



# 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)

# 中期報告 Interim Report 2008



The board of directors (the "Board") of SEEC Media Group Limited (the "Company") is pleased to present the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

		(Unaudited) Six months ended 30 June	
		2008	2007
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue		146,924	58,617
Cost of sales		<u>(53,193)</u>	<u>(20,287)</u>
Gross profit		93,731	38,330
Other income		2,681	5,105
Selling and distribution costs		(69,252)	(29,983)
Administrative expenses		(10,454)	(12,444)
Finance costs	3	<u>(5,733)</u>	<u>(4,290)</u>
Profit (Loss) before tax	4	10,973	(3,282)
Income tax expenses	5	<u>(6,124)</u>	<u>(1,177)</u>
Profit (Loss) for the period attributable to the equity holders of the Company		<u>4,849</u>	<u>(4,459)</u>
Earnings (Loss) per share (HK cents)			
Basic	7	<u>0.28</u>	<u>(0.29)</u>
Diluted		<u>0.28</u>	<u>(0.29)</u>

**CONDENSED CONSOLIDATED BALANCE SHEET***As at 30 June 2008*

		(Unaudited) As at 30 June 2008 HK\$'000	(Audited) As at 31 December 2007 HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		44,416	41,055
Sole agency rights	8	148,540	132,715
Goodwill		<u>125,216</u>	<u>125,216</u>
		<b>318,172</b>	<b>298,986</b>
<b>CURRENT ASSETS</b>			
Inventories		1,717	765
Derivative financial instruments		205	1,641
Available-for-sale investments		387	718
Amount due from a jointly controlled entity		7,650	6,428
Trade receivables	9	127,900	75,395
Other receivables and prepayments		16,913	11,296
Amounts due from related companies		2,709	2,556
Pledged bank deposit	10	41,771	40,861
Bank balances and cash		<u>59,592</u>	<u>103,731</u>
		<b>258,844</b>	<b>243,391</b>
<b>CURRENT LIABILITIES</b>			
Derivative financial instruments		20,416	23,693
Trade payables	11	22,912	15,977
Other payables and accruals		40,376	47,233
Amounts due to related companies		6,754	1,407
Bank borrowings		40,025	39,406
Tax payable		<u>19,683</u>	<u>17,160</u>
		<b>150,166</b>	<b>144,876</b>
<b>NET CURRENT ASSETS</b>		<b>108,678</b>	<b>98,515</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>426,850</b>	<b>397,501</b>
<b>NON-CURRENT LIABILITY</b>			
Convertible bond		<u>81,600</u>	<u>77,906</u>
<b>NET ASSETS</b>		<b>345,250</b>	<b>319,595</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	173,886	172,472
Reserves		<u>171,364</u>	<u>147,123</u>
<b>TOTAL EQUITY</b>		<b>345,250</b>	<b>319,595</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Attributable to equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Exchange translation reserve HK\$'000	Share option reserve HK\$'000	Investments revaluation reserves HK'000	Accumulated profits HK\$'000	Total HK\$'000	Minority Interest HK\$'000	Total HK\$'000
At 1 January 2008	172,472	59,369	8,178	19,222	2,643	-	57,711	319,595	-	319,595
Exchange difference arising on translation of foreign operations	-	-	-	13,703	-	-	-	13,703	-	13,703
Loss on fair value changes of available-for-sale investments	-	-	-	-	-	(331)	-	(331)	-	(331)
Total income and expense recognised in equity	-	-	-	13,703	-	(331)	-	13,372	-	13,372
Impairment loss recognised in respect of available-for-sale investments	-	-	-	-	-	331	-	331	-	331
Profit for the period	-	-	-	-	-	-	4,849	4,849	-	4,849
Total recognised income and expenses for the period	-	-	-	13,703	-	-	4,849	18,552	-	18,552
Issue of shares upon exercise of share options	75	153	-	-	-	-	-	228	-	228
Issue of shares as part of the consideration for acquisition of a sole agency right	1,339	4,486	-	-	-	-	-	5,825	-	5,825
Recognition of equity-settled share-based payment	-	-	-	-	1,050	-	-	1,050	-	1,050
Transfer to reserve funds	-	-	6	-	-	-	(6)	-	-	-
	1,414	4,639	6	-	1,050	-	(6)	7,103	-	7,103
At 30 June 2008	173,886	64,008	8,184	32,925	3,693	-	62,554	345,250	-	345,250

