財訊傳媒集團有限公司
SEEC MEDIA GROUP LIMITED

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

年報
Annual Report 2009

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS:

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

INDEPENDENT NON-EXECUTIVE DIRECTORS:

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

COMPANY SECRETARY

Mr. Tseung Sheung Shun

PRINCIPAL PLACE OF BUSINESS

Unit 3203, Cosco Tower,
Grand Millennium Plaza,
183 Queen's Road Central,
Hong Kong

REGISTERED OFFICE

P.O. Box 897 GT
Second Floor
One Capital Place
Grand Cayman
Cayman Islands
British West Indies

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
DBS Bank (Hong Kong) Limited
DBS Bank Limited
Hang Seng Bank Limited

AUDITOR

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

LEGAL ADVISER

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

SHARE REGISTRARS AND TRANSFER OFFICE

Principal Share Registrar and Transfer Office
The Harbour Trust Company Limited
P.O. Box 897 GT
Second Floor
One Capital Place
Grand Cayman
Cayman Islands
British West Indies

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

WEBSITES

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

STOCK CODE

205

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of SEEC Media Group Limited (the "Company"), I am pleased to present to you the 2009 annual results for the Company and its subsidiaries (collectively referred to as the "Group" or "SEEC Media").

BUSINESS REVIEW

Notwithstanding the global economy having rebounded from its bottom in 2009, the far-reaching adverse impact caused by the economic downturn was not yet over. SEEC Media was also positioned in such a similar trend of recovery and was still not yet fully recovered. During the first half of 2009, being affected by the aftermath of the financial tsunami, the Group's revenue fell as much by 21% as compared to that of the same period last year. In the second half of 2009, by capturing on the opportunities arising from economic recovery and under the devotion of all our staff, the Group achieved an outstanding result with its revenue increased by 38%. However, as the extent of decrease in revenue during the first half of the year was relatively high, even with a very significant increase in the second half of the year, the overall revenue in 2009 still decreased by around 10% from that of 2008.

During recent years, the Group has been devoted to a strategy of diversification in the magazine categories under its operation. It is beyond doubt that "Caijing" remains the Group's flagship magazine. As early as in 2002, the Group acquired the exclusive advertising rights of Caijing magazine. The corresponding advertising revenue derived from the printed media of Caijing magazine was shared in certain proportion between the Group and the publisher of Caijing magazine. Caijing magazine is operated and managed by the Stock Exchange Executive Council, a separate state-owned institution established in China, which is not a group company of the listed Company. The staff costs of the editors and reporter teams of Caijing magazine together with those costs and expenditures incurred for the magazine content were borne by the publisher. The costs and expenditures related to the advertising business of Caijing magazine were borne by the Group that holds the related advertising rights. Caijing magazine has been the most well-known finance magazine in China, which has built a reputation and position not challengeable by any other magazines in the finance sector. Caijing magazine has recorded a steady growth in its advertising revenue over the years. Despite its performance record in the past, the advertising revenue from Caijing magazine in 2009 still dropped by 12% due to the enduring adverse impact from the economic crisis. With the major contribution brought by Caijing to the Group's result, one of the reasons for the loss incurred by the Group in 2009 was mainly attributable to the decrease in revenue from Caijing.

Although the Group has been subject to the negative factors such as the sluggish advertising market, the development for the new magazines operated by the Group demonstrated a very rapid pace. Even the year of 2009 was overcast by the effect of the economic crisis, the advertising revenue from "Timeout" magazine, which was circulated in China, increased by 61%. Growth in the advertising revenue of "Hislife" and "Marketing China" magazines were 70% and 97% respectively. It is expected that these magazines will soon bring the Group with profit contribution.

The brand extension activities, such as organizing and hosting conferences and events, did not only contribute more revenue to the Group, but also increased the market influences of the Group and its magazines. The Group's revenue from these brand extension activities was decreased by around 5% but the corresponding revenue from these activities during the second half year increased by 159% over that of the first half of the year. These activities in turn would create more advertising value in the Group's magazines.

CHAIRMAN'S STATEMENT

To conclude from the above, despite the loss incurred by the Group in 2009, there were evidences that the effect of economic crisis was gradually dimming out and the Group is recovering. With a 38% growth in the Group's revenue in the second half of the year compared with that in the first half of the year, our momentum to further growth is sound and well-supported. The Board expects that with the same momentum, the Group shall achieve better operating results for the year 2010.

OUTLOOK AND PROSPECT

The Group is aware of signs showing gradual recovery of the global economy. The printed media advertising market will face its new development and challenges in future. In the meantime, apart from the traditional media, the Group is also pleased to witness the development of different new media channels. The Group also intends to tap into the development of new media business and considers that an integrated media group comprising of printed media and Internet media platforms is an inevitable trend in future.

ACKNOWLEDGEMENT

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

Wang Boming
Chairman

Hong Kong, 23 April 2010

MANAGEMENT DISCUSSION AND ANALYSIS

During the year of 2009, turnover of the Group was approximately HK$275.3 million as compared to approximately HK$307.2 million in 2008, representing a decrease of approximately 10%. The slowdown of the advertising market in China continued in 2009 in the aftermath of the financial crisis. Although the reduction and deferral of customers' advertising budgets impacted on the Group's revenue, the gross profit was maintained steady at around 63% in 2009.

The selling and distribution costs were decreased by 18% from approximately HK$179.4 million to approximately HK$147.1 million, mainly in line with the decrease in revenue and also the tightening of selling and promotional costs for some magazines newly introduced at the end of year 2008.

The administrative expenses was increased from approximately HK$22.9 million to approximately HK$36.3 million by 58%. This was mainly due to the increase of rental and staff costs for operating the new magazines, expenses incurred for market researches and analysis and purchases of certain data analysis reports and market information during the year.

The Group had a joint venture company, Mondadori-SEEC (Beijing) Advertising Co., Ltd., set up in 2008 together with Mondadori Group, an Italian magazines and publication group. The Chinese version of lifestyle fashion magazine, Grazia, was launched in China but it was still in the nurture stage of a new start up. The operating environment of advertising business in the luxury merchandise market was difficult in 2009 after the economic crisis. The share of loss of jointly controlled entity of HK$11.4 million (2008: nil) was wholly related to normal operation of this magazine business.

The Group also had interest in another jointly controlled entity formed with Ziff Davis Media Inc and operated PC Magazine Chinese version in China. The demand for related advertisement for this magazine was weak over the years and an allowance of approximately HK$4.9 million (2008: nil) was made by the Board in view of the fragile financial status of the entity.

In view of the difficult operating environment in the foreseeable future, operating loss and drop of revenue suffered by the Group, the Board adopted a very cautious and more conservative approach and revised downward for its expectation on the future earnings and cashflows of the Group which led to an impairment of goodwill of around HK$6.3 million (2008: nil) reflected in the consolidated statement of comprehensive income of current year.

Having assessed the recoverability of trade receivables and the prevailing economic situation, the Board provided an allowance for bad and doubtful debts of approximately HK$6.1 million in this year as compared to approximately HK$2.1 million in last year.

The Group recorded interest expense of approximately HK$8.2 million (2008: HK$12.1 million) in this year and from which the interest charge related to the convertible bond issued by the Company was approximately HK$5.6 million (2008: HK$9.4 million). The decrease was attributable to a lower effective yield of the refinanced convertible bond at the end of year 2008. For the year of 2009, there was a loss arising on changes of fair value of the components of the convertible bond of approximately HK$2.4 million (2008: a gain of HK$19.5 million).

As a result, the loss attributable to shareholders for this year amounted to approximately HK$46.1 million, representing an increase of 220% over the loss of approximately HK$14.4 million of last year.

To preserve financial resources for future expansion and operation of the Group, the Board did not recommend the payment of a dividend for the year 2009 (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operating activities were financed by internal resources. As at 31 December 2009, the Group's equity was approximately HK$282.5 million (2008: HK$326.2 million). The Group had non-current convertible bond of approximately HK$88.7 million as at 31 December 2009 (2008: HK$85.9 million). As at 31 December 2009, the Group's gearing ratio was 17% representing a percentage of non-current liability over total assets (2008: 15%).

As at 31 December 2009 the Group had secured bank borrowings of approximately HK$49.5 million (2008: 39.5 million).

As at 31 December 2009, the Group had cash and time deposits amounted to approximately HK$74.4 million (2008: HK$55.9 million).

CHARGES ON ASSETS

As at 31 December 2009, the Group had fixed deposit of approximately HK$30.5 million charged to a bank for banking facilities granted to the Group's companies (2008: HK$42.3 million).

As at 31 December 2009, the Group had pledged leasehold land and building in the PRC with a carrying amount of approximately HK$34.1 million (2008: nil) to secure bank borrowings granted to the Group.

CONTINGENT LIABILITIES

The Group and the Company did not have any significant contingent liability as at 31 December 2009 (2008: Nil).

FOREIGN CURRENCIES AND TREASURY POLICY

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

EMPLOYEES

As at 31 December 2009, the Group had 634 (2008: 572) employees in Hong Kong and the People's Republic of China ("PRC"). Salaries, bonuses and benefits were decided in accordance with market conditions and performance of the respective employees.

