

Directors' Report

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31st December, 2004.

Principal Activities

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 14 to the financial statements.

Results and Appropriations

The results of the Group for the year ended 31st December, 2004 are set out in the consolidated income statement on page 16.

The directors recommend the payment of a final dividend of HK\$0.01 per share to the shareholders on register of members on 29th May, 2005, amounting to approximately HK\$15,492,000.

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 50.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group and the Company during the year are set out in note 11 to the financial statements.

Share Capital

Details of movements in the Company's share capital are set out in note 19 to the financial statements.

Distributable Reserves

At 31st December, 2004, the amount of the Company's reserves available for distribution to shareholders was approximately HK\$40,937,000.

Major Customers and Suppliers

For the year ended 31st December, 2004, the aggregate cost of sales attributable to the Group's largest supplier and five largest suppliers taken together accounted for 43% and 53% 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 turnover for the year.

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

Directors

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

Executive directors:

Mr. Wang Boming
 Mr. Zhang Zhifang
 Mr. Dai Xiaojing
 Mr. Li Shijie
 Mr. Yeh Shuen Ji
 Mr. Lau See Him Louis (appointed on 31st December, 2004)
 Ms. Kam Anais (resigned on 27th September, 2004)
 Mr. Xu Xiaolu (resigned on 31st December, 2004)

Independent non-executive directors:

Mr. Fu Fengxiang
 Mr. Wang Xiangfei
 Mr. Ge Ming (appointed on 27th September, 2004)

In accordance with articles 119 and 120 of the Company's articles of association, Messrs. Li Shijie, Lau See Him Louis, Fu Fengxiang and Ge Ming 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

Other than those disclosed in note 27(a) to the 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 31st December, 2004 or at any time during the year.

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Directors' Interests in Securities

At 31st December, 2004, 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:

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.

Details of the movements in the share options to subscribe for shares of HK\$0.10 each in the Company granted to a director were as follows:

Name of Director	Capacity	Date of grant	Exercise price HK\$	Exercisable period	Number of share options outstanding at 1.1.2004 and 31.12.2004	Number of underlying shares
Li Shijie	Beneficial owner	25.7.2003	0.21	25.7.2004 to 24.7.2009	<u>6,900,000</u>	<u>6,900,000</u>

Save as disclosed above, as at 31st December, 2004, none of the directors 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 25 to the financial statements.

As disclosed in note 25 to the financial statements, the Company had granted a total number of 2,850,000 share options during the year. The directors consider that it is not appropriate to disclose the value of share options granted during the year since any valuation of the share options would be subject to a number of assumptions that would be subjective and uncertain.

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Arrangements to Purchase Shares or Debentures

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

Substantial Shareholders

At 31st December, 2004, 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)	Beneficial owner and interest in controlled corporation	338,096,988	21.84%
Carlet Investments Ltd. (Note)	Beneficial owner	172,644,210	11.15%

Note: 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., 165,452,778 shares which represents approximately 10.69% of the issued share capital of the Company, were directly owned by United Home Limited.

Short positions

Name	Capacity	Number of shares beneficially held (Note)	Percentage of holding
United Home Limited	Beneficial owner	339,746,836	21.95%

Note: These shares were pledged to a financial institution in Hong Kong by United Home Limited.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31st December, 2004.

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Connected Transactions

During the year, the Group had the following connected transactions:

- (i) During the year, the Group paid rental of approximately HK\$987,000 to Shanghai SEEC Investment and Development Co., Ltd. ("SEEC Development"). SEEC Development is a substantial shareholder of Hainan Caixun Infomedia Co., Ltd. ("Hainan Caixun"), an indirect non wholly-owned subsidiary of the Company and is considered as a connected party.
- (ii) During the year, the Group acquired 60% interest in the registered capital of Beijing Caixun Century InfoTech Co., Ltd. ("Caixun Century") which in turn holds a 30% interest in each of Shenzhen Caixun Advertising Co., Ltd. ("Shenzhen Caixun") and Beijing Caixun Advertising Co., Ltd. ("Beijing Caixun") at a total consideration of approximately HK\$36.7 million from Shenyang Lianya Industrial Development Corporation ("Shenyang Lianya"). As Shenyang Lianya holds 59% of the equity interests in SEEC Development, which in turn is the substantial shareholder of Caixun Century and Hainan Caixun. This transaction was set out in the Company's announcement dated 17th December, 2003 and approved by the shareholders on 9th January, 2004.
- (iii) On 17th August, 2004, Shanghai Caixun Media Conference Exhibition Limited ("Shanghai Caixun"), a direct wholly-owned subsidiary of the Company entered into a loan agreement with Shenzhen Caixun, a non wholly-owned subsidiary of the Company (the "Loan Agreement") pursuant to which Shanghai Caixun agreed to lend RMB9 million to Shenzhen Caixun at a rate of interest of 5.04% per annum repayable on demand with 30 days prior written notice. Details of the transaction is set out in the Company's announcement dated 17th August, 2004.
- (iv) On 30th December, 2004 Beijing Caixun entered into an agreement with Beijing Panpac Advertising Company Limited ("Beijing Panpac") and Inner Mongolia Lianban Caijing Information Research Centre ("LCIRC") whereby Beijing Caixun agreed to surrender the exclusive advertising publication right in China Business Post held by and LCIRC agreed to grant to Beijing Panpac an exclusive advertising publication right in China Business Post for a term of 20 years commencing from the surrender date with a right of first refusal to further renew such term for another 20 years upon expiry of the first mentioned 20-year term. Details of this transaction is set out in the Company's announcement dated 30th December, 2004 and the circular dated 13th January 2005 issued by the Company.

The independent non-executive directors reviewed the continued connected transaction set out in (i) above and confirmed that the transaction has been entered into by the Company in the ordinary course of its business, on normal commercial terms and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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 31st December, 2004.

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Purchase, Sale and Redemption of Listed Securities

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

Corporate Governance

The Company has complied throughout the year with the Code of Best Practice (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except that the independent non-executive directors were not appointed for specific terms as required by paragraph 7 of the Code but are subject to retirement by rotation in accordance with the articles of association of the Company.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

The Company has received from each of the independent non-executive directors an annual written confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

Donations

During the year, the Group made charitable donations amounting to HK\$47,000.

Auditors

Except for the year ended 31st December, 2002, in which Messrs. Ernst & Young, Certified Public Accountants acted as auditors of the Company, Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company for the past three years.

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

On behalf of the Board

Wang Boming

DIRECTOR

Hong Kong, 11th April, 2005