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2007

	Attributable to equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Exchange translation reserve HK\$'000	Share option reserve HK\$'000	Investments revaluation reserves HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Minority Interest HK\$'000	Total HK\$'000
At 1 January 2007	155,372	19,489	5,395	7,019	850	-	54,353	242,478	-	242,478
Losses on fair value changes of available-for-sale investments	-	-	-	-	-	(196)	-	(196)	-	(196)
Exchange difference arising on translation of foreign operations	-	-	-	4,243	-	-	-	4,243	-	4,243
Total income and expense recognised in equity	-	-	-	4,243	-	(196)	-	4,047	-	4,047
Loss for the period	-	-	-	-	-	-	(4,459)	(4,459)	-	(4,459)
Total recognised income and expenses for the period	-	-	-	4,243	-	(196)	(4,459)	(412)	-	(412)
Issue of shares upon exercise of share options	60	66	-	-	-	-	-	126	-	126
Recognition of equity-settled share-based payment	-	-	-	-	875	-	-	875	-	875
Transfer to reserve funds	-	-	295	-	-	-	(295)	-	-	-
Contributions from minority interest	-	-	-	-	-	-	-	-	205	205
	60	66	295	-	875	-	(295)	1,001	205	1,206
At 30 June 2007	155,432	19,555	5,690	11,262	1,725	(196)	49,599	243,067	205	243,272

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***For the six months ended 30 June 2008*

	(Unaudited)	
	Six months	
	ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
NET CASH USED IN OPERATING ACTIVITIES	<u>(29,700)</u>	<u>(18,856)</u>
NET CASH USED IN INVESTING ACTIVITIES		
Deposit paid for acquisition of a sole agency right	–	(51,000)
Settlement of other payables in respect of purchase of property, plant and equipment	(11,730)	–
Other investing cash flows	<u>(10,747)</u>	<u>7,663</u>
	<u>(22,477)</u>	<u>(43,337)</u>
NET CASH FROM (USED IN) FINANCING ACTIVITIES	<u>2,409</u>	<u>(1,229)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(49,768)</u>	<u>(63,422)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	103,731	131,706
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>5,629</u>	<u>4,098</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD, represented by bank balances and cash	<u>59,592</u>	<u>72,382</u>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Basis of Preparation and Principal Accounting Policies

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 (HKAS 34) "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, the new interpretations ("new Interpretations") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2008. The adoption of these new Interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the new standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

## 2. Segment Information

### *Business segments*

For management purposes, the Group is currently organised into two operating divisions - (i) provision of advertising agency service and (ii) sale of books and magazines. These divisions are the basis on which the Group reports its primary segment information.

## 2. Segment information (Continued)

*Business segments (Continued)*

Condensed consolidated income statement for the six months ended 30 June 2008

	Provision of advertising agency service	Sale of books and magazines	Elimination	Consolidation
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>REVENUE</b>				
External sales	128,488	18,436	–	146,924
Inter-segment sales	–	7,665	(7,665)	–
	<u>128,488</u>	<u>26,101</u>	<u>(7,665)</u>	<u>146,924</u>
<b>RESULT</b>				
Segment result	<u>20,027</u>	<u>(1,638)</u>		18,389
Unallocated other income				2,681
Unallocated corporate expense				(4,364)
Finance costs				<u>(5,733)</u>
Profit before tax				10,973
Income tax expenses				<u>(6,124)</u>
Profit for the period				<u>4,849</u>

For the six months ended 30 June 2007, revenue substantially represents the net invoiced value of provision of advertising agency services, net of discounts and sales related taxes. Accordingly, no analysis by business segments is presented.