SHARE OPTION SCHEME

The Company's share option scheme was adopted on 26 August 2002. During the year, 30,150,000 (2008: 7,000,000) share options were granted to directors and employees of the Group. As at 31 December 2009, the number of share issuable under share options granted was 53,700,000 (2008: 65,300,000).

CORPORATE GOVERNANCE REPORT

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

(1) CODE PROVISION A.2.1

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

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

(2) CODE PROVISION A.4.1

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

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

(3) CODE PROVISION E.1.2

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

The chairman of the Board was absent from the annual general meeting held on 8 June 2009 due to his prior business engagement. Mr. Zhang Zhifang, an Executive Director and the elected chairman of that meeting, was available to answer questions in that meeting.

DIRECTORS' SECURITIES TRANSACTIONS

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

CORPORATE GOVERNANCE REPORT

Having made specific enquiries by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2009.

BOARD OF DIRECTORS

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

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

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

The Board held full board meetings at approximately quarterly intervals. The attendances of the Board meeting for the year ended 31 December 2009 are as follows:

Directors	Attendance
Mr. Wang Boming	3/4
Mr. Zhang Zhifang	4/4
Mr. Dai Xiaojing	4/4
Mr. Li Shijie	3/4
Ms. Wu Chuan Hui Daphne *(resigned on 15 October 2009)*	2/4
Mr. Wang Xiangfei	4/4
Mr. Fu Fengxiang	4/4
Mr. Ding Yu Cheng	3/4
Mr. Zhang Ke	4/4

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS

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

Remuneration Committee comprises of two independent non-executive Directors, namely Mr. Zhang Ke being the Chairman of the Committee and Mr. Ding Yu Cheng.

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

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

NOMINATION OF DIRECTORS

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

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

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

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

AUDITOR'S REMUNERATION

During the year, the fees paid or payable to the auditor of the Company, Messrs. Deloitte Touche Tohmatsu were approximately HK$680,000 (2008: HK$850,000) and HK$73,000 (2008: HK$173,000) for statutory audit services and non-audit services rendered to the Group respectively.

AUDIT COMMITTEE

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

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

CORPORATE GOVERNANCE REPORT

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

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

The Group's interim results for the six months ended 30 June 2009 and annual audited results for the year ended 31 December 2009 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

INTERNAL CONTROL

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

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

DIRECTORS' RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group for the year ended 31 December 2009, which were prepared in accordance with statutory requirements and applicable accounting standards.

DIRECTORS' PROFILE

EXECUTIVE DIRECTORS

Mr. Wang Boming, aged 54, is the chairman of the Group and is also a director of Shanghai SEEC Investment Development Co., Ltd. He is also a director of the Government Bond Association, an editor in chief of Caijing Magazine and Capital Week (formerly known as Securities Market Weekly), the vice-chairman of the China Securities Industry Institute and a director of Asia Securities Industry Institute. Mr. Wang was a leading participant in the initial formation of China's capital markets. He also played a pioneering role in creating the first underwriting syndicate of government bonds, which revolutionized the bond distribution system in China. Before his return to China, he worked as an economist at the research department of the New York Stock Exchange, responsible for macroeconomic studies and market movement analysis in the United States of America ("U.S.A.") Mr. Wang obtained his bachelor's degree at the City University of New York and his master of business administration degree at Columbia University majoring in international finance. Mr. Wang joined the Group in December 1998.

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

Mr. Dai Xiaojing, aged 50, joined the Group in December 1998. He graduated from Guangzhou Zhong Shan University with a bachelor's degree in science and a master's degree in laws, in 1981 and 1984, respectively. He was engaged in economic policy research at the Economic Development Research Institute of State Council of PRC from 1984 to 1989. He has been an editorial committee member of Capital Week (formerly Security Market Weekly) since 1990 and is also the chairman of Shanghai SEEC Investment Development Co., Ltd.

Mr. Li Shijie, aged 47, has many years of experience in the advertising, marketing and publishing industries. Mr. Li was the advertising manager of Securities Market Weekly, a well-known financial magazine, for the period from February 1994 to March 2000 and has been the general manager of Beijing Caixun Advertising Co., Ltd since March 2000. Mr. Li graduated from Capital Normal University in the PRC with a bachelor's degree in physics and taught physics in Beijing Automobile Industry School from 1985 to 1994. Mr. Li obtained his EMBA degree in BiMBA Center of Peking University. Mr. Li has been appointed as an executive Director since December 2002.

DIRECTORS' PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fu Fengxiang, aged 80, has participated in the establishment and management of the securities market in the PRC. Mr. Fu holds a bachelor's degree and was the deputy chairman of China Securities Regulatory Commission, the vice-chairman of China Investment Institute, a part-time lecturer of the Guanghua School of Management of Peking University and an executive officer of Asia Securities Research Institute. Since December 1997, Mr. Fu has been appointed as an independent non-executive Director.

Mr. Wang Xiangfei, aged 58, graduated and obtained his bachelor's degree in economics from RENMIN University of China. He taught as associate professor in finance at the department of finance in RENMIN University. Mr. Wang has been qualified as a senior accountant in China. Mr. Wang has extensive business connection and rich experience in investment, industrial management, finance, accounting, trading and management of listed companies. From August 1983 to April 2006, Mr. Wang held several senior positions in China Everbright Holdings Company Limited in Hong Kong and China Everbright Group in China, including as a director and assistant general manager of China Everbright Holdings Company Limited and executive directors of its several listed subsidiaries in Hong Kong, chief executive officer of China Everbright International Limited and vice general manager of China Everbright International Trust & Investment Co.. He has served as a financial advisor to China SONANGOL International Holding Limited and vice chief financial officer of SONANGOL SINOPEC International Limited since April 2006. By the end of April 2009, Mr. Wang had also served as an independent non-executive director of Tianjin Capital Environmental Protection Co., Ltd. and Chongqing Iron & Steel Company Limited (which are both listed companies in Hong Kong and Shanghai) for a term of three years twice for each of the companies. Mr. Wang is an executive director of China Sonangol Resources Enterprise Limited, formerly known as Artfield Group Limited, a listed company in Hong Kong and also presently serves as an independent non-executive director of China CITIC Bank Corporation Limited (which is a listed company in Hong Kong and Shanghai) and as an external supervisor of Shenzhen Rural Commercial Bank Corporation Limited. In June 2003, Mr. Wang was appointed as an independent non-executive Director.

Mr. Ding Yu Cheng, aged 44, has many years of experience in management. Mr. Ding holds a master of business administration degree from the University of Pittsburg and a doctor of philosophy degree in economics from Tsinghua University. Mr. Ding has been appointed as an independent non-executive Director since June 2005.

Mr. Zhang Ke, aged 56, has many years of experience in accounting, supervision of internal control and auditing. Mr. Zhang holds a Bachelor degree in Economics from Renmin University of China. Mr. Zhang is a certified public accountant of the Chinese Institute of Certified Public Accountants and is also a certified accountant with qualification in securities dealing in China. Mr. Zhang is the Chairman of the board of directors and the Chief partner of Shinewing Certified Public Accountants; Vice President of China Institute of Certified Public Accountants; Vice President of Beijing Association of Forensic Science; a member of CPA examination committee of the Ministry of Finance; director of China Mergers and Acquisitions Association; and was the Departmental Manager of China International Economic Consultants Inc. of CITIC Group; the Deputy Managing Director of CITIC Certified Public Accountant; Deputy Managing Partner of Coopers & Lybrand CIEC; a partner of Coopers & Lybrand International; Managing Partner of Coopers & Lybrand CIEC, Vice Executive Director of Coopers & Lybrand, China. And Mr. Zhang was elected one of the Outstanding Accounting Professionals in the nation wide by the PRC Ministry of Finance in 2005. Mr. Zhang is also an independent non-executive director of three companies whose shares are listed on The Stock Exchange of Hong Kong Limited, namely Air China Limited (also listed on the Shanghai Stock Exchange), HC International Inc. and China Coal Energy Company Limited. Mr. Zhang has been appointed as an independent non-executive Director since February 2007.

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited consolidated financial statements for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its principal subsidiaries and jointly controlled entities are engaged in the provision of advertising agency services and distribution of books and magazines in the People's Republic of China and details are set out in notes 34 and 16 to the consolidated financial statements, respectively.

RESULTS

The results of the Group for the year ended 31 December 2009 are set out in the consolidated statement of comprehensive income on page 21.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 72.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL AND CONVERTIBLE BOND

Details of movements in the Company's share capital and convertible bond are set out in notes 26 and 25 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2009, the Company had no reserves available for distribution to shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2009, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together accounted for 41% and 57% respectively of the Group's total cost of sales for the year. The aggregate sales attributable to the Group's five largest customers taken together were less than 30% of the Group's total revenue for the year.

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

DIRECTORS' REPORT

DIRECTORS

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

Executive directors:

Mr. Wang Boming
Mr. Zhang Zhifang
Mr. Dai Xiaojing
Mr. Li Shijie
Ms. Wu Chuan Hui Daphne (resigned on 15 October 2009)

Independent non-executive directors:

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

In accordance with articles 119 and 120 of the Company's articles of association, Messrs. Fu Fengxiang, Li Shijie, and Wang Xiangfei shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

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

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than those disclosed in note 33 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 2009 or at any time during the year.

