SEEC 財訊

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
2008

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS:

Mr. Wang Boming *(Chairman)*
Mr. Zhang Zhifang
Mr. Dai Xiaojing
Mr. Li Shijie
Ms. Wu Chuan Hui Daphne *(appointed on 27 June 2008)*
Mr. Lau See Him Louis *(resigned on 27 June 2008)*

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

Room 2502 Alexandra House
18 Chater 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 (China) 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
802 – 805, 8th Floor
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 2008 annual results for the Company and its subsidiaries (collectively referred to as the "Group" or "SEEC Media").

BUSINESS REVIEW

2008 was an eventful year for China, from coping with natural disasters such as the Sichuan earthquake and snow storms, to successfully hosting the Beijing Olympic Games, to coping with the global crisis together with the rest of the world. Under this macroeconomic environment, China's advertising market has been greatly impacted.

For SEEC Media, 2008 was a year of both growth and challenge. From the beginning of the year, the Group continued its growth strategy via achieving stable and healthy growth of our established magazines and obtaining fast growth through our newly established magazines. Turnover in 2008 was approximately HK$307.18 million, a 65% increase over 2007.

For the first half of the year, due to the positive impact of the Beijing Olympic Games, the advertising revenue of our Group, especially from sports related advertisers, experienced a dramatic increase of over 150% as compared to that of the same period in 2007. The second half of the year, normally a better period over the first half of a year for our Group in term of revenue generation, turned out to an only 25% growth over the same period of previous year, largely due to the adverse impact of the global economic meltdown.

Despite the negative impact on China's advertising market from the global economic downturn, during the reporting period, "Caijing", the group's flagship magazine, managed to achieve a turnover growth of approximately 50% over the previous year. This was largely due to its well established brand name and enhanced sales effort.

The Group's newly established magazines had also contributed significantly to our revenue growth. "China Auto Pictorial", its advertising rights acquired by the Group during the second half of 2007, had clearly demonstrated its leading position in auto magazine sector, becoming one of the largest revenue generators within the Group. "Sports Illustrated", with the benefit partly from the Beijing Olympic Games, also had an impressive growth of turnover, despite the difficult market situation in the second half of the year. Moreover, "Better Home and Garden" had more than doubled its revenue over the year. During the first half of 2008, the Group launched "His Life", a men magazine targeted to high-end educated quality readers.

Despite the 65% revenue growth in 2008, the Group recorded a loss of approximately HK$14.35 million. The loss were mainly due to the slowdown of revenue growth during the second half of 2008 with reduction and holding back of the advertising budgets of our customers in response to the global financial tsunami and the substantial increases in selling and promotional outlay and administrative expenses incurred for the development of our new magazine titles. Our newly launched magazines are still in their expansion and investment stages and have not yet reached their breakeven points. In addition, the interest expense was also increased to approximately HK$12.12 million, a 31% increase over last year, for financing our daily operation.

CHAIRMAN'S STATEMENT

OUTLOOK AND PROSPECT

Looking into 2009, we believe a lot of uncertainties still remain in the market. Even though China is expected to achieve an 8% GDP growth in 2009, most of our advertising customers would be very cautious in budgeting their advertising expenditures. Unless there is significant improvement in the overall economic environment, 2009 will be a very challenging year for the advertising industry in China. We will closely monitor the development in the market and timely adjust our business strategy accordingly.

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, 24 April 2009

MANAGEMENT DISCUSSION AND ANALYSIS

During the year of 2008, turnover of the Group was approximately HK$307.18 million as compared to approximately HK$186.49 million in 2007, representing an increase of approximately 65%. In 2008, the advertising revenue in real estate sector was seriously affected by the austerity measures implemented by the central government in China. However, continued strong growth in revenue from Caijing magazine and advertising revenue from China Auto Pictorial magazine offset the drop of advertising revenue in Real Estate Series, resulting an increase in the Group's turnover over the year.

During the year of 2008, the Group acquired advertising right of the Chinese version of "TimeOut" magazine. The magazine was revamped and reshaped to establish its presence in the market under our new strategic management and hence more selling and advertising costs were incurred in promotional efforts. The advertising right of China Auto Pictorial was acquired in August 2007. For the year of 2008, it has a full year contribution in revenue and also increased the related selling and distribution expenses for the magazine. Accordingly the selling and distribution costs increased significantly by approximately 151% and the administrative expenses increased moderately by approximately 18% to HK$26.91 million (2007: HK$22.78 million).

The Company had issued a convertible bond ("2006 Bond") amounting to US$10 million (equivalent to HK$78 million). In view of the substantial decrease in market interest rate over the years, the Directors considered that it was appropriate to enter into a refinancing arrangement for the 2006 Bond. Pursuant to the supplement deed to the 2006 Bond entered between the Company and Templeton Strategic Emerging Markets Fund II, LDC, represented by Templeton Asset Management Limited (collectively referred to "Templeton"), which took effect as from 31 December 2008 that Templeton would surrender to the Company, and the Company would cancel 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 million to Templeton. As the 2008 Bond has a lower effective yield than the 2006 Bond, the Directors expect that the Company can save future interest expense as a result of the refinancing arrangement. The principal amount of US$12 million of the 2008 Bond was approximately equal to the yield to redemption amount calculation as at 31 December 2008 under the terms of the 2006 Bond. Hence, there was no cash advance from Templeton nor cash payment from the Company as a result of the refinancing arrangement.

The Company recorded interest expense of approximately HK$12.12 million (2007: HK$9.25 million) in this year and from which the interest charge related to the 2006 Bond was approximately HK$9.37 million (2007: HK$8.51 million). For the year of 2008, there was an aggregate net gain arising on changes of fair value of the components and the refinancing arrangement of the convertible bonds of approximately HK$17.57 million (2007: a loss of HK$6.91 million).

As a result, the loss attributable to shareholders for this year amounted to approximately HK$14.35 million, when compared to a profit of approximately HK$6.14 million in 2007.

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 2008 (2007: nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operating activities were financed by internal resources. As at 31 December 2008, the Group's equity was approximately HK$326.15 million (2007: HK$319.60 million). The Group had non-current convertible bond, the 2008 Bond, of approximately HK$85.92 million as at 31 December 2008 (2007: HK$77.91 million). As at 31 December 2008, the Group's gearing ratio was 15% representing a percentage of non-current liability over total assets (2007: 14%).