### 3. Finance Costs

	For the six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Interest on:		
Bank loan wholly repayable within five years	1,268	810
Effective interest expenses on convertible bond	<u>4,465</u>	<u>3,480</u>
	<u>5,733</u>	<u>4,290</u>

### 4. Profit (Loss) Before Tax

The Group's profit (loss) before tax has been arrived at after charging (crediting):

	For the six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	1,547	500
Impairment loss recognised in respect of available-for-sales investments	331	–
Amortisation of intangible assets*	4,769	892
(Gain) loss on change in fair value of derivative instruments	(1,841)	1,175
Investment income earned on:		
Loans and receivables – bank interest income	(753)	(951)
Available-for-sale financial assets – gain on disposal	<u>–</u>	<u>(4,153)</u>

\* *The amortisation of intangible assets is included in the "Cost of sales" on the face of the condensed consolidated income statement.*

## 5. Income Tax Expenses

No provision for Hong Kong Profits Tax has been made for both periods as the Group have no assessable profits arising in Hong Kong.

The tax charge for the year represents the PRC Enterprise Income Tax and is calculated at the rates prevailing in the relevant districts of the PRC.

On 16 March 2007, the People's Republic of China (the "PRC") promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations have changed the tax rate from 33% to 25% from 1 January 2008. For certain subsidiaries of the Group in Shenzhen and Hainan's Special Economic Zones, the tax rate has changed from 15% in 2007 to 18% in 2008 and will increase progressively.

## 6. Dividends

No dividends were paid, declared or proposal during the period. The directors do not recommend payment of an interim dividend (2007: Nil).

## 7. Earnings (Loss) Per Share

The calculation of the basic and diluted earnings (loss) per share attributable to the ordinary equity holders of the Company is based on the following data.

	For the six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	<u>4,849</u>	<u>(4,459)</u>
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	1,727,260,576	1,553,750,305
Effect of dilutive potential ordinary share options assumed exercise of share options	<u>17,200,885</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u>1,744,461,461</u>	<u>1,553,750,305</u>

**7. Earnings (Loss) Per Share** *(Continued)*

For the six months ended 30 June 2008, the computation of diluted earnings per share does not assume the conversion of the convertible bond or exercise of warrants since their exercise or conversion would result in an increase in earnings per share.

For the six months ended 30 June 2007, the computation of diluted loss per share did not assume the exercise of share options, conversion of the convertible bond or exercise of warrants since their exercise or conversion would result in a decrease in loss per share.

**8. Movements in Sole Agency Rights**

During the period, the Group acquired exclusive advertising agency right in respect of all advertisements appearing in the Time Out magazine in the Chinese and English languages produced, published and distributed in the PRC and was satisfied by issue of 13,390,558 new ordinary shares of the Company and cash paid of HK\$6,240,000.

**9. 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 aging analysis of the Group's trade receivables is as follows:

	As at 30 June 2008		As at 31 December 2007	
	HK\$'000	Percentage	HK\$'000	Percentage
Within three months	76,141	60	52,550	70
Four to six months	31,193	24	17,401	23
Seven months to one year	20,243	16	5,097	7
Over one year	323	–	347	–
	<u>127,900</u>	<u>100</u>	<u>75,395</u>	<u>100</u>

**10. Pledged Bank Deposit**

Pledged bank deposit represents deposit pledged to a bank to secure short-term banking facilities granted to the Company's subsidiary and will be released upon the settlement of relevant bank borrowing.

## 11. Trade payables

The aging analysis of the Group's trade payables is as follows:

	As at 30 June 2008		As at 31 December 2007	
	HK\$'000	Percentage	HK\$'000	Percentage
Within three months	20,005	87	11,525	72
Four to six months	2,339	10	3,966	25
Seven months to one year	385	2	486	3
Over one year	183	1	–	–
	<u>22,912</u>	<u>100</u>	<u>15,977</u>	<u>100</u>

## 12. Share capital

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2007, 31 December 2007, 1 January 2008 and 30 June 2008	<u>3,000,000</u>	<u>300,000</u>
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)	<u>750</u>	<u>75</u>
At 30 June 2008	<u>1,738,866</u>	<u>173,886</u>
At 1 January 2007	1,553,725	155,372
Issue of shares	168,000	16,800
Exercise of share options	<u>3,000</u>	<u>300</u>
At 31 December 2007	<u>1,724,725</u>	<u>172,472</u>