DIRECTORS' INTERESTS IN SECURITIES

At 31 December 2009, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

DIRECTORS' REPORT

RIGHTS TO ACQUIRE SHARES

Pursuant to the Company's share option schemes, the directors may, at their discretion, invite participants to take up options at a consideration of HK$10 per grant to subscribe for ordinary shares of the Company.

At 31 December 2009, details of the share options to subscribe for shares of HK$0.10 each in the Company granted to directors were as follows:

Name of Director	Capacity	Date of grant	Exercise price HK$	Exercisable period	Number of share options outstanding at 31.12.2009	Number of underlying shares
Li Shijie	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	1,000,000
		29.10.2008	0.268	29.10.2011 to 28.10.2016	1,700,000	1,700,000
		16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	1,000,000
Wang Boming	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Zhang Zhifang	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Dai Xiaojing	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	1,500,000
		16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	1,000,000

Save as disclosed above, as at 31 December 2009, none of the directors, chief executives nor their associates had any long or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

SHARE OPTION SCHEMES

Particulars of the Company's share option schemes and details of movements in the Company's share options during the year to subscribe for shares of HK$0.10 each in the Company granted under the share option schemes are set out in note 31 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS

At 31 December 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of the relevant interests and short positions in the issued share capital of the Company:

Long positions

Name	Capacity	Number of shares beneficially held	Percentage of holding
United Home Limited *(Note 1)*	Beneficial owner and controlled corporation	845,843,824	48.62%
Carlet Investments Ltd. *(Note 1)*	Beneficial owner	172,644,210	9.93%
Templetion Asset Management Ltd. *(Note 2)*	Beneficial owner	301,747,956	17.35%

Notes:

(1) The 172,644,210 shares held by Carlet Investments Ltd. were indirectly owned by United Home Limited by virtue of its 100% ownership of Carlet Investments Ltd.. In addition to the 172,644,210 shares held by Carlet Investments Ltd., 673,199,614 shares which represents approximately 38.69% of the issued share capital of the Company, were directly owned by United Home Limited.

(2) This referred to the nil-paid warrant and convertible bond issued to Templeton Strategic Emerging Markets Fund II, LDC, represented by its investment manager, Templeton Asset Management Limited, exercisable to subscribe for 79,947,009 shares and 221,800,947 shares of the Company upon full conversion of the warrant and the convertible bond respectively.

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 2009.

DIRECTORS' REPORT

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

EMOLUMENT POLICY

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

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

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 31 to the consolidated financial statements.

CONNECTED TRANSACTIONS

During the year, the Group paid rental of approximately HK$3,506,000 to Shanghai SEEC Investment Development Co., Ltd. ("Shanghai SEEC"). Shanghai SEEC is owned as to 59% by Shenyang Lianya Industrial Development Corporation ("Shenyang Lianya"). Shenyang Lianya is owned equally by 50 of its staff, including four of the directors, namely Messrs. Wang Boming, Zhang Zhifang, Dai Xiaojing and Li Shijie. Since Mr. Wang Boming controls the management of Shenyang Lianya which in turn controls Shanghai SEEC, Shanghai SEEC becomes an associate of Mr. Wang Boming under Rule 1.01 of the Listing Rules and hence a connected person of the Company under the Listing Rules.

In addition, the Group purchased from Beijing Ronglian Information Communication Co., Ltd. ("Beijing Ronglian Information") certain data analysis reports in respect of a number of finance, sports and home fashion magazines for sale in major cities of the People's Republic of China for an aggregate consideration of RMB3,000,000 (equivalent to approximately HK$3,404,000) in December 2009. Beijing Ronglian Information is owned as to 60% by Shanghai SEEC and therefore considered as a connected person to the Company.

The independent non-executive directors reviewed the continued connected transaction set out above and confirmed that these transactions have been entered into by the Group in the ordinary course of its business, on normal commercial terms and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DIRECTORS' REPORT

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2009.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

AUDITOR

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

On behalf of the Board

Wang Boming
DIRECTOR

Hong Kong, 23 April 2010

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

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

We have audited the consolidated financial statements of SEEC Media Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 71, which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 April 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	NOTES	2009 HK$'000	2008 HK$'000
Revenue	5	**275,300**	307,176
Cost of sales		**(100,809)**	(119,195)
Gross profit		**174,491**	187,981
Other income		**2,071**	4,658
Selling and distribution costs		**(147,073)**	(179,442)
Administrative expenses		**(36,270)**	(22,891)
Impairment loss recognised in respect of goodwill		**(6,330)**	–
Other gains and losses	7	**(13,384)**	14,754
Share of loss of a jointly controlled entity		**(11,427)**	–
Finance costs	8	**(8,158)**	(12,115)
Loss before taxation	9	**(46,080)**	(7,055)
Taxation	11	**–**	(7,299)
Loss for the year, attributable to the owners of the Company		**(46,080)**	(14,354)
Exchange differences arising on translation		**326**	12,568
Total comprehensive income (expense) for the year, attributable to the owners of the Company		**(45,754)**	(1,786)
Loss per share (HK cents)	12		
Basic		**(2.65)**	(0.83)
Diluted		**(2.65)**	(0.83)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	13	**51,201**	51,005
Deposit for acquisition of property, plant and equipment		**1,043**	1,840
Sole agency rights	14	**133,309**	143,259
Goodwill	15	**118,886**	125,216
Interests in jointly controlled entities	16	**–**	11,427
Amount due from a jointly controlled entity	20	**8,658**	–
		313,097	332,747
Current assets			
Inventories	17	**1,161**	2,222
Derivative financial instruments	18 & 25	**–**	3,305
Trade receivables	19	**90,839**	109,120
Amounts due from jointly controlled entities	20	**–**	7,332
Amounts due from related companies	20	**4,704**	3,986
Other receivables and prepayments		**10,288**	10,893
Pledged bank deposits	21	**30,467**	42,252
Bank balances and cash	22	**74,381**	55,863
		211,840	234,973
Current liabilities			
Derivative financial instruments	18 & 25	**6,654**	7,587
Trade payables	23	**32,876**	34,470
Other payables and accruals		**47,431**	52,257
Amounts due to related companies	20	**4,346**	5,899
Bank borrowings	24	**49,495**	39,540
Tax payable		**12,932**	15,899
		153,734	155,652
Net current assets		**58,106**	79,321
Total assets less current liabilities		**371,203**	412,068
Non-current liability			
Convertible bond	25	**88,679**	85,917
Net assets		**282,524**	326,151

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	NOTE	2009 HK$'000	2008 HK$'000
Capital and reserves			
Share capital	26	**173,956**	173,956
Reserves		**108,568**	152,195
Total equity and equity attributable to owners of the Company		**282,524**	326,151

The consolidated financial statements on pages 21 to 71 were approved and authorised for issue by the Board of Directors on 23 April 2010 and are signed on its behalf by:

Wang Boming
DIRECTOR

Zhang Zhifang
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to owners of the Company						
	Share capital HK$'000	**Share premium** HK$'000	**Statutory reserve** HK$'000 *(note)*	**Exchange translation reserve** HK$'000	**Share option reserve** HK$'000	**Accumulated profits (loss)** HK$'000	**Total** HK$'000
At 1 January 2008	172,472	59,369	8,178	19,222	2,643	57,711	319,595
Loss for the year	–	–	–	–	–	(14,354)	(14,354)
Exchange differences arising on translation	–	–	–	12,568	–	–	12,568
Total comprehensive income (expense) for the year	–	–	–	12,568	–	(14,354)	(1,786)
Issue of shares upon exercise of share options	145	229	–	–	–	–	374
Issue of shares as part of the consideration for acquisition of a sole agency right	1,339	4,486	–	–	–	–	5,825
Recognition of equity–settled share–based payment	–	–	–	–	2,143	–	2,143
	1,484	4,715	–	–	2,143	–	8,342
At 31 December 2008	173,956	64,084	8,178	31,790	4,786	43,357	326,151
Loss for the year	–	–	–	–	–	(46,080)	(46,080)
Exchange differences arising on translation	–	–	–	326	–	–	326
Total comprehensive income (expense) for the year	–	–	–	326`	–	(46,080)	(45,754)
Recognition of equity–settled share–based payment	–	–	–	–	2,127	–	2,127
Transfer to reserve funds	–	–	229	–	–	(229)	–
	–	–	229	–	2,127	(229)	2,127
At 31 December 2009	173,956	64,084	8,407	32,116	6,913	(2,952)	282,524