As at 31 December 2008, the Group had secured bank borrowings of approximately HK$39.54 million (2007: 39.41 million).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2008, the Group had cash and time deposits amounted to approximately HK$55.86 million (2007: HK$103.73 million).

As at 31 December 2008, the Group had no available-for-sale investments (2007: HK$0.72 million). The decrease was because of the impairment loss of approximately HK$0.72 million on the Company's holding of equity securities traded on Over-The-Counter Bulletin Board in the United States during the year.

CHARGES ON ASSETS

As at 31 December 2008, the Company had fixed deposit of approximately HK$42.25 million charged to a bank for banking facilities granted to the Group's companies (2007: HK$40.86 million).

CONTINGENT LIABILITIES

The Group and the Company did not have any significant contingent liability as at 31 December 2008 (2007: 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, 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 2008, the Group had 572 (2007:478) employees in Hong Kong and the People's Republic of China. 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, 7,000,000 (2007: 38,200,000) share options were granted to directors and employees of the Group. As at 31 December 2008, the number of share issuable under share options granted was 65,300,000 (2007: 65,950,000).

CORPORATE GOVERNANCE REPORT

During the year under review, the Company has complied with all relevant provisions 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 28 April 2008 due to his prior business engagement. Mr. Zhang Zhifang, an Executive Director and the elected chairman of that meeting, was available to answer questions in that meeting.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiries by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2008.

CORPORATE GOVERNANCE REPORT

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 five executive Directors who are Mr. Wang Boming, Mr. Zhang Zhifang, Mr. Dai Xiaojing, Mr. Li Shijie and Ms. Wu Chuan Hui Daphne; 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 2008 are as follows:

Directors	**Attendance**
Mr. Wang Boming	4/4
Mr. Zhang Zhifang	4/4
Mr. Dai Xiaojing	4/4
Mr. Li Shijie	4/4
Ms. Wu Chuan Hui Daphne	1/4
Mr. Lau See Him Louis	0/4
Mr. Wang Xiangfei	4/4
Mr. Fu Fengxiang	4/4
Mr. Ding Yu Cheng	4/4
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.

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 Group'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 held two meetings during the year under review. Details of the attendance of the Remuneration Committee meeting are as follows:

Members	Attendance
Mr. Zhang Ke	2/2
Mr. Ding Yu Cheng	2/2

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

Members	Attendance
Mr. Ding Yu Cheng	2/2
Mr. Zhang Ke	2/2

AUDITOR'S REMUNERATION

During the year, the fees paid or payable to the auditor of the Company, Messrs. Deloitte Touche Tohmatsu, were approximately HK$850,000 (2007: HK$800,000) and HK$173,000 (2007: HK$71,000) for statutory audit services and non-audit services rendered to the Group respectively.

CORPORATE GOVERNANCE REPORT

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.

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 2008 and annual audited results for the year ended 31 December 2008 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 2008, which were prepared in accordance with statutory requirements and applicable accounting standards.

DIRECTORS' PROFILE

EXECUTIVE DIRECTORS

Mr. Wang Boming, aged 53, 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 macro-economic 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 55, 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 49, 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 Company Ltd.

Mr. Li Shijie, aged 46, 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.

Ms. Wu Chuan Hui Daphne, aged 40, is responsible for the business operation and management of Caijing magazine. Ms. Wu has over ten years of experience in the media industry, first as a journalist, then in business development and management capacity. Before she became the general manager of Caijing magazine in 2006, she was the vice president of the business development of the Company, overseeing the Group's media development and investments in PRC. Ms. Wu holds a master degree in business administration from Fordham University in the United States of America. and a bachelor degree of literature from Wuhan University in PRC. Ms. Wu has been appointed as an executive Director since June 2008.

Mr. Lau See Him Louis, aged 47, is responsible for the Group's investment planning. Mr. Lau graduated from the University of International Business and Economics in the PRC with a bachelor's degree in economics. Mr. Lau has many years of experience in the securities industry and financial services sector. Prior to joining the Group, Mr. Lau held various senior positions in securities companies in Hong Kong. Mr. Lau was appointed as an executive director in December 2004. Mr. Lau resigned as a director on 27 June 2008.

DIRECTORS' PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fu Fengxiang, aged 79, 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 57, 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 executive directors in several subsidiaries listed in Hong Kong and chief executive officer of China Everbright International Limited and director and assistant general manager of China Everbright Holdings Company Limited. 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. Mr. Wang is an executive director of Artfield Group Limited, a listed Company in Hong Kong. Mr. Wang also presently serves as an independent non-executive director of Chongqing Iron & Steel Company Limited and China CITIC Bank Corporation Limited (which are both listed companies in Hong Kong and Shanghai) and Shenzhen Rural Commercial Bank Corporation Limited. In June 2003, Mr. Wang was appointed as an independent non-executive Director.

Mr. Ding Yu Cheng, aged 43, 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 is also a non-executive director of Asia Satellite Telecommunications Holdings Limited which is listed on the stock exchanges in Hong Kong and New York. During the period between 3 June 2004 and 15 November 2004, Mr. Ding was an executive director of Tidetime Sun (Group) Limited (previously known as Sun Sports Media Group Limited and Sun Media Group Holdings Limited) which is listed on the stock exchange of Hong Kong. Mr. Ding has been appointed as an independent non-executive Director since June 2005.

Mr. Zhang Ke, aged 55, 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 ; honorary professor in the Accounting department of Renmin University of China; 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 China Minsheng Banking Co. Ltd, a company listed on the Shanghai Stock Exchange and three other 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 2008.

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 2008 are set out in the consolidated income statement on page 20.

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 68.

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 2008, the Company had no reserves available for distribution to shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2008, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together accounted for 47% and 58% 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 (appointed on 27 June 2008)
Mr. Lau See Him Louis (resigned on 27 June 2008)

Independent non-executive directors:

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

In accordance with articles 119, 120 and 127 of the Company's articles of association, Messrs. Dai Xiaojing, Ding Yu Cheng, Zhang Ke and Ms. Wu Chuan Hui Daphne 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 2008 or at any time during the year.

DIRECTORS' INTERESTS IN SECURITIES

At 31 December 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 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.