## 12. Share capital (Continued)

Note:

- (1) As part of the consideration for the acquisition of the sole agency right, 13,390,558 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 allotment of such consideration shares on 4 June 2008, amounted to approximately HK\$5,825,000 (equivalent to HK\$0.435 per consideration share).
- (2) During the six months ended 30 June 2008, 750,000 share options were exercised resulting in issue of 750,000 shares of HK\$0.10 each for a total cash consideration of approximately HK\$228,000.

## 13. Share options

Details of the movements in the number of share options under the Company's share options scheme during the period were as follows:

	Date of grant	Exercise price HK\$	Exercisable period	Number of share options		
				Balance in issue at 1 January 2008	Exercised during the period	Balance in issue at 30 June 2008
<b>Executive director</b>						
Li Shijie	25 July 2003	0.210	25 July 2004 to 24 July 2009	6,900,000	–	6,900,000
	7 February 2007	0.330	7 February 2010 to 6 February 2015	1,000,000	–	1,000,000
Wang Boming	7 February 2007	0.330	7 February 2010 to 6 February 2015	1,500,000	–	1,500,000
Zhang Zhifang	7 February 2007	0.330	7 February 2010 to 6 February 2015	1,500,000	–	1,500,000
Dai Xiaojing	7 February 2007	0.330	7 February 2010 to 6 February 2015	1,500,000	–	1,500,000
Wu Chuan Hui Daphne	25 February 2004	0.566	25 February 2005 to 24 February 2010	2,500,000	–	2,500,000
Wu Chuan Hui Daphne	7 February 2007	0.330	7 February 2010 to 6 February 2015	1,000,000	–	1,000,000
<b>Other employees</b>						
In aggregate	25 July 2003	0.210	25 July 2004 to 24 July 2009	17,950,000	(250,000)	17,700,000
	22 October 2003	0.350	22 October 2003 to 21 October 2008	500,000	(500,000)	–
	7 February 2007	0.330	7 February 2010 to 6 February 2015	31,600,000	–	31,600,000
				<u>65,950,000</u>	<u>(750,000)</u>	<u>65,200,000</u>

**13. Share options** *(Continued)*

The weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised was HK\$0.393.

The Company recognised a total expense of HK\$1,050,000 (2007: HK\$875,000) during the period in relation to share options granted by the Company on 7 February 2007.

## INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2008 (2007: Nil).

## BUSINESS REVIEW

During the first half of the year of 2008, the Group continued its growth strategy via achieving stable and healthy growth of our established magazines and obtaining fast growth through newly established magazines in our Group.

As a result, during the six-month period ended 30 June 2008, the Group recorded a turnover of approximately HK\$146.9 million, representing an increase of 150.7% over the same period of 2007, which recorded a turnover of approximately HK\$58.6 million.

During the reporting period, "Caijing", the Group's flagship magazine continued its strong growth momentum through improved brand recognition, world class content as well as effective advertisement sales. The total revenue generated from "Caijing" for the six-month period ended 30 June 2008 was HK\$65.1 million, a 108.4% increase over HK\$31.2 million for the same period of 2007.

"Real Estate" and "Securities Weekly" also contributed to the growth of our established magazine camp. "Real Estate" managed to achieve approximately 26.4% increase in revenue despite the austerity measures implemented by the central government of China to cool down the real estate market. "Securities Weekly" managed to achieve a revenue of HK\$6.8 million, 37.9% increase over the same period last year, in spite of the slowdown of domestic stock market in China.

In addition to the impressive growth of our established magazines, the Group's newly established magazines also contributed significantly. "China Auto Pictorial", which advertising rights was acquired by the Group during the second half of 2007, clearly demonstrated its leading position in the sector by achieving a revenue of HK\$21.1 million, becoming the third largest revenue generator of the Group. "Sports Illustrated" achieved a turnover of HK\$16.4 million, an astounding 574.9% increase over the same period last year. "Better Homes and Gardens" achieved a turnover of HK\$5.8 million, a 384.2% increase over the same period last year. "TimeOut" also recorded a turnover of HK\$ 4.7 million.