Note: According to the relevant laws and regulations in the People's Republic of China ("PRC") and the Articles of Association of the Company's subsidiaries in the PRC, they 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 they are created and are not distributable as dividends without the prior approval by the owners under certain conditions.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(46,080)**	(7,055)
Adjustments for:		
Allowance for bad and doubtful debts	**6,080**	2,095
Allowance for inventories obsolescence	**1,162**	–
Allowance for amounts due from jointly controlled entities	**4,932**	–
Impairment loss recognised in respect of goodwill	**6,330**	–
Impairment loss recognised in respect of available-for-sale investments	**–**	718
Interest income	**(674)**	(1,920)
Interest expenses	**8,158**	12,115
Change in fair value of derivative financial instruments	**2,372**	(19,495)
Depreciation of property, plant and equipment	**8,401**	5,235
Amortisation of sole agency rights	**10,153**	9,645
Loss on disposals of property, plant and equipment	**12**	3
Loss on issue of new convertible bond	**–**	1,928
Share-based payment expense	**2,127**	2,143
Share of loss of a jointly controlled entity	**11,427**	–
Operating cash flows before movements in working capital	**14,400**	5,412
Increase in inventories	**(101)**	(1,457)
Decrease (increase) in trade receivables	**12,201**	(35,820)
Decrease in other receivables and prepayments	**605**	403
(Decrease) increase in trade payables	**(1,594)**	18,493
(Decrease) increase in other payables and accruals	**(4,826)**	16,754
Cash from operations	**20,685**	3,785
Overseas tax paid	**(2,967)**	(8,560)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**17,718**	(4,775)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(6,693)**	(25,392)
Advance to jointly controlled entities	**(6,258)**	(904)
Deposit paid for acquisition of property, plant and equipment	**(1,043)**	(1,840)
Advance to related companies	**(718)**	(1,430)
Decrease (increase) in pledged bank deposits	**11,785**	(1,391)
Interest received	**674**	1,920
Sale proceeds from disposals of property, plant and equipment	**6**	1,093
Investment in a joint controlled entity	**–**	(11,427)
Acquisition of a sole agency right	**–**	(6,240)
NET CASH USED IN INVESTING ACTIVITIES	**(2,247)**	(45,611)
FINANCING ACTIVITIES		
New bank loans raised	**87,739**	77,287
Repayment of bank loans	**(77,784)**	(77,153)
Interest paid	**(5,396)**	(4,307)
(Decrease) increase in amounts due to related companies	**(1,553)**	4,492
Proceeds from issue of shares	**–**	374
NET CASH FROM FINANCING ACTIVITIES	**3,006**	693
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**18,477**	(49,693)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**55,863**	103,731
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**41**	1,825
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**74,381**	55,863

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

1. GENERAL

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

The functional currency of the respective group entities is Renminbi ("RMB"), the currency of the primary economic environment in which the Group operates. For the purpose of the consolidated financial statements and convenience of the financial statements users, the results and financial position of the Group are presented in Hong Kong dollars.

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

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

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

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) - INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) - INT 13	Customer loyalty programmes
HK(IFRIC) - INT 15	Agreements for the construction of real estate
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) - INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

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

HKAS 1 (REVISED 2007) PRESENTATION OF FINANCIAL STATEMENTS

HKAS 1 (Revised 2007) has introduced a number of terminology changes (including revised titles for the consolidated financial statements) and changes in format and content of the financial statements.

HKAS 23 (REVISED 2007) BORROWING COSTS

HKAS 23 (Revised 2007) removes the option available under the previous version of the standard to recognise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as expenses immediately and requires all such borrowing costs to be capitalised as part of the cost of the qualifying asset. The Group has applied the transitional requirements in HKAS 23 (Revised 2007) and applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. As the Group did not incur borrowing costs for the qualifying assets, the change has had no impact on amounts reported in prior and current accounting periods.

HKFRS 8 OPERATING SEGMENTS

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS14 nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

IMPROVING DISCLOSURES ABOUT FINANCIAL INSTRUMENTS (AMENDMENTS TO HKFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURES)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

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

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related party disclosures[6]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of right issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[5]
HKFRS 2 (Amendment)	Group cash-settled share-based payments transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[7]
HK(IFRIC) - INT 14 (Amendment)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods beginning on or after 1 February 2010.
5 Effective for annual periods beginning on or after 1 July 2010.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

BASIS OF CONSOLIDATION

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

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

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

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

GOODWILL

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

Goodwill on acquisition of additional interests in a subsidiary that constitute a business is calculated as the excess of the consideration paid for the additional interests over the book value of the net assets of the subsidiary attributable to the additional interests acquired.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, 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 the profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

JOINT VENTURES

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

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for good sold and services provided in the normal course of business, net of discounts and sales related taxes.

Advertising agency fee is recognised upon the publication of the related advertisement.

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

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

Interest income from a financial asset 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 the asset's net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

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 at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

SOLE AGENCY RIGHTS

On initial recognition, sole agency rights acquired separately and from business combinations are recognised at cost and at fair value respectively. After initial recognition, sole agency rights with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for sole agency rights with finite useful lives is provided on a straight-line basis over their estimated useful lives.

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 in the period when the asset is derecognised.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets

The Group's financial assets are classified into loans and receivables and derivative financial instrument.

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 the 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.

Financial assets at fair value through profit or loss ("FVTPL")

The Group's financial assets at FVTPL comprise embedded derivatives which are not closely related to the host contracts.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise.

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 amounts due from jointly controlled entities, trade receivables, other receivables, amounts due from related companies, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. (See accounting policy on impairment of loans and receivables below.)

Impairment of loans and receivables

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

Objective evidence of impairment could include:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Impairment of loans and receivables (Continued)

For trade receivables, assets that are assessed not to be impaired individually are subsequently 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.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL

The Group's financial liabilities at FVTPL comprise embedded derivatives which are not closely related to the host contracts.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

Financial liabilities other than convertible bond (see accounting policy below), including trade payables, other payables, amounts due to related companies and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Convertible bond

Convertible bond issued by the Group that contain liability, conversion option and other embedded derivative components are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, the liability, conversion option and other embedded derivative components are recognised at fair value.

In subsequent periods, the liability component of the convertible bond is carried at amortised cost using the effective interest method. The conversion option and other embedded derivative components are measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bond are allocated to the liability, conversion option and other embedded derivative components in proportion to their relative fair values. Transaction costs relating to the conversion option and other embedded derivative components are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bond using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Warrant

Warrant issued by the Company that will be settled by other than the fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a derivative financial instrument. At the date of issue, the warrant is recognised at fair value. In subsequent periods, the warrant is remeasured at fair value with changes in fair value recognised in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Derivative financial instruments

Derivatives (including embedded derivative which are redemption discretionary option and conversion option) are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, 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 is recognised in profit or loss.

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

Substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least ten per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

IMPAIRMENT LOSS ON TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL (SEE THE ACCOUNTING POLICY IN RESPECTIVE OF GOODWILL ABOVE)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

LEASING

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

The Group as lessee

Operating leases payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight-line basis.

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 statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items of income or expense that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

TAXATION *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases 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 the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences 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 profit 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. 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 deferred tax is also recognised in other comprehensive income or directly in equity respectively.

FOREIGN CURRENCIES

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FOREIGN CURRENCIES *(Continued)*

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) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses 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 foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the exchange translation reserve.

BORROWING COSTS

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

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

RETIREMENT BENEFITS COSTS

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

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

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

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

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

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits/losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

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

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

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 have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. At the end of the reporting period, the carrying amount of goodwill is HK$118,886,000 (2008: HK$125,216,000) (net of accumulated impairment loss of HK$6,330,000 (2008: nil)). Details of the recoverable amount calculation are disclosed in note 15.

IMPAIRMENT OF SOLE AGENCY RIGHTS

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. Where the actual future cash flows are less than expected, a material impairment loss may arise. At the end of the reporting period, the carrying amount of sole agency rights is HK$133,309,000 (2008: HK$143,259,000).

FAIR VALUE OF DERIVATIVES FINANCIAL INSTRUMENTS

The directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Details of the derivative financial instruments are disclosed in note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

5. REVENUE

Revenue represents the gross invoiced value of services rendered or sales of books and magazines, net of discounts and sales related taxes, is as follows:

	2009	2008
	HK$'000	HK$'000
Advertising agency income	**223,964**	254,715
Advertising income from conferences and events	**20,928**	21,968
Sales of books and magazines	**30,408**	30,493
	275,300	307,176

6. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Company's executive directors, being the chief operating decision marker, for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 nor changed the basis of measurement of segment profit or loss.

The Group's operating and reporting segments are organised on the basis of the revenue streams and they are (a) advertising income from provision of agency services and organising conferences and events and (b) sale of books and magazines.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

6. SEGMENT INFORMATION *(Continued)*

SEGMENT REVENUES AND RESULTS

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

For the year ended 31 December 2009

	Advertising income HK$'000	**Sale of books and magazines HK$'000**	**Consolidated HK$'000**
Revenue			
External sales	**244,892**	**30,408**	**275,300**
Result			
Segment profit (loss)	**37,637**	**(22,629)**	**15,008**
Unallocated income			**2,071**
Unallocated expenses			**(41,202)**
Change in fair value of derivative financial instruments			**(2,372)**
Share of loss of a jointly controlled entity			**(11,427)**
Finance costs			**(8,158)**
Loss before taxation			**(46,080)**

For the year ended 31 December 2008

	Advertising income HK$'000	Sale of books and magazines HK$'000	Consolidated HK$'000
Revenue			
External sales	276,683	30,493	307,176
Result			
Segment profit (loss)	41,580	(33,041)	8,539
Unallocated income			4,658
Unallocated expenses			(26,914)
Change in fair value of derivative financial instruments			19,495
Impairment loss recognised in respect of available-for-sale investments			(718)
Finance costs			(12,115)
Loss before taxation			(7,055)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

6. SEGMENT INFORMATION *(Continued)*

SEGMENT REVENUES AND RESULTS *(Continued)*

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned by/loss from each segment without allocation of central administration costs, directors' salaries, share of loss of a jointly controlled entity, change in fair value of derivative financial instruments, impairment loss recognised in respect of available-for-sale investments, investment income and finance costs. This is the measure reported to the chief operating decision maker 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 maker for the purposes of resources allocation and performance assessment, no segment assets and liabilities are presented accordingly.