At 31 December 2008, 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 31.12.2008	Number of underlying shares
Li Shijie	Beneficial owner	25.7.2003	0.210	25.7.2004 to 24.7.2009	6,900,000	6,900,000
		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
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
Wu Chuan Hui	Beneficial owner	25.2.2004	0.566	25.2.2005 to 24.2.2010	2,500,000	2,500,000
Daphne		7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	1,000,000

Save as disclosed above, as at 31 December 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.

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.

SUBSTANTIAL SHAREHOLDERS

At 31 December 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 and short positions in the issued share capital of the Company:

DIRECTORS' REPORT

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	9.92%
Arisaig Greater China Fund Limited *(Note 2)*	Beneficial owner	161,706,000	9.30%
Arisaig Partners (Mauritius) Limited *(Note 2)*	Held by controlled corporation	161,706,000	9.30%
Arisaig Partners (Holdings) Ltd. *(Note 2)*	Held by controlled corporation	161,706,000	9.30%
Arisaig Partners (BVI) Limited *(Note 2)*	Held by controlled corporation	161,706,000	9.30%
Cooper Lindsay William Ernest *(Note 3)*	Held by controlled corporation	161,706,000	9.30%
Madeleine Ltd. *(Note 3)*	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 Investments Ltd., 673,199,614 shares which represents approximately 38.70% 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 33.33% 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 31 December 2008.

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$2,580,000 to Shanghai SEEC Investment and 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 three of the directors, namely Messrs. Wang Boming, Zhang Zhifang and Dai Xiaojing. Since Mr. Wang Boming controls the management of Shenyang Lianya which in turn controls Shanghai SEEC, Shanghai SEEC becomes an associate of Mr. Wang Boming under Rule 1.01 of the Listing Rules and hence a connected person of the Company under the Listing Rules.

The independent non-executive directors reviewed the continued connected transaction set out 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 31 December 2008.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

POST BALANCE SHEET EVENT

Details of significant events occurring after the balance sheet date are set out in note 35 to the consolidated financial statements.

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, 24 April 2009

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 20 to 67, which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement 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, 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 2008 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
24 April 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue	5	**307,176**	186,491
Cost of sales		**(119,195)**	(70,511)
Gross profit		**187,981**	115,980
Other income		**4,658**	13,449
Selling and distribution costs		**(179,442)**	(71,407)
Administrative expenses		**(26,914)**	(22,784)
Change in fair value of derivative financial instruments		**19,495**	(6,905)
Impairment loss recognised in respect of available-for-sale investments	19	**(718)**	(3,426)
Finance costs	7	**(12,115)**	(9,245)
(Loss) profit before taxation	8	**(7,055)**	15,662
Taxation	10	**(7,299)**	(9,521)
(Loss) profit for the year and attributable to equity holders of the Company		**(14,354)**	6,141
(Loss) earnings per share (HK cents)	11		
Basic		**(0.83)**	0.40
Diluted		**(0.83)**	0.39

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	13	51,005	41,055
Deposit for acquisition of property, plant and equipment		1,840	–
Sole agency rights	14	143,259	132,715
Goodwill	15	125,216	125,216
Interests in jointly controlled entities	16	11,427	–
		332,747	298,986
Current assets			
Inventories	17	2,222	765
Derivative financial instruments	18 & 25	3,305	1,641
Available-for-sale investments	19	–	718
Amounts due from jointly controlled entities	21	7,332	6,428
Trade receivables	20	109,120	75,395
Other receivables and prepayments		10,893	11,296
Amounts due from related companies	21	3,986	2,556
Pledged bank deposits	22	42,252	40,861
Bank balances and cash	22	55,863	103,731
		234,973	243,391
Current liabilities			
Derivative financial instruments	18 & 25	7,587	23,693
Trade payables	23	34,470	15,977
Other payables and accruals		52,257	47,233
Amounts due to related companies	21	5,899	1,407
Bank borrowings	24	39,540	39,406
Tax payable		15,899	17,160
		155,652	144,876
Net current assets		79,321	98,515
Total assets less current liabilities		412,068	397,501
Non-current liability			
Convertible bond	25	85,917	77,906
Net assets		326,151	319,595

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Capital and reserves			
Share capital	26	**173,956**	172,472
Reserves		**152,195**	147,123
Total equity and equity attributable to equity holders of the Company		**326,151**	319,595

The consolidated financial statements on pages 20 to 67 were approved and authorised for issue by the Board of Directors on 24 April 2009 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 2008

	Attributable to equity holders 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$'000	**Investments revaluation reserves** HK$'000	**Accumulated profits** HK$'000	**Total** HK$'000
At 1 January 2007	155,372	19,489	5,395	7,019	850	–	54,353	242,478
Loss on fair value changes of available-for-sale investments	–	–	–	–	–	(3,426)	–	(3,426)
Exchange differences arising on translation	–	–	–	12,203	–	–	–	12,203
Net income and expenses recognised directly in equity	–	–	–	12,203	–	(3,426)	–	8,777
Impairment loss recognised in respect of available-for-sale investments	–	–	–	–	–	3,426	–	3,426
Profit for the year	–	–	–	–	–	–	6,141	6,141
Total recognised income for the year	–	–	–	12,203	–	–	6,141	18,344
Issue of shares upon exercise of share options	300	400	–	–	–	–	–	700
Issue of shares as part of the consideration for acquisition of a sole agency right	16,800	39,480	–	–	–	–	–	56,280
Recognition of equity-settled share-based payment	–	–	–	–	1,793	–	–	1,793
Transfer to reserve funds	–	–	2,783	–	–	–	(2,783)	–
	17,100	39,880	2,783	–	1,793	–	(2,783)	58,773
At 31 December 2007 and 1 January 2008	172,472	59,369	8,178	19,222	2,643	–	57,711	319,595
Loss on fair value changes of available-for-sale investment	–	–	–	–	–	(718)	–	(718)
Exchange differences arising on translation	–	–	–	12,568	–	–	–	12,568
Net income and expenses recognised directly in equity	–	–	–	12,568	–	(718)	–	11,850
Impairment loss recognised in respect of available-for-sale investments	–	–	–	–	–	718	–	718
Loss for the year	–	–	–	–	–	–	(14,354)	(14,354)
Total recognised income and 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