Overall, the Group has successfully implemented its growth strategy through developing of its existing portfolio as well as obtaining higher growth trajectory via introducing new magazine titles. In addition to the growth in revenue, the Group also improved its efficiency through engaging more effective integration of its operations.

## OUTLOOK AND PROSPECT

Followed a complete success of the Beijing Olympic Games and eased inflation rate in China, our directors expect that Chinese economy will continue its steady and sustainable growth and the media Industry will benefit from the expansion.

Our magazine portfolio which we hold sole advertising rights has been established and diversified into different sectors including financial and non-financial arenas to capture the opportunities in market development. For instance, with the success and effect of the Beijing Olympic Games, "Sports Illustrated" has its advertising revenue achieved an impressive growth and has increased its presence in the market leading to higher return in the coming years. "TimeOut" magazine, a popular city guide which is currently published in Beijing and Shanghai, is expected to have ample growth prospect in view of rapid urbanization and expansion of those affluent population classes in China.

Looking forward, our directors are of the view that with a steady expansion in our business and rapid increase in our profitability, our Group will bring promising and fruitful return to our shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of the year of 2008, turnover of the Group was approximately HK\$146.9 million as compared to approximately HK\$58.6 million in same period of 2007, representing a significant increase of approximately 150%. The increase in turnover was mainly attributable to the strong revenue contribution from our flagship title "Caijing", "China Auto Pictorial" which advertising rights was acquired in August 2007, "Sports Illustrated" which had strong growth in line of the sentiments brought on by the 2008 Beijing Olympic Games and "Real Estate Series" which improved in its revenue despite of the effect of austerity measures continued since 2007.



The gross profit for the first half of the year of 2008 was approximately 63.8% which was similar to that of the same period in 2007 of 65.4%. However, with tight cost control measures administrated and strong effort to increase advertising revenue for our magazine titles, the Group turned around and achieved a profit attributable to shareholders of HK\$4.8 million for the first six-month period of 2008 as compared to a loss position of HK\$4.5 million in the same period of 2007.

To preserve financial resources for future expansion and operation of the Group, the Board did not recommend the payment of an interim dividend for the period (2007: Nil).

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operation activities were financed by internal resources. The Group's equity as at 30 June 2008 was approximately HK\$345.3 million as compared to approximately HK\$319.6 million as at 31 December 2007.

The Group had non-current convertible bond of approximately HK\$81.6 million as at 30 June 2008 and of approximately HK\$77.9million as at 31 December 2007. The gearing ratio, which was computed by non-current liability over total assets was 14.1% as at 30 June 2008 as compared to 14.4% as at 31 December 2007.

As at 30 June 2008, the Group had bank borrowings of approximately HK\$40.0 million as compared to HK\$39.4 million as at 31 December 2007.

As at 30 June 2008, the Group had cash and time deposits amounted to approximately HK\$59.6 million as compared to approximately HK\$103.7 million as at 31 December 2007.

## CHARGE ON ASSETS

As at 30 June 2008, the Company had fixed deposit of approximately HK\$41.7 million charged to a bank for banking facilities granted to the Company's subsidiary (2007: HK\$40.9 million).

## FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars or Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the period, 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.

## CONTINGENT LIABILITIES

The Group did not have any significant contingent liability as at 30 June 2008 (2007:Nil).

## EMPLOYEES

As at 30 June 2008, the Group had 525 (2007: 262) employees in Hong Kong and PRC. Salaries, bonus and benefits were decided in accordance with the market condition and performance of the respective employees.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2008, 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 pursuant to the Model Code for Securities Transaction by Directors of Listed Companies were as follows:

## RIGHTS TO ACQUIRE SHARES

Pursuant to the Company's share option scheme, 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.