OTHER SEGMENT INFORMATION

For the year ended 31 December 2009

	Advertising income HK$'000	**Sale of books and magazines HK$'000**	**Unallocated HK$'000**	**Consolidated HK$'000**
Depreciation of property, plant and equipment	**8,177**	**92**	**132**	**8,401**
Amortisation of sole agency rights	**10,153**	**–**	**–**	**10,153**
Allowance for inventories obsolescence	**–**	**1,162**	**–**	**1,162**
Allowance for bad and doubtful debts	**6,080**	**–**	**–**	**6,080**
Loss on disposals of property, plant and equipment	**12**	**–**	**–**	**12**
Impairment loss recognised in respect of goodwill	**6,330**	**–**	**–**	**6,330**

For the year ended 31 December 2008

	Advertising income HK$'000	Sale of books and magazines HK$'000	Unallocated HK$'000	Consolidated HK$'000
Depreciation of property, plant and equipment	5,180	45	10	5,235
Amortisation of sole agency rights	9,645	–	–	9,645
Allowance for bad and doubtful debts	2,095	–	–	2,095
Loss on disposals of property, plant and equipment	3	–	–	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

6. SEGMENT INFORMATION *(Continued)*

GEOGRAPHICAL INFORMATION

The Group's operations and assets are located in the PRC. All revenue are derived from customers located in the PRC. Accordingly, no analysis of revenue and non-current assets by geographical location are presented.

INFORMATION ABOUT MAJOR CUSTOMERS

There is no customer from either advertising income segment or sales of books and magazines segment contributed over 10% of the total revenue of the Group.

7. OTHER GAINS AND LOSSES

	2009	2008
	HK$'000	HK$'000
Change in fair value of derivative financial instruments	**(2,372)**	19,495
Loss on derecognition of financial liability at amortised cost	–	(203)
Loss on derecognition of derivative financial instruments	–	(1,725)
Loss on extinguishment of the original convertible bond	–	(1,928)
Impairment loss recognised in respect of available-for-sale investments	–	(718)
Allowance for amounts due from jointly controlled entities	**(4,932)**	–
Allowance for bad and doubtful debts	**(6,080)**	(2,095)
	(13,384)	14,754

During the year ended 31 December 2008, the directors had considered the fair value of available-for-sale investments and recognised an impairment loss of HK$718,000. Subsequent to the initial recognition of the investments, they had suffered significantly or prolonged decline in fair value below their respective cost. Accordingly, an impairment loss had been recognised in the profit or loss in 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

8. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest on bank loan wholly repayable within five years	2,589	2,747
Effective interest charge on convertible bond	5,569	9,368
	8,158	12,115

9. LOSS BEFORE TAXATION

	2009 HK$'000	2008 HK$'000
Loss before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	680	850
Allowance for inventories obsolescence	1,162	–
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	48,915	46,464
Contributions to retirement benefits schemes	8,150	6,966
Share option benefits	2,127	2,143
	59,192	55,573
Depreciation of property, plant and equipment	8,401	5,235
Amortisation of sole agency rights (included in cost of sales)	10,153	9,645
Total depreciation and amortisation	18,554	14,880
Cost of inventories recognised as expenses	43,868	41,420
Minimum lease payments under operating lease in respect of rented premises	13,335	13,785
Loss on disposals of property, plant and equipment	12	3
Investment income earned on:		
Loans and receivables - bank interest income	(674)	(1,920)
Exchange (gain) loss, net	(258)	175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the 9 (2008: 10) directors were as follows:

	Wang Boming HK$'000	Zhang Zhifang HK$'000	Dai Xiaojing HK$'000	Li Shijie HK$'000	Wu Chuan Hui Daphne HK$'000	Fu Fengxiang HK$'000	Wang Xiangfei HK$'000	Ding Yu Cheng HK$'000	Zhang Ke HK$'000	Total 2009 HK$'000
Fees	–	–	–	–	–	96	72	180	60	408
Other emoluments										
Salaries and other benefits	108	–	200	251	752	–	–	–	–	1,311
Contributions to retirement benefits schemes	65	–	65	65	9	–	–	–	–	204
Share option benefits	247	247	252	357	144	–	–	–	–	1,247
Total emoluments	420	247	517	673	905	96	72	180	60	3,170

	Wang Boming HK$'000	Zhang Zhifang HK$'000	Dai Xiaojing HK$'000	Li Shijie HK$'000	Wu Chuan Hui Daphne HK$'000	Lau See Him Louis HK$'000	Fu Fengxiang HK$'000	Wang Xiangfei HK$'000	Ding Yu Cheng HK$'000	Zhang Ke HK$'000	Total 2008 HK$'000
Fees	–	–	–	–	–	–	96	72	180	60	408
Other emoluments											
Salaries and other benefits	107	–	198	247	475	–	–	–	–	–	1,027
Contributions to retirement benefits schemes	43	–	43	43	6	–	–	–	–	–	135
Share option benefits	83	83	83	54	10	–	–	–	–	–	313
Total emoluments	233	83	324	344	491	–	96	72	180	60	1,883

During the year, Ms. Wu Chuan Hui Daphne (2008: Mr. Lau See Him Louis) resigned as director of the Company. During the year ended 31 December 2008, Ms. Wu Chuan Hui Daphne was appointed as director.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

In both years, one of the five highest paid individual was a director, whose emolument is included above. The emoluments of the other four highest paid individuals were as follows:

	2009 HK$'000	2008 HK$'000
Salaries, allowances and benefits in kind	**3,446**	1,949
Contributions to retirement benefits scheme	**182**	72
Share option benefits	**198**	148
	3,826	2,169

The aggregate emoluments of each of their emoluments were within the emoluments band ranging from nil to HK$1,000,000 for both years.

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 or the five highest paid individuals has waived any emoluments in both years.

11. TAXATION

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

The tax charge for the year ended 31 December 2008 represented the PRC Enterprise Income Tax.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards, excepted for the PRC subsidiaries established in Shenzhen and Hainan's Special Economic Zones which are subjected to the PRC Enterprise Income Tax rate of 20% (2008: 18%). The tax rate of Shenzhen and Hainan's Special Economic Zones is increasing from 18% to 25% progressively from 2008 to 2012 pursuant to 國務院關於實施企業所得稅過渡優惠政策.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

11. TAXATION *(Continued)*

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

	2009 HK$'000	2008 HK$'000
Loss before taxation	**(46,080)**	(7,055)
Tax at PRC income tax rate of 25%	**(11,520)**	(1,764)
Effect of different income tax rates of subsidiaries in other region	**–**	758
Effect of tax relief granted to certain PRC subsidiaries	**(85)**	(2,739)
Tax effect of tax losses not recognised	**7,850**	12,017
Utilisation of tax losses previously not recognised	**(676)**	–
Tax effect of expenses not deductible for tax purposes	**7,615**	6,064
Tax effect of income not taxable for tax purposes	**(2,792)**	(7,286)
Others	**(392)**	249
Taxation for the year	**–**	7,299

At the end of the reporting period, the Group had estimated unused tax losses of HK$164,447,000 (2008: HK$135,751,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of a PRC subsidiary amounting to approximately HK$23,363,000 (2008: HK$26,067,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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12. 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:

	2009 HK$'000	2008 HK$'000
Loss		
Loss for the purposes of basic and diluted loss per share	**(46,080)**	(14,354)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,739,565,172**	1,733,297,313

The computation of diluted loss per share does not assume the exercise of share options, conversion of the convertible bond or exercise of warrants since their assumed exercise or conversion would result in a decrease in loss per share in both years.

13. 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 2008	34,209	322	3,891	32	5,927	44,381
Exchange adjustment	2,131	73	249	–	445	2,898
Additions	–	8,185	975	–	4,502	13,662
Disposals	–	–	–	–	(1,192)	(1,192)
At 31 December 2008	36,340	8,580	5,115	32	9,682	59,749
Exchange adjustment	58	15	11	–	19	103
Additions	–	2,644	2,899	296	2,694	8,533
Disposals	–	–	–	–	(71)	(71)
At 31 December 2009	36,398	11,239	8,025	328	12,324	68,314
ACCUMULATED DEPRECIATION						
At 1 January 2008	–	322	1,227	32	1,745	3,326
Exchange adjustment	10	17	83	–	169	279
Provided for the year	1,141	1,862	838	–	1,394	5,235
Eliminated on disposals	–	–	–	–	(96)	(96)
At 31 December 2008	1,151	2,201	2,148	32	3,212	8,744
Exchange adjustment	3	7	4	–	7	21
Provided for the year	1,152	4,277	940	98	1,934	8,401
Eliminated on disposals	–	–	–	–	(53)	(53)
At 31 December 2009	2,306	6,485	3,092	130	5,100	17,113
CARRYING VALUES						
At 31 December 2009	34,092	4,754	4,933	198	7,224	51,201
At 31 December 2008	35,189	6,379	2,967	–	6,470	51,005

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

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

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

The Group has pledged leasehold land and building with a carrying amount of HK$34,092,000 (2008: nil) to secure bank borrowings granted to the Group.