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 equity holders under certain conditions.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	2008	2007
	HK$'000	HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	(7,055)	15,662
Adjustments for:		
Interest expenses	12,115	9,245
Change in fair value of derivative financial instruments	(19,495)	6,905
Allowance for bad and doubtful debts	2,095	–
Impairment loss recognised in respect of available-for-sale investments	718	3,426
Interest income	(1,920)	(4,166)
Depreciation of property, plant and equipment	5,235	1,284
Amortisation of sole agency rights	9,645	3,990
Loss on disposals of property, plant and equipment	3	3
Loss on extinguishment of the original convertible bond	1,928	–
Reversal of allowance for bad and doubtful debts	–	(525)
Gain on disposal of available-for-sale investments	–	(6,367)
Share-based payment expenses	2,143	1,793
Operating cash flows before movements in working capital	5,412	31,250
Increase in inventories	(1,457)	(765)
Increase in trade receivables	(35,820)	(44,010)
Decrease (increase) in other receivables and prepayments	403	(3,498)
Increase in trade payables	18,493	10,388
Increase in other payables and accruals	16,754	9,804
Cash from operations	3,785	3,169
Overseas tax paid	(8,560)	(5,197)
NET CASH USED IN OPERATING ACTIVITIES	(4,775)	(2,028)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(25,392)	(27,333)
Investment in a joint controlled entity	(11,427)	–
Acquisition of a sole agency right	(6,240)	(51,000)
Deposit paid for acquisition of property, plant and equipment	(1,840)	–
Advance to related companies	(1,430)	(36)
Increase in pledged bank deposits	(1,391)	(1,861)
Advance to jointly controlled entities	(904)	(572)
Interest received	1,920	4,166
Proceeds from disposals of property, plant and equipment	1,093	–
Proceeds from disposals of available-for-sale investments	–	15,228
NET CASH USED IN INVESTING ACTIVITIES	(45,611)	(61,408)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	2008	2007
	HK$'000	HK$'000
FINANCING ACTIVITIES		
New bank loans raised	77,287	31,438
Increase in amounts due to related companies	4,492	291
Proceeds from issue of shares	374	700
Repayment of bank loans	(77,153)	–
Interest paid	(4,307)	(2,291)
NET CASH FROM FINANCING ACTIVITIES	693	30,138
NET DECREASE IN CASH AND CASH EQUIVALENTS	(49,693)	(33,298)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	103,731	131,706
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,825	5,323
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	55,863	103,731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

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 Company is Renminbi ("RMB"), the currency of the primary economic environment in which the Company 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 amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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)	Improvements to HKFRSs [1]
HKAS 1 (Revised)	Presentation of financial statements [2]
HKAS 23 (Revised)	Borrowing costs [2]
HKAS 27 (Revised)	Consolidated and separate financial statements [3]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [2]
HKAS 39 (Amendment)	Eligible hedged items [3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate [2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [2]
HKFRS 3 (Revised)	Business combinations [3]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments [2]
HKFRS 8	Operating segments [2]
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives [4]
HK(IFRIC) – INT 13	Customer loyalty programmes [5]

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

HK(IFRIC) – INT 15	Agreements for the construction of real estate [2]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation [6]
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners [3]
HK(IFRIC) – INT 18	Transfer of assets from customers [7]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

[2] Effective for annual periods beginning on or after 1 January 2009.

[3] Effective for annual periods beginning on or after 1 July 2009.

[4] Effective for annual periods ending on or after 30 June 2009.

[5] Effective for annual periods beginning on or after 1 July 2008.

[6] Effective for annual periods beginning on or after 1 October 2008.

[7] Effective for transfers on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the accounting for the Group's 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. 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 results and the financial position of the Group.

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 income statement 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 used into line with those used by other members of the Company.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BASIS OF CONSOLIDATION *(Continued)*

Goodwill on acquisition of additional interests in subsidiaries is calculated as the difference between the consideration paid for the additional interests and the book value of the net assets of the subsidiaries attributable to the additional interests acquired.

GOODWILL

Goodwill arising on acquisition prior to 1 January 2005

Goodwill arising on acquisition of net assets and operations of another entity for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquiree at the date of acquisition.

For previously capitalised goodwill arising on acquisitions of net assets and operations of another entity, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash-generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of business for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of business is presented separately in the consolidated balance sheet.

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 consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a 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 2008

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 balance sheet 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.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment including buildings held for use in the supply of 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 consolidated income statement in the year in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 the consolidated income statement 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 on the balance sheet when the Group 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.

Financial assets

The Group's financial assets are classified into loans and receivables, financial assets at fair value through profit or loss ("FVTPL") and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets (Continued)

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

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value 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. At each balance sheet date 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 financial assets below.)

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated financial instruments that the Group acquired for strategic investments purpose as available-for-sale financial assets.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. 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 financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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

- significant financial difficulty of the issuer or counterparty; or
- 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 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Impairment of financial assets (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.

For financial assets carried at amortised cost, 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.

For financial assets measured at amortised cost, 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.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

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 financial liabilities and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its 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 through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial liabilities and equity (Continued)

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

At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value 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 redemption discretionary option 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 components and redemption discretionary option 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 derivative and redemption discretionary option 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 redemption discretionary option components in proportion to the allocation of the proceeds. Transaction costs relating to the conversion option derivative is 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 a 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 warrants are measured 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 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

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 directly in equity 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 modified 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 are adjusted to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

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

At each balance sheet date, 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

OPERATING LEASES

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

Rentals payable under operating leases are charged to profit or loss 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.

TAXATION

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items of income or expenses 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 balance sheet date.

Deferred tax is recognised on 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity 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 each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

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 balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange translation reserve).

BORROWING COSTS

All borrowing costs are recognised as and included in finance costs in consolidated income statement 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 2 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 each balance sheet date, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Share options granted to employees after 2 November 2002 and vested on or after 1 January 2005 (Continued)

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.

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 the consolidated income statement 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.

Equity-settled share based payment for acquisition of sole agency rights

Shares issued as part of consideration for acquisition of sole agency rights are measured at the fair values of the sole agency rights, unless that fair value cannot be reliably measured, in which case the rights are measured by reference to the fair value of the shares.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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 by observable market prices or rates. Details of the derivative financial instruments are disclosed in note 18.