As at 30 June 2008, 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 options outstanding at 1 January 2008 and 30 June 2008	Number of underlying shares
Li Shijie	Beneficial Owner	25.7.2003	0.21	25.7.2004 to 24.7.2009	6,900,000	6,900,000
Li Shijie	Beneficial Owner	7.2.2007	0.33	7.2.2010 to 6.2.2015	1,000,000	1,000,000
Wang Boming	Beneficial Owner	7.2.2007	0.33	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Zhang Zhifang	Beneficial Owner	7.2.2007	0.33	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Dai Xiaojing	Beneficial Owner	7.2.2007	0.33	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Wu Chuan Hui Daphne	Beneficial Owner	25.2.2004	0.566	25.2.2005 to 24.2.2010	2,500,000	2,500,000
Wu Chuan Hui Daphne	Beneficial Owner	7.2.2007	0.33	7.2.2010 to 6.2.2015	1,000,000	1,000,000
					<u>15,900,000</u>	<u>15,900,000</u>

Save as disclosed above, as at 30 June 2008, 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.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, 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 in the issued share capital of the Company:

**LONG POSITIONS**

Ordinary shares of HK\$0.10 each of the Company

<u>Name</u>	<u>Capacity</u>	<u>Number of shares beneficially held</u>	<u>Percentage of holding</u>
United Home Limited <i>(Note 1)</i>	Beneficial owner and controlled corporation	845,843,824	48.64%
Carlet Investments Ltd. <i>(Note 1)</i>	Beneficial owner	172,644,210	9.93%
Arisaig Greater China Fund Limited <i>(Note 2)</i>	Beneficial owner	161,706,000	9.30%
Arisaig Partners (Mauritius) Limited <i>(Note 2)</i>	Investment manager	161,706,000	9.30%
Cooper Lindsay William Ernest <i>(Note 3)</i>	Held by controlled corporation	161,706,000	9.30%
Madeleine Ltd. <i>(Note 3)</i>	Held by controlled corporation	161,706,000	9.30%
Arisaig Partners (Holdings) Ltd <i>(Note 2)</i>	Held by controlled corporation	161,706,000	9.30%
Arisaig Partners (BVI) Limited <i>(Note 2)</i>	Held by controlled corporation	161,706,000	9.30%

*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 Investment Ltd., 673,199,614 shares which represents approximately 38.71% of the issued share capital of the Company, were directly owned by United Home Limited.
- (2) The 161,706,000 shares held by Arisaig Greater China Fund Limited were indirectly owned by Arisaig Partners (Holdings) Ltd. by virtue of its 100% ownership of Arisaig Partners (BVI) Limited. Arisaig Partners (Mauritius) Limited is a direct wholly owned subsidiary of Arisaig Partners (BVI) Limited and the immediate holding company of Arisaig Greater China Fund Limited.
- (3) This referred to the same number of 161,706,000 shares as mentioned in note (2) above through 33.3% interests in Arisaig Partners (Holdings) Ltd. held by Madeleine Ltd.. Madeleine Ltd., is beneficially owned by Cooper Lindsay William Ernest.

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 30 June 2008.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

## **CORPORATE GOVERNANCE**

The Company has complied throughout the period with the Code on Corporate Governance (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except the following major deviations:

### **CODE PROVISION A.2.1**

This Code stipulates that the roles of chairman and managing director (or chief executive officer) should be separate and should not be performed by the same individual.

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.

#### **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. no specific term and 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 one every three years.

### **REMUNERATION COMMITTEE**

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

### **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. Zhang Ke and Mr. Wang Xiangfei. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements for the six months ended 30 June 2008.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 for the six months ended 30 June 2008.

## MEMBERS OF THE BOARD OF DIRECTORS

As at the date hereof, the members of the Board are as follows:

*Executive Directors:*

Mr. Wang Boming (*Chairman*)  
Mr. Zhang Zhifang  
Mr. Dai Xiaojing  
Mr. Li Shijie  
Ms. Wu Chuan Hui Daphne

*Independent Non-Executive Directors:*

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

By Order of the Board

**Wang Boming**  
*Chairman*

Hong Kong, 24 September 2008