14. SOLE AGENCY RIGHTS

	HK$'000
COST	
At 1 January 2008	141,394
Exchange adjustment	8,484
Additions	12,065
At 31 December 2008	161,943
Exchange adjustment	203
At 31 December 2009	162,146
ACCUMULATED AMORTISATION	
At 1 January 2008	8,679
Exchange adjustment	360
Provided for the year	9,645
At 31 December 2008	18,684
Provided for the year	10,153
At 31 December 2009	28,837
CARRYING VALUES	
At 31 December 2009	133,309
At 31 December 2008	143,259

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

15. GOODWILL

	HK$'000
COST AND IMPAIRMENT	
At 1 January 2008 and 31 December 2008	125,216
Impairment loss recognised	(6,330)
At 31 December 2009	118,886

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

The recoverable amount has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and at a discount rate of 15% (2008: 15%). The cash flows beyond the 5-year period are extrapolated using a constant growth rate of 5%. This growth rate is based on the relevant industry growth forcasts in the PRC. Key assumptions for the value in use calculations are the budgeted growth rate and budgeted gross margin, which are determined based on past performance, management's expectations for the market development and market growth forecasts. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

During the year, the Group recognised an impairment loss of HK$6,330,000 (2008: nil) in respect of goodwill as its recoverable amount of CGU is in excess of its carrying amount.

16. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2009 HK$'000	2008 HK$'000
Cost of unlisted investments in jointly controlled entities	**11,427**	11,427
Share of losses	**(11,427)**	–
	–	11,427

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16. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

As at 31 December 2009 and 2008, the Group had interests in the following significant jointly controlled entities:

Name of entity	Form of business structure	Place/ country of incorporation/ registration	Principal place of operation	Class of share held	Proportion of nominal value of issued capital/ registered capital held by the Group		Proportion of voting power held		Principal activity
					2009	2008	**2009**	2008	
SEEC/Ziff Davis Media Group (China) Ltd.	Incorporated	British Virgin Islands	PRC	Ordinary shares	**50%**	50%	**50%**	50%	Investment holding
SEEC/Ziff Davis Media Consulting (Beijing) Co. Ltd.	Incorporated	PRC	PRC	Ordinary shares	**50%**	50%	**50%**	50%	Consulting, advertising and publishing-related activities
Mondadori - SEEC (Beijing) Advertising Co., Ltd.	Incorporated	PRC	PRC	Ordinary shares	**50%**	50%	**50%**	50%	Advertising agent

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

	2009 **HK$'000**	2008 HK$'000
Total assets	**15,622**	20,561
Total liabilities	**(23,373)**	(10,442)
Net liabilities	**(7,751)**	10,119
Revenue	**8,067**	–
Loss for the year	**(18,396)**	(551)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

16. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

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

	2009 HK$'000	2008 HK$'000
Unrecognised share of losses of jointly controlled entities for the year	**6,969**	551
Accumulated unrecognised share of losses of these jointly controlled entities	**8,168**	1,199

17. INVENTORIES

	2009 HK$'000	2008 HK$'000
Finished goods	**1,161**	2,222

18. DERIVATIVE FINANCIAL INSTRUMENTS

	2009 HK$'000	2008 HK$'000
Derivative financial asset:		
Redemption discretionary option *(note 25)*	**–**	3,305
Derivative financial liabilities:		
Conversion option *(note 25)*	**5,079**	5,577
Nil-paid warrant *(note 25)*	**1,575**	2,010
	6,654	7,587

The amounts are stated at fair values. The fair values are determined by an independent party, Ascent Partners Transaction Service Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

18. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

The fair value of redemption discretionary option was calculated using the lognormal model. The inputs into the lognormal model were as follows:

	2009	2008
Option life	**1.38 years**	2.26 years
Volatility of interest rate	**0.874%**	1.037%
Strike	**93.51% to 100%**	88.5% – 100%
Mean reversion constant	**5%**	0%

The fair values of conversion option and nil-paid warrants were calculated using the binomial model. The inputs into the model were as follows:

	2009	2008
Stock price	**HK$0.25**	HK$0.19
Volatility	**51.2%**	58.7%
Dividend	**0%**	0%
Option life	**1.34 years**	2.38 years
Risk-free rate	**0.33%**	0.69%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1.38 (2008: 2.38) years.

19. TRADE RECEIVABLES

The average credit period granted by the Group to the trade receivables is within three months from the date of recognition of the sale.

The ageing analysis of the Group's trade receivables is as follows:

	2009		2008	
	HK$'000	**%**	HK$'000	%
Within three months	**57,073**	**63**	59,547	55
Four months to six months	**21,935**	**24**	29,957	27
Seven months to one year	**11,831**	**13**	19,616	18
	90,839	**100**	109,120	100

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limits by customer. Limits and credit rating attributed to customers are reviewed regularly. The management considers the customers neither past due nor impaired are in good credit quality.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

19. TRADE RECEIVABLES *(Continued)*

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$33,766,000 (2008: HK$49,573,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 173 days (2008: 180 days).

AGEING OF TRADE RECEIVABLES WHICH ARE PAST DUE BUT NOT IMPAIRED

	2009 **HK$'000**	2008 HK$'000
Four months to six months	**21,935**	29,957
Seven months to one year	**11,831**	19,616
Total	**33,766**	49,573

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

	2009 **HK$'000**	2008 HK$'000
Balance at beginning of the year	**6,402**	4,454
Impairment losses recognised on trade receivables	**6,080**	2,095
Amounts written off as uncollectible *(Note)*	**(593)**	(437)
Exchange differences	**14**	290
Balance at end of the year	**11,903**	6,402

Note: Included are individually impaired trade receivables with an aggregate balance of HK$593,000 (2008: HK$437,000), which the management considered it is not probable to recover such amount. The Group does not hold any collateral over these balances.

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20. AMOUNTS DUE FROM/TO RELATED PARTIES

	Notes	2009 HK$'000	2008 HK$'000
Non trading in nature:			
Amounts due from related companies	*(i)*	**4,704**	3,986
Amounts due from jointly controlled entities	*(ii)*	**8,658**	7,332
Amounts due to related companies	*(i)*	**4,346**	5,899

Notes:

(i) The related companies are companies which certain key management personnel of the Company have significant interests. The amounts due from/to related companies are unsecured, non-interest bearing and repayable on demand respectively. The maximum outstanding amount due from related companies during the year was HK$4,704,000 (2008: HK$3,986,000).

(ii) Amounts due from jointly controlled entities are unsecured, interest-free and repayable on demand. At 31 December 2009, the amount due from a jointly controlled entity is expected to be recovered after twelve months after the end of the reporting period and therefore classified as non-current asset.

21. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to a bank to secure short-term banking facilities granted to Group and will be released upon the settlement of relevant bank borrowings. The pledged deposits carry fixed interest rate of 0.58% (2008: 2.6%) per annum.

22. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.01% to 1.35% (2008: 0.01% to 1.98%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

23. TRADE PAYABLES

The ageing analysis of the Group's trade payables are as follows:

	2009		2008	
	HK$'000	**%**	HK$'000	%
Within three months	**25,163**	**77**	26,213	76
Four months to six months	**7,303**	**22**	6,568	19
Six months to one year	**127**	**–**	1,502	4
Over one year	**283**	**1**	187	1
	32,876	**100**	34,470	100

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

24. BANK BORROWINGS

	2009	2008
	HK$'000	HK$'000
Secured bank loans repayable within one year	**49,495**	39,540

At the end of the reporting period, bank borrowings carry floating lending rate promulgated in the People's Bank of China less ten basis points, which range from 5.31% to 5.35% (2008: 5.59% to 7.23%) per annum.

The bank loans are secured by a bank deposit of HK$30,467,000 (2008: HK$42,252,000) and the leasehold land and building of HK$34,092,000 (2008: nil).

25. CONVERTIBLE BOND

Pursuant to an agreement dated 20 April 2006, the Company issued a convertible bond ("2006 Bond") amounting to US$10 million (equivalent to HK$78 million) and a nil-paid warrant ("Nil-paid warrant") to an independent third party, Templeton Strategic Emerging Markets Fund II, LDC, represented by Templeton Asset Management Limited (collectively referred to "Templeton"), on 19 May 2006.

The Nil-paid warrant, which was granted for no consideration and detachable from the 2006 Bond, carried the right to subscribe for up to 79,947,009 shares of the Company at exercise price of HK$0.422 per share during the period from 19 May 2006 to 18 May 2011.