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. As at 31 December 2008, the carrying amount of sole agency rights is HK$143,259,000 (2007: HK$132,715,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

5. REVENUE

Revenue represents the amount received and receivables for services rendered or sales of books and magazines, net of discounts and sales related taxes, is as follows:

	2008	2007
	HK$'000	HK$'000
Advertising income	**276,683**	175,179
Sales of books and magazines	**30,493**	11,312
	307,176	186,491

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

BUSINESS SEGMENTS

The Group currently organised into two revenue streams – advertising income and sale of books and magazines. These revenue streams are the basis on which the Group reports its primary segment information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

BUSINESS SEGMENTS *(Continued)*

Segment information about these businesses is presented below:

Consolidated income statement
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 result	41,580	(33,041)	8,539
Unallocated income			4,658
Unallocated corporate 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)
Taxation			(7,299)
Loss for the year			(14,354)

Consolidated balance sheet
At 31 December 2008

	Advertising income HK$'000	Sale of books and magazines HK$'000	Consolidated HK$'000
Assets			
Segment assets	440,396	11,025	451,421
Unallocated corporate assets			116,299
Consolidated total assets			567,720
Liabilities			
Segment liabilities	61,676	23,348	85,024
Unallocated corporate liabilities			156,545
Consolidated total liabilities			241,569

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

BUSINESS SEGMENTS *(Continued)*

Other information
For the year ended 31 December 2008

	Advertising income HK$'000	Sale of books and magazines HK$'000	Unallocated HK$'000	Consolidated HK$'000
Additions of property, plant and equipment	**13,514**	**108**	**40**	**13,662**
Additions of sole agency rights	**12,065**	**–**	**–**	**12,065**
Deposit for acquisition of property, plant and equipment	**1,840**	**–**	**–**	**1,840**
Investments in jointly controlled entities	**11,427**	**–**	**–**	**11,427**
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**
Impairment loss recognised in respect of available-for-sale investments	**–**	**–**	**718**	**718**
Share-based payment expenses	**2,143**	**–**	**–**	**2,143**

Consolidated income statement
For the year ended 31 December 2007

	Advertising income HK$'000	Sale of books and magazines HK$'000	Consolidated HK$'000
Revenue			
External sales	175,179	11,312	186,491
Result			
Segment result	60,555	(15,982)	44,573
Unallocated income			13,449
Unallocated corporate expenses			(22,784)
Change in fair value of derivative financial instruments			(6,905)
Impairment loss recognised in respect of available-for-sale investments			(3,426)
Finance costs			(9,245)
Profit before taxation			15,662
Taxation			(9,521)
Profit for the year			6,141

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

BUSINESS SEGMENTS *(Continued)*

Consolidated balance sheet
At 31 December 2007

	Advertising income HK$'000	Sale of books and magazines HK$'000	Consolidated HK$'000
Assets			
Segment assets	373,828	7,746	381,574
Unallocated corporate assets			160,803
Consolidated total assets			542,377
Liabilities			
Segment liabilities	44,720	16,851	61,571
Unallocated corporate liabilities			161,211
Consolidated total liabilities			222,782

Other information
For the year ended 31 December 2007

	Advertising income HK$'000	Sale of books and magazines HK$'000	Unallocated HK$'000	Consolidated HK$'000
Additions of property, plant and equipment	38,902	161	–	39,063
Additions of sole agency rights	107,280	–	–	107,280
Depreciation of property, plant and equipment	1,275	9	–	1,284
Amortisation of sole agency rights	3,990	–	–	3,990
Loss on disposals of property, plant and equipment	3	–	–	3
Reversal of allowance for bad and doubtful debts	525	–	–	525
Share-based payment expenses	1,793	–	–	1,793

GEOGRAPHICAL SEGMENT

The Group's operations and assets are substantially located in the PRC. Accordingly, no analysis of the carrying amount of segment assets, additions to property, plant and equipment and intangible assets is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

7. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest on bank loan wholly repayable within five years	**2,747**	731
Effective interest charge on convertible bond	**9,368**	8,514
	12,115	9,245

8. (LOSS) PROFIT BEFORE TAXATION

	2008 HK$'000	2007 HK$'000
(Loss) profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**880**	800
Allowance for bad and doubtful debts	**2,095**	–
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	**46,464**	19,793
Contributions to retirement benefits schemes	**6,966**	3,906
Share-based payment expenses	**2,143**	1,793
	55,573	25,492
Depreciation of property, plant and equipment	**5,235**	1,284
Amortisation of sole agency rights*	**9,645**	3,990
Total depreciation and amortisation	**14,880**	5,274
Cost of inventories recognised as expenses	**41,420**	20,281
Minimum lease payments under operating lease in respect of rented premises	**13,785**	6,768
Loss on disposals of property, plant and equipment	**3**	3
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 (included in administrative expenses)	**1,928**	–
Reversal of allowance for bad and doubtful debts	**–**	(525)
Investment income earned on:		
Loans and receivables – bank interest income	**(1,920)**	(4,166)
Available-for-sale financial assets – gain on disposals	**–**	(6,367)
Exchange loss (gain), net	**175**	(2,426)

* The amortisation of sole agency rights is included in "Cost of sales" on the face of the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

9. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the 10 (2007: 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$'000	Lau See Him Louis HK$'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-based payment expenses	83	83	83	54	10	–	–	–	–	–	313
Total emoluments	233	83	324	344	491	–	96	72	180	60	1,883

	Wang Boming HK$'000	Zhang Zhifang HK$'000	Dai Xiaojing HK$'000	Li Shijie HK$'000	Lau See Him Louis HK$'000	Fu Fengxiang HK$'000	Wang Xiangfei HK$'000	Ge Ming HK$'000	Ding Yu Cheng HK$'000	Zhang Ke HK$'000	Total 2007 HK$'000
Fees	–	–	–	–	–	60	72	–	180	60	372
Other emoluments											
Salaries and other benefits	91	–	164	198	–	–	–	–	–	–	453
Contributions to retirement benefits schemes	49	–	49	49	–	–	–	–	–	–	147
Share-based payment expenses	71	71	71	47	–	–	–	–	–	–	260
Total emoluments	211	71	284	294	–	60	72	–	180	60	1,232

Note: During the year, Ms. Wu Chuan Hui Daphne (2007: Mr. Zhang Ke) was appointed and Mr. Lau See Him Louis (2007: Mr. Ge Ming) resigned as director of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

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

In 2008, one of the five highest paid individual was a director, whose emolument is included above. In 2007, the five highest paid individuals in the Group do not include any director of the Company. The emoluments of the four (2007: five) highest paid individuals were as follows:

	2008	2007
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,949**	2,471
Contributions to retirement benefits scheme	**72**	165
Share-based payment expenses	**148**	139
	2,169	2,775

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

During 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.

