
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	Deregistered	–	–	Advertising agent
Shanghai Caixun Media Conference Exhibition Limited	PRC	RMB10,000,000 Limited liability company	Registered	100	–	Investment holding
Superfort Management Corp.	British Virgin Islands/ Hong Kong	US$100 Limited company	Ordinary	100	–	Investment holding
Well Dynamic Group Limited	British Virgin Islands/ Hong Kong	US$1 Limited company	Ordinary	–	100	Investment holding
Wingate Holdings Limited	Samoa/Hong Kong	US$10,000 Limited company	Ordinary	–	70	Investment holding

Note: On 19 April 2016, a special resolution was passed to change the name of the company from SEEC Media Securities Limited to China Prospect Securities Limited.

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 interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31.12.2016	31.12.2015	31.12.2016 HK$'000	31.12.2015 HK$'000	31.12.2016 HK$'000	31.12.2015 HK$'000
Beijing Le Hua Jiu Fang	PRC	28.72%	28.72%	(1,141)	(2,390)	(6,157)	(5,016)
China Asset Credit Limited	Hong Kong	30%	–	15,323	–	15,323	–
Individually immaterial subsidiary, with non-controlling interests		30%	–	(5)	–	(5)	–
						9,161	(5,016)

39. 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 owned subsidiaries that have material non-controlling interests

Beijing Le Hua Jiu Fang

	2016 HK$'000	2015 HK$'000
Current assets	5,476	8,339
Non-current assets	92	266
Current liabilities	(25,882)	(26,068)
Equity attributable to owners of the Company	(20,314)	(17,463)

Beijing Le Hua Jiu Fang

	2016 HK$'000	2015 HK$'000
Revenue	3,645	3,923
Expenses	(7,618)	(12,244)
Loss for the year	(3,973)	(8,321)
Net cash outflow from operating activities	(4,867)	(5,372)
Net cash inflow/(outflow) from investing activities	61	64
Net cash inflow from financing activities	13	22
Net cash (outflow)/inflow	(4,793)	(5,286)

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

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

China Assets Credit Limited

	2016 HK$'000	2015 HK$'000
Current assets	508	–
Non-current assets	–	–
Current liabilities	–	–
Equity attributable to owners of the Company	(508)	–

China Assets Credit Limited

	2016 HK$'000	2015 HK$'000
Revenue	2,640	–
Expenses	(2,132)	–
Profit for the year	508	–
Net cash outflow from operating activities	(101,932)	–
Net cash outflow from investing activities	102,133	–
Net cash outflow from financing activities	1	–
Net cash inflow	202	–

40. ACQUISITION OF SUBSIDIARIES

On 9 September 2016, a wholly-owned subsidiary of the Company, Honor Fame Group Limited, entered into an agreement with an independent third party for the acquisition of the entire issued share capital of Well Dynamic Group Limited ("Well Dynamic"), together with its subsidiary, ("Well Dynamic Group") at the consideration of HK$34,000,000. Well Dynamic is an investment holding company incorporated in the British Virgin Islands with limited liability. The wholly-owned subsidiary of Well Dynamic principally engaged in the provision of services in relation to an e-commerce platform. The consideration was satisfied by cash. The acquisition of Well Dynamic Group was completed in September 2016.

The fair values of the identifiable assets and liabilities of the Well Dynamic Group as at the date of acquisition were as follows:

	HK$'000
Intangible assets	29,192
Cash and Bank Balances	144
Other receivables, prepayments and deposits	45
Trade and other payables	(988)
Deferred tax liabilities	(4,730)
Total identifiable net assets at fair value	23,663
Goodwill	10,337
	34,000

40. ACQUISITION OF SUBSIDIARIES (CONTINUED)

At the date of acquisition in 2016, goodwill of HK$10,337,000 has been determined based on the acquirees' provisional fair value of intangible assets acquired. Goodwill arose on the acquisition of subsidiaries because these acquisitions included the benefit of expected synergies and the future profitability as at the date of acquisition.

Intangible assets of HK$28,085,000 in relation to the acquisition of subsidiaries under technical know how and customer relationship have been recognised by the Group.