Pursuant to the supplemental deed to the 2006 Bond dated 4 March 2009 entered between the Company and Templeton (the "Supplementary Deed"), which took effect as from 31 December 2008. Templeton surrendered to the Company, and the Company cancelled, the 2006 Bond (and treat its outstanding principal amount as fully redeemed in accordance with the terms set out in the bond instrument) in substitution for which the Company issued a new convertible bond ("2008 Bond") in the aggregate amount of US$12,000,000 to Templeton.

25. CONVERTIBLE BOND *(Continued)*

The 2008 Bond bears interest from 31 December 2008 at the rate of 3% per annum of the principal amount of the 2008 Bond. Interest is payable annually in arrears on 31 December each year with the first payment commencing on 31 December 2009.

The Company may, at any time having given not less than 30 days' notice and not more than 60 days' notice (the "Early Redemption Notice") to Templeton, redeem all or some of the 2008 Bond before 18 May 2011 at a discount on the principal amount. The discount rate is reducing gradually from 11.5% to 0%. Templeton shall have the right to opt to convert all or some only of the 2008 Bond at HK$0.422 per share instead of accepting the Early Redemption Notice.

Templeton have the right to convert all or some of the 2008 Bond into the Company's share at any time during the period beginning on and after 31 December 2008 up to the close of business on 4 May 2011 at HK$0.422 per share, which is subject to adjustment if any.

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem 2008 Bond at their full outstanding principal amount plus accrued interest on 18 May 2011.

The 2006 Bond, 2008 Bond and Nil-paid warrant contain the following components that are separately accounted for:

(i) Liability component for the convertible bond represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest at initial issue date. The effective interest rate of the liability component is 6.46% per annum for 2008 Bond and 12% per annum for 2006 Bond.

(ii) Conversion option of the convertible bond to be accounted for as a separate financial liability represents the fair value of the option to convert the liability into equity of the Company.

(iii) Redemption discretionary option represents the Company's option to early redeem all or part of convertible bond.

(iv) Nil-paid warrant represents the right to subscribe the Company's own equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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25. CONVERTIBLE BOND *(Continued)*

The movement of different components of the convertible bond during the year is set out below:

	Liability		Nil-paid warrant		Conversion option		Redemption discretionary option		Total	
	US$'000	equivalent as HK$'000 *(Note)*	US$'000	equivalent as HK$'000	US$'000	equivalent as HK$'000	US$'000	equivalent as HK$'000	US$'000	equivalent as HK$'000
At 1 January 2008	10,113	78,876	2,248	17,535	789	6,158	(210)	(1,641)	12,940	100,928
Interest charged	1,198	9,368	–	–	–	–	–	–	1,198	9,368
Interest paid	(200)	(1,560)	–	–	–	–	–	–	(200)	(1,560)
(Gain) loss arising on changes of fair value	–	–	(1,989)	(15,525)	381	2,972	(890)	(6,942)	(2,498)	(19,495)
Cancellation of 2006 Bond	(10,989)	(85,714)	–	–	(1,170)	(9,130)	1,100	8,583	(11,059)	(86,261)
Issue of 2008 Bond	11,086	85,917	–	–	719	5,577	(426)	(3,305)	11,379	88,189
At 31 December 2008	**11,208**	**86,887**	**259**	**2,010**	**719**	**5,577**	**(426)**	**(3,305)**	**11,760**	**91,169**
Interest charged	**718**	**5,569**	**–**	**–**	**–**	**–**	**–**	**–**	**718**	**5,569**
Interest paid	**(362)**	**(2,807)**	**–**	**–**	**–**	**–**	**–**	**–**	**(362)**	**(2,807)**
(Gain) loss arising on changes of fair value	**–**	**–**	**(56)**	**(435)**	**(64)**	**(498)**	**426**	**3,305**	**306**	**2,372**
At 31 December 2009	**11,564**	**89,649**	**203**	**1,575**	**655**	**5,079**	**–**	**–**	**12,422**	**96,303**

Note: The amounts of HK$88,679,000 (2008: HK$85,917,000) and HK$970,000 (2008: HK$970,000) are included in convertible bond and other payables and accruals, respectively.

The fair value of the liability component of convertible bond at the end of the reporting period is approximately HK$85,085,752 (2008: HK$85,917,000) which is determined assuming redemption on 18 May 2011, using an interest rate of 9.82% (2008: 6.46%) per annum.

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26. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2008, 31 December 2008, and 31 December 2009	3,000,000	300,000
Issued and fully paid:		
At 1 January 2008	1,724,725	172,472
Issue of shares *(Note 1)*	13,391	1,339
Exercise of share options *(Note 2)*	1,450	145
At 31 December 2008 and 31 December 2009	1,739,566	173,956

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

Notes:

(1) As part of the consideration for acquisition of the sole agency right, 13,390,560 ordinary shares of the Company with par value of HK$0.10 each were issued as consideration shares. The fair value of such consideration shares, determined using the published market closing price at the date of completion of acquisition on 4 June 2008, amounted to approximately HK$5,825,000 (equivalent to HK$0.435 per consideration share).

(2) During the year ended 31 December 2008, the subscription rights attaching to 950,000 and 500,000 share options were exercised at the subscription price of HK$0.21 and HK$0.35 per share, respectively, resulting in the issue of 1,450,000 shares of HK$0.10 each for a total cash consideration of HK$374,500.

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27. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes bank borrowings and convertible bond disclosed in notes 24 and 25, 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.

28. FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL INSTRUMENTS

	2009 **HK$'000**	2008 HK$'000
Financial assets		
FVTPL – Derivative financial instruments	**–**	3,305
Loans and receivables	**216,701**	226,825
Financial liabilities		
FVTPL – Derivative financial instruments	**6,654**	7,587
Amortised cost	**190,829**	187,485

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The Group's major financial instruments include trade receivables, pledged bank deposits, bank balances and cash, trade payables, other payables, bank borrowings and convertible bond. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

28. FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES *(Continued)*

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	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**284**	733	**4,514**	4,045
United States dollar	**91,888**	86,887	**33,800**	50,923

Sensitivity analysis

The Group is mainly exposed to the Hong Kong dollar and the United States dollar. The following table details the Group's sensitivity to a 5% (2008: 5%) change in Hong Kong dollars and United States dollars against RMB. 5% (2008: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2008: 5%) change in foreign currency rates. The sensitivity analysis includes those financial assets and financial liabilities denominated in currency other than RMB. A positive number below indicates a decrease in post-tax loss where RMB strengthen 5% (2008: 5%) against the relevant currency for net asset position, and vice versa. For a 5% (2008: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit or loss.

	Hong Kong dollar impact		United States dollar impact	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
(Increase) decrease in post-tax loss	**(212)**	(166)	**2,904**	1,798

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

Fair value interest rate risk

The Group is exposed to fair value interest rate risk in relation to the convertible bond issued by the Group (see note 25 for details of convertible bond) as well as the pledged bank deposits.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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28. FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES *(Continued)*

Cash flow interest rate risk

The Group's cash flow interest rate risk relates to the pledged bank deposits as well as variable-rate bank borrowings (see notes 21 and 24 for details). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of lending rate promulgated by the People's Bank of China. The Group's cash flow interest rate risk relates to bank balances are insignificant as the bank balances due to prevailing for interest rates.

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

Sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2009 would increase/decrease by HK$95,000 (2008: HK$14,000).

Price risk

The Group's derivative financial instruments exposed the Group to a potential loss in market value if there is an adverse change in share price of the Company.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks on the derivative financial instruments at the end of the reporting period.

If the prices of the Company's share had been 4% (2008: 5%) higher/lower, post-tax loss for the year would increase/decrease by HK$1,841,000 (2008: HK$830,000) for the Group as a result of change in fair value of derivative financial instruments.

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28. FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES *(Continued)*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the 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 debts. In addition, the Group reviews the recoverable amount of each individual trade debts at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The Group's pledged bank deposit and bank balances are deposited with banks with high credit ratings and the Group has limited exposure to any single financial institution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

28. FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES *(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 the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

	Weighted average interest rate %	**Less than 3 months HK$'000**	**4 - 6 months HK$'000**	**7 months to 1 year HK$'000**	**Over 1 year to 5 years HK$'000**	**Total undiscounted cash flows HK$'000**	**Carrying amount at 31.12.2009 HK$'000**
2009							
Non-derivative financial liabilities							
Trade payables	**–**	**32,876**	**–**	**–**	**–**	**32,876**	**32,876**
Other payables	**–**	**15,433**	**–**	**–**	**–**	**15,433**	**15,433**
Amounts due to related companies	**–**	**4,346**	**–**	**–**	**–**	**4,346**	**4,346**
Bank borrowings	**5.35**	**–**	**51,734**	**–**	**–**	**51,734**	**49,495**
Convertible bond *(Note)*	**3**	**–**	**–**	**2,790**	**94,646**	**97,436**	**88,679**
		52,655	**51,734**	**2,790**	**94,646**	**201,825**	**190,829**

	Weighted average interest rate %	Less than 3 months HK$'000	4 - 6 months HK$'000	7 months to 1 year HK$'000	Over 1 year to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2008 HK$'000
2008							
Non-derivative financial liabilities							
Trade payables	–	34,470	–	–	–	34,470	34,470
Other payables	–	20,689	970	–	–	21,659	21,659
Amounts due to related companies	–	5,899	–	–	–	5,899	5,899
Bank borrowings	6.98	40,230	–	–	–	40,230	39,540
Convertible bond *(Note)*	3	–	–	2,790	96,855	99,645	85,917
		101,288	970	2,790	96,855	201,903	187,485

Note: The undiscounted cash flow is presented on the assumption that there would be no conversion of convertible bond into share of the Company prior its maturity date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

28. FINANCIAL INSTRUMENTS *(Continued)*

FAIR VALUE

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. For an option-based derivative, the fair value is estimated using option pricing model.