10. TAXATION

The tax charge for the year represents the PRC Enterprise Income Tax.

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 PRC subsidiaries are subjected to the PRC Enterprise Income Tax rate of 18% (2007: 15%), the preferential tax rate for enterprises established in Shenzhen and Hainan's Special Economic Zones. Taxes arising in other jurisdictions of the PRC are calculated at the rates of 25% (2007: 33%).

On 16 March 2007, 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. Under the New Law and Implementation Regulations, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was reduced 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 was increased from 18% to 25% progressively from 2008 to 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

10. TAXATION *(Continued)*

The taxation for the year can be reconciled to the (loss) profit before taxation per the consolidated income statement as follows:

	2008	2007
	HK$'000	HK$'000
(Loss) profit before taxation	**(7,055)**	15,662
Tax at preferential PRC income tax rate of 25% (2007: 15%)	**(1,764)**	2,349
Effect of different income tax rates of subsidiaries in other region	**758**	2,113
Effect of tax relief granted to certain PRC subsidiaries	**(2,739)**	–
Tax effect of tax losses not recognised	**12,017**	4,493
Tax effect of expenses not deductible for tax purposes	**6,064**	2,729
Tax effect of income not taxable for tax purposes	**(7,286)**	(1,488)
Others	**249**	(675)
Taxation for the year	**7,299**	9,521

At the balance sheet date, the Group had estimated unused tax losses of HK$135,751,000 (2007: HK$87,683,000) 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 New 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$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.

11. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

	2008	2007
	HK$'000	HK$'000
(Loss) earnings		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share	**(14,354)**	6,141
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,733,297,313**	1,554,039,819
Effect of dilutive potential ordinary share options assuming exercise of share options	**–**	11,835,442
	1,733,297,313	1,565,875,261

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For the year ended 31 December 2008

11. (LOSS) EARNINGS PER SHARE *(Continued)*

For the year ended 31 December 2008, 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 exercise or conversion would result in a decrease in loss per share.

For the year ended 31 December 2007, the computation of diluted earnings per share does not assume the conversion of the convertible bond or exercise of warrants since their conversion or exercise would result in an increase in earnings per share.

12. DIVIDENDS

No dividend was paid or proposed for both years nor has any dividend been proposed since the balance sheet date.

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 2007	–	322	1,510	32	3,154	5,018
Exchange realignment	–	–	109	–	228	337
Additions	34,209	–	2,272	–	2,582	39,063
Disposals	–	–	–	–	(37)	(37)
At 31 December 2007 and 1 January 2008	34,209	322	3,891	32	5,927	44,381
Exchange realignment	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
ACCUMULATED DEPRECIATION						
At 1 January 2007	–	322	618	32	988	1,960
Exchange realignment	–	–	45	–	71	116
Provided for the year	–	–	564	–	720	1,284
Eliminated on disposals	–	–	–	–	(34)	(34)
At 31 December 2007 and 1 January 2008	–	322	1,227	32	1,745	3,326
Exchange realignment	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
CARRYING VALUES						
At 31 December 2008	35,189	6,379	2,967	–	6,470	51,005
At 31 December 2007	34,209	–	2,664	–	4,182	41,055

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For the year ended 31 December 2008

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 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

14. SOLE AGENCY RIGHTS

	HK$'000
COST	
At 1 January 2007	27,139
Exchange adjustment	6,975
Additions	107,280
At 31 December 2007 and 1 January 2008	141,394
Exchange adjustment	8,484
Additions	12,065
At 31 December 2008	161,943
ACCUMULATED AMORTISATION	
At 1 January 2007	4,373
Exchange adjustment	316
Provided for the year	3,990
At 31 December 2007 and 1 January 2008	8,679
Exchange adjustment	360
Provided for the year	9,645
At 31 December 2008	18,684
CARRYING VALUES	
At 31 December 2008	143,259
At 31 December 2007	132,715

The intangible assets related to sole agency rights of advertising on certain magazines which are amortised over periods ranging from 12 to 20 years.

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For the year ended 31 December 2008

15. GOODWILL

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. There was no movement in both years.

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% (2007: 15%). 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.

16. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2008 HK$'000	2007 HK$'000
Cost of unlisted investments in jointly controlled entities	**11,427**	–

The share of results for the year of jointly controlled entities are negligible.

As at 31 December 2008 and 2007, 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 2008	2007	Proportion of voting power held 2008	2007	Principal activity
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. (Note)	Incorporated	PRC	PRC	Ordinary shares	**50%**	N/A	**50%**	N/A	Advertising agent

Note: The entity was set up in 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

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

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

	2008 HK$'000	2007 HK$'000
Total assets	**41,122**	16,222
Total liabilities	**(20,883)**	(17,519)
Net assets (liabilities)	**20,239**	(1,297)
Revenue	**–**	–
Loss for the year	**(1,102)**	(713)

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

	2008 HK$'000	2007 HK$'000
Unrecognised share of losses of jointly controlled entities for the year	**551**	356
Accumulated unrecognised share of losses of these jointly controlled entities	**1,199**	648

17. INVENTORIES

	2008 HK$'000	2007 HK$'000
Finished goods	**2,222**	765

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For the year ended 31 December 2008

18. DERIVATIVE FINANCIAL INSTRUMENTS

	2008 HK$'000	2007 HK$'000
Derivative financial asset:		
Redemption discretionary option (note 25)	**3,305**	1,641
Derivative financial liabilities:		
Conversion option (note 25)	**5,577**	6,158
Nil-paid warrant (note 25)	**2,010**	17,535
	7,587	23,693

The amounts are stated at fair values. The fair values are determined by an independent party, Ascent Partners Transaction Service Limited (2007: Vigers Appraisal & Consulting Limited).

The fair value of redemption discretionary option was calculated using the lognormal model (2007: Black's model). The inputs into the lognormal model (2007: Black's model) were as follows:

	2008	2007
Option life	**2.26 years**	N/A
Volatility of interest rate	**1.037%**	N/A
Strike	**88.5% – 100%**	N/A
Mean reversion constant	**0%**	N/A
Bond price index	**N/A**	77.72%
Exercise price	**N/A**	100%
Volatility of bond price	**N/A**	12%
Coupon rate	**N/A**	1.44%

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

	2008	2007
Stock price	**HK$0.19**	HK$0.49
Volatility	**58.7%**	64%
Dividend	**0%**	2%
Option life	**2.38 years**	3.38 years
Risk-free rate	**0.69%**	2.85%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 2.38 (2007: 3.38) years.