	HK$'000
Consideration was satisfied by the fair value:	
Cash	34,000
	34,000
An analysis of the cash flows in respect of the acquisition is as follows:	
Cash consideration paid	34,000
Less: Cash and cash equivalents acquired	(144)
Net cash outflow of cash and cash equivalents	33,856

41. EVENT AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in these financial statements, the Group has the following significant events which took place subsequent to the end of the reporting period:

(a) On 19 September 2016, a wholly-owned subsidiary of the Company entered into an agreement to sell its commercial office properties located in PRC (the "Disposal") for a consideration of RMB52,000,000 (equivalent to approximately HK$61,905,000) (inclusive of the relevant value added tax in the PRC). The purchaser was Beijing Lianban Cultural Media Company Ltd (the "Purchaser"), a limited liability company incorporated under the laws of the PRC where one of the director of the Company, Mr. Zhang Zhifang, and two past directors of the Company, Mr. Wang Boming and Mr. Dai Xiaojing who are all connected persons (collectively the "Three Directors"), who through their shareholdings and directorship in the holding companies of the Purchaser, collectively may control the holding companies and has controlling interest in the Purchaser. Under the circumstances, the Purchaser might constitute an associate of the Three Directors and the Disposal was considered as a connected transaction under the Listing Rules. As at 31 December 2016, the Disposal has not been completed due to a delay in the formalities to transfer the titles of the properties. The Disposal was subsequently completed on 9 January 2017. For further details, please refer to the announcements of the Company dated 19 September 2016, 27 September 2016, 19 October 2016 and 14 November 2016.

(b) On 12 December 2016, the Group entered into an agreement with an independent third party to acquire the entire interest associated with an internet domain name at a consideration of HK$36.0 million. As at 31 December 2016, HK$21.6 million had been paid as a refundable deposit. The acquisition was completed in February 2017.

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

	2016 HK$'000	2015 HK$'000
Non-current assets		
Investments in subsidiaries	84,210	84,204
Investments in joint ventures	22,863	22,863
Amount due from a subsidiary	–	482,701
Available-for-sale investments	2,700	–
	109,773	589,768
Current assets		
Other receivables and deposits	336	311,485
Amounts due from subsidiaries	945,528	111,149
Bank balances and cash	5,945	2,904
	951,809	425,538
Current liabilities		
Amounts due to subsidiaries	230,914	80,787
Amount due to a shareholder of the Company	–	90,188
Other payables and accruals	5,722	6,018
	236,636	176,993
Net current assets	715,173	248,545
Net assets	824,946	838,313
Capital and reserves		
Share capital	637,354	637,354
Reserves (Note)	187,592	200,959
Total equity	824,946	838,313

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 31 March 2017 and was signed on its behalf by:

Li Xi
Director

Li Leong
Director

42. 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 31)	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 January 2015	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
Loss for the year	–	–	–	–	(13,367)	(13,367)
Total comprehensive income for the year	–	–	–	–	(13,367)	(13,367)
At 31 December 2016	–	10,278	–	429,374	(252,060)	187,592

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2012 HK$'000 (restated)	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000
REVENUE	516,623	492,851	443,582	286,683	267,594
PROFIT (LOSS) FROM OPERATIONS	52,682	29,243	(116,278)	(201,714)	(9,809)
FINANCE COSTS	(2,321)	(2,256)	(2,464)	(595)	(1,589)
PROFIT (LOSS) BEFORE TAXATION	50,361	26,987	(118,742)	(202,309)	(11,398)
TAXATION	(19,235)	(10,676)	(4,844)	(194)	(4,948)
PROFIT (LOSS) FOR THE YEAR	31,126	16,311	(123,586)	(202,503)	(16,346)
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	32,223	17,360	(121,246)	(200,113)	(15,200)
NON-CONTROLLING INTEREST	(1,097)	(1,049)	(2,340)	(2,390)	(1,146)
	31,126	16,311	(123,586)	(202,503)	(16,346)

ASSETS AND LIABILITIES

	Year ended 31 December				
	2012 HK$'000 (restated)	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000
TOTAL ASSETS	592,906	643,899	622,873	1,247,434	1,209,745
TOTAL LIABILITIES	(193,334)	(217,369)	(250,929)	(301,954)	(274,283)
	399,572	426,530	371,944	945,480	935,462