The Group's financial instruments that are measured subsequent to initial recognition at fair value include derivative financial instruments grouped into level 3, which are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The reconciliations from the beginning balances to the ending balances of the level 3 financial instruments are disclosed in note 25.

Except for the liability component of the convertible bond as set out in note 25, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values.

29. NON-CASH TRANSACTION

During the year ended 31 December 2008, part of the consideration for the acquisition of a sole agency right was settled by issue of 13,390,560 new ordinary shares of the Company at HK$0.435 each.

30. COMMITMENTS

(A) OPERATING LEASE COMMITMENTS

As lessee

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

	2009	2008
	HK$'000	HK$'000
Within one year	**2,674**	4,246
In the second to fifth year inclusive	**1,878**	2,125
	4,552	6,371

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for a term ranging from 3 to 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

30. COMMITMENTS *(Continued)*

(B) CAPITAL COMMITMENTS

	2009 HK$'000	2008 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**350**	1,092

(C) OTHER COMMITMENTS

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

	2009 HK$'000	2008 HK$'000
Within one year	**1,316**	4,847
In the second to fifth year inclusive	**–**	1,316
	1,316	6,163

The amount recognised as an expense (included in cost of sales) in the year was approximately HK$4,847,000 (2008: HK$2,219,000).

One of the agreements has a non-cancellable term of two years with progressive increase in charges over the term. The term of such agreement will be renegotiated in 2010 for further six years. The charges for other agreements are fixed for the relevant periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

31. SHARE OPTION SCHEME

EQUITY-SETTLED SHARE OPTION SCHEME

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

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the Company's shares in issue at any time. At the end of the reporting period, the number of shares issuable under share options granted under the Share Option Scheme was 53,700,000 (2008: 65,300,000), which represented approximately 3.09% (2008: 3.75%) of the Company's shares in issue as at that date. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

31. SHARE OPTION SCHEME *(Continued)*

EQUITY-SETTLED SHARE OPTION SCHEME *(Continued)*

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 1.1.2008	Exercised during the year	Granted during the year	Forfeited during the year	Outstanding at 31.12.2008	Granted during the year	Forfeited during the year	Expired during the year	Outstanding at 31.12.2009
Executive directors:												
Mr. Li Shijie	25.7.2003	0.210	25.7.2004 to 24.7.2009	6,900,000	–	–	–	6,900,000	–	–	(6,900,000)	–
	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	–	–	–	1,000,000	–	–	–	1,000,000
	29.10.2008	0.268	29.10.2011 to 28.10.2016	–	–	1,700,000	–	1,700,000	–	–	–	1,700,000
	16.12.2009	0.247	16.12.2012 to 15.12.2017	–	–	–	–	–	1,000,000	–	–	1,000,000
Mr. Wang Boming	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	–	–	–	1,500,000	–	–	–	1,500,000
Mr. Zhang Zhifang	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	–	–	–	1,500,000	–	–	–	1,500,000
Mr. Dai Xiaojing	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	–	–	–	1,500,000	–	–	–	1,500,000
	16.12.2009	0.247	16.12.2012 to 15.12.2017	–	–	–	–	–	1,000,000	–	–	1,000,000
Ms. Wu Chuan Hui Daphne	25.2.2004	0.566	25.2.2005 to 24.2.2010	2,500,000	–	–	–	2,500,000	–	(2,500,000)	–	–
	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	–	–	–	1,000,000	–	(1,000,000)	–	–
Other employees in aggregate	25.7.2003	0.210	25.7.2004 to 24.7.2009	17,950,000	(950,000)	–	(1,950,000)	15,050,000	–	–	(15,050,000)	–
	21.10.2003	0.350	22.10.2003 to 21.7.2008	500,000	(500,000)	–	–	–	–	–	–	–
	7.2.2007	0.330	7.2.2010 to 25.6.2015	31,600,000	–	–	(4,250,000)	27,350,000	–	(11,300,000)	–	16,050,000
	29.10.2008	0.268	29.10.2011 to 28.10.2016	–	–	5,300,000	–	5,300,000	–	(5,000,000)	–	300,000
	16.12.2009	0.247	16.12.2012 to 15.12.2017	–	–	–	–	–	28,150,000	–	–	28,150,000
				65,950,000	(1,450,000)	7,000,000	(6,200,000)	65,300,000	30,150,000	(19,800,000)	(21,950,000)	53,700,000

Notes:

(1) The weighted average closing price of the Company's shares immediately before the dates, and on the dates, the options were exercised was HK$0.364 and HK$0.366, respectively during the year ended 31 December 2008.

(2) The option granted on 25 July 2003, 21 October 2003, 25 February 2004, 7 February 2007, 29 October 2008, 16 December 2009 would be fully vested on 25 July 2004, 22 October 2003, 25 February 2005, 7 February 2010, 29 October 2011 and 16 December 2012, respectively.

(3) At the end of the reporting period, the number of share option exercisable under the share option scheme was nil (2008: 24,250,000).

(4) Share options forfeited upon staff resignation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

31. SHARE OPTION SCHEME *(Continued)*

EQUITY-SETTLED SHARE OPTION SCHEME *(Continued)*

The estimated fair value of the options granted during the year is HK$3,539,610 (2008: HK$773,500). The fair value was calculated using the binominal model. The inputs into the model were as follows:

	2009	2008
Share price	**HK$0.24**	HK$0.19
Exercise price	**HK$0.247**	HK$0.268
Expected volatility	**50.71%**	58.72%
Expected life	**8 years**	5 years
Risk-free rate	**1.8048%**	2.091%
Expected dividend yield	**0%**	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Company recognised the total expense of HK$2,127,000 (2008: HK$2,143,000) in relation to share options during the year.

32. RETIREMENT BENEFITS SCHEMES

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

33. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during the year:

	Notes	THE GROUP **2009** **HK$'000**	 2008 HK$'000
Office rental expenses paid to Shanghai SEEC Investment Development Corporation Co., Ltd. 上海聯辦投資發展有限公司 ("Shanghai SEEC")	*(i)*	**3,506**	2,580
Disposal of property, plant and equipment to 財經雜誌社	*(ii)*	**–**	1,093
Agency fee paid to 北京聯辦傳媒廣告有限公司 ("北京聯辦")	*(ii)*	**136**	877
Purchase data analysis reports from Beijing Ronglian Information Communication Co., Ltd. 北京融聯信息傳播有限公司 ("Beijing Ronglian")	*(ii)*	**3,574**	–
Market research and analysis fee paid to 北京市東方融燕書刊發行責任有限公司	*(ii)*	**3,404**	–
Allowance for amounts due from jointly controlled entities		**4,932**	–

Notes:

(i) Shanghai SEEC is related to the Group since the Company's key management personnel has significant interest in Shanghai SEEC.

(ii) 財經雜誌社, 北京聯辦, 北京市東方融燕書刊發行責任有限公司 and Beijing Ronglian are related to the Group since the Company's key management personnel has managerial duties and significant influence in the financial and operating policy in 財經雜誌社, 北京聯辦, 北京市東方融燕書刊發行責任有限公司 and Beijing Ronglian.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

34. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31 December 2009 and 2008 are as follows:

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

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.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
REVENUE	101,463	99,098	186,491	307,176	**275,300**
PROFIT (LOSS) FROM OPERATING ACTIVITIES	49,790	(14,955)	24,907	5,060	**(37,922)**
FINANCE COSTS	–	(5,100)	(9,245)	(12,115)	**(8,158)**
PROFIT (LOSS) BEFORE TAXATION	49,790	(20,055)	15,662	(7,055)	**(46,080)**
TAXATION	(10,283)	(6,266)	(9,521)	(7,299)	**–**
PROFIT (LOSS) AND TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR	39,507	(26,321)	6,141	(14,354)	**(46,080)**
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	30,565	(29,001)	6,141	(14,354)	**(46,080)**
MINORITY INTERESTS	8,942	2,680	–	–	**–**
	39,507	(26,321)	6,141	(14,354)	**(46,080)**

ASSETS AND LIABILITIES

	At 31 December				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
TOTAL ASSETS	330,153	382,854	542,377	567,720	**524,937**
TOTAL LIABILITIES	(37,108)	(140,376)	(222,782)	(241,569)	**(242,413)**
	293,045	242,478	319,595	326,151	**282,524**