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For the year ended 31 December 2008

19. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2008	2007
	HK$'000	HK$'000
Equity securities traded on Over-The-Counter Bulletin Board in the United States, at fair values	**–**	718

Subsequent to the initial recognition of the investments, its market price had significantly reduced which the directors considered as prolonged decrease. Accordingly, the directors have considered the recoverable amounts of investments and recognised an impairment loss of approximately HK$718,000 (2007: HK$3,426,000) in the consolidated income statement.

20. 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:

	2008		2007	
	HK$'000	**%**	HK$'000	%
Within three months	**59,547**	**55**	52,550	70
Four months to six months	**29,957**	**27**	17,401	23
Seven months to one year	**19,616**	**18**	5,097	7
Over one year	**–**	**–**	347	–
	109,120	**100**	75,395	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.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$49,573,000 (2007: HK$22,845,000) which are past due at the balance sheet date 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 180 days (2007: 183 days).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

20. TRADE RECEIVABLES *(Continued)*

AGEING OF TRADE RECEIVABLES WHICH ARE PAST DUE BUT NOT IMPAIRED

	2008 **HK$'000**	2007 HK$'000
Four months to six months	**29,957**	17,401
Seven months to one year	**19,616**	5,097
Over one year	**–**	347
Total	**49,573**	22,845

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

	2008 **HK$'000**	2007 HK$'000
Balance at beginning of the year	**4,454**	4,664
Impairment losses recognised on trade receivables	**2,095**	–
Amounts written off as uncollectible (Note)	**(437)**	(3)
Exchange differences	**290**	318
Impairment losses reversed	**–**	(525)
Balance at end of the year	**6,402**	4,454

Note: Included are individually impaired trade receivables with an aggregate balance of HK$437,000 (2007: HK$3,000), which are in severe financial difficulties. The Group does not hold any collateral over these balances.

21. AMOUNTS DUE FROM/TO RELATED PARTIES

	Notes	**2008** **HK$'000**	2007 HK$'000
Non trading in nature:			
Amounts due from related companies	*(i)*	**3,986**	2,556
Amounts due from jointly controlled entities	*(ii)*	**7,332**	6,428
Amounts due to related companies	*(i)*	**5,899**	1,407

Notes:

(i) The related companies are companies which key management 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$3,986,000 (2007: HK$2,980,000).

(ii) Amounts due from jointly controlled entities are unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

22. PLEDGED BANK DEPOSITS AND BANK BALANCES

Bank balances carry interest at market rates which range from 0.01% to 1.98% (2007: 0% to 4.19%) per annum.

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 2.6% (2007: 4.84%) per annum.

23. TRADE PAYABLES

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

	2008		2007	
	HK$'000	**%**	HK$'000	%
Within three months	**26,213**	**76**	11,525	72
Four months to six months	**6,568**	**19**	3,966	25
Six months to one year	**1,502**	**4**	486	3
Over one year	**187**	**1**	–	–
	34,470	**100**	15,977	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

	2008	2007
	HK$'000	HK$'000
Secured bank loans repayable within one year	**39,540**	39,406

At 31 December 2008, bank borrowings carry floating lending rate promulgated in the People's Bank of China less ten basis points at 5.59% per annum.

At 31 December 2007, bank borrowings carried floating lending rate promulgated in the People's Bank of China which range from 5.59% to 5.83% per annum.

The bank loans are secured by a bank deposit of approximately HK$42,252,000 (2007: HK$40,861,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

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 2006 Bond carried coupon interest at the rate of 2% per annum on the outstanding principal amount of the 2006 Bond and will mature at the fifth year after the issuance of the 2006 Bond. Interest is payable annually in arrears on 19 May in each year with the first payment commencing on 19 May 2007.

The Company may, at any time after 19 November 2008, having given not less than 30 days' notice and not more than 60 days' notice (the "Redemption Notice") to Templeton, redeem all or some of the 2006 Bond at a redemption price equal to the sum of (i) the principal amount of the 2006 Bond and (ii) the redemption premium of the 2006 Bond as specified in the 2006 Bond agreement. Templeton may exercise their conversion rights within 20 days of the date of the Redemption Notice.

Templeton has the right to convert all or some of the 2006 Bond into the Company's shares at any time during the period from 19 November 2008 up to the close of business on 4 May 2011 at HK$0.422 per share.

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 treated 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 principal amount of US$12,000,000 to Templeton.

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 discount on the principal amount. The discount rate is reducing gradually from 11.5%. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

25. CONVERTIBLE BOND *(Continued)*

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.

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	
		equivalent as		equivalent as		equivalent as		equivalent as		equivalent as
	US$'000	HK$'000 (Note)	US$'000	HK$'000	US$'000	HK$'000	US$'000	HK$'000	US$'000	HK$'000
At 1 January 2007	9,221	71,922	1,665	12,990	413	3,226	(137)	(1,069)	11,162	87,069
Interest charged	1,092	8,514	–	–	–	–	–	–	1,092	8,514
Interest paid	(200)	(1,560)	–	–	–	–	–	–	(200)	(1,560)
Loss (gain) arising on changes of fair value	–	–	583	4,545	376	2,932	(73)	(572)	886	6,905
At 31 December 2007 and 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

Note: The amounts of HK$85,917,000 (2007: HK$77,906,000) and HK$970,000 (2007: HK$970,000) are included in convertible bond and other payables and accruals, respectively.

The loss on distinguishment of 2006 Bond of HK$1,928,000 is recognised in administrative expenses directly.

The fair value of the liability component of convertible bond at the balance sheet date is approximately HK$85,917,000 (2007: HK$82,758,000) which is determined assuming redemption on 18 May 2011, using a 6.46% (2007: 10.3%) interest rate and holding the credit risk margin constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 2007, 31 December 2007, 1 January 2008 and 31 December 2008	3,000,000	300,000
Issued and fully paid:		
At 1 January 2007	1,553,725	155,372
Issue of shares *(Note 1)*	168,000	16,800
Exercise of share options *(Note 2)*	3,000	300
At 31 December 2007 and 1 January 2008	1,724,725	172,472
Issue of shares *(Note 3)*	13,391	1,339
Exercise of share options *(Note 2)*	1,450	145
At 31 December 2008	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, 168,000,000 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 27 August 2008, amounted to HK$56,280,000 (equivalent to HK$0.335 per consideration share).

(2) During the year, the subscription rights attaching to 950,000 (2007: 2,500,000) and 500,000 (2007: 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 (2007: 3,000,000) shares of HK$0.10 each for a total cash consideration of HK$374,500 (2007: HK$700,000).

(3) 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

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 equity holders of the Company, comprising issued share capital, reserves and accumulated profits.

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

	2008	2007
	HK$'000	HK$'000
Financial assets		
Derivative financial instruments designated as at FVTPL	**3,305**	1,641
Loans and receivables	**226,825**	240,031
Available-for-sale investments	**–**	718
Financial liabilities		
Derivative financial instruments designated as at FVTPL	**7,587**	23,693
Amortised cost	**187,485**	165,190

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade receivables, pledged bank deposits, bank balances, 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 equity 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.

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28. FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are as follows:

	Liabilities		Assets	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**733**	669	**4,045**	17,758
United States dollar	**86,887**	78,875	**50,923**	77,011

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% increase and decrease in Hong Kong dollars and United States dollars against RMB. 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% change in foreign currency rates. A positive number below indicates a decrease in loss (2007: an increase in profit) where RMB strengthen 5% against the relevant currency. For a 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	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Profit or loss in the year	**(166)**	(854)	**1,798**	93

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.

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28. FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Cash flow interest rate risk

The Group's cash flow interest rate risk relates to the bank balances as well as variable-rate bank borrowings (see notes 22 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 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 analyses below have been determined is prepared assuming the bank balances as well as bank borrowings outstanding at the balance sheet date 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.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2008 would decrease/increase by HK$82,000 (2007: increase/decrease in profit of HK$322,000).

Price risk

The Group's available-for-sale investments as well as derivative financial instruments exposed the Group to a potential loss in market value if there is an adverse change in prices. The management would manage this exposure be closely monitoring the performance of the investments and market conditions. The management will consider diversifying the portfolio of investments as they consider appropriate.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks on the derivative financial instruments at 31 December 2008.

If the prices of the Company's share had been 5% higher/lower, loss for the year would increase/decrease by HK$830,000 for the Group as a result of change in fair value of derivative financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

28. FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

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

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 each balance sheet date 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.

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.

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. 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 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$'000	Carrying amount at 31.12.2008 HK$'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	3	–	–	2,790	96,855	99,645	85,917
		101,288	970	2,790	96,855	201,903	187,485

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

28. FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk (Continued)

	Weighted average interest rate	Less than 3 months	4 – 6 months	7 months to 1 year	Over 1 year to 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2007
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2007							
Non-derivative financial liabilities							
Trade payables	–	15,977	–	–	–	15,977	15,977
Other payables	–	29,524	970	–	–	30,494	30,494
Amounts due to related companies	–	1,407	–	–	–	1,407	1,407
Bank borrowings	5.83	39,980	–	–	–	39,980	39,406
Convertible bond	2	–	590	1,560	111,158	113,308	77,906
		86,888	1,560	1,560	111,158	201,166	165,190

Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model.

Except for 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, part of the consideration for the acquisition of a sole agency right was settled by issue of 13,390,560 (2007: 168,000,000) new ordinary shares of the Company at HK$0.435 (2007: HK$0.335) each.

During the year ended 31 December 2007, the Group purchased property, plant and equipment of HK$39,063,000 in which an amount of HK$11,730,000 was not yet settled at the balance sheet date and included in other payables and accruals. The amount was settled in 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

30. COMMITMENTS

(A) OPERATING LEASE COMMITMENTS

As lessee

At the balance sheet date, the Group had commitments for future minimum lease payments which fall due as follows:

	2008 HK$'000	2007 HK$'000
Within one year	**4,246**	3,678
In the second to fifth year inclusive	**2,125**	1,155
	6,371	4,833

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.

(B) CAPITAL COMMITMENTS

	2008 HK$'000	2007 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**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 balance sheet date had commitments to make payments to certain magazines publication companies for agency rights of advertising on their magazines which fall due as follows:

	2008 HK$'000	2007 HK$'000
Within one year	**4,847**	2,219
In the second to fifth year inclusive	**1,316**	4,902
Over five years	**–**	1,266
	6,163	8,387

The amount recognised as an expense in the year was approximately HK$2,219,000 (2007: HK$4,120,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

30. COMMITMENTS *(Continued)*

(C) OTHER COMMITMENTS *(Continued)*

One of the agreements has a non-cancellable term of two (2007: three) 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.

31. SHARE OPTION SCHEMES

EQUITY-SETTLED SHARE OPTION SCHEME

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

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 31 December 2008, the number of shares issuable under share options granted under the Share Option Scheme was 65,300,000 (2007: 65,950,000), which represented approximately 3.75% (2007: 3.82%) 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 2008

31. SHARE OPTION SCHEMES *(Continued)*

EQUITY-SETTLED SHARE OPTION SCHEME *(Continued)*

The following table discloses details of the Company's share options held by the director 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 1.1.2007	Exercised during the year	Granted during the year	Forfeited during the year	Outstanding at 31.12.2007	Exercised during the year	Granted during the year	Forfeited during the year	Outstanding at 31.12.2008
Executive director:												
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
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
Ms. Wu Chuan Hui	25.2.2004	0.566	25.2.2005 to 24.2.2010	2,500,000	–	–	–	2,500,000	–	–	–	2,500,000
Daphne	7.2.2007	0.330	7.2.2010 to 6.2.2015	–	–	1,000,000	–	1,000,000	–	–	–	1,000,000
Other employee in	25.7.2003	0.210	25.7.2004 to 24.7.2009	22,600,000	(2,500,000)	–	(2,150,000)	17,950,000	(950,000)	–	(2,150,000)	14,850,000
aggregate	22.10.2003	0.350	22.10.2003 to 21.7.2008	1,000,000	(500,000)	–	–	500,000	(500,000)	–	–	–
	7.2.2007	0.330	7.2.2010 to 25.6.2015	–	–	31,700,000	(100,000)	31,600,000	–	–	(4,050,000)	27,550,000
	29.10.2008	0.268	29.10.2011 to 28.10.2016	–	–	–	–	–	–	5,300,000	–	5,300,000
				33,000,000	(3,000,000)	38,200,000	(2,250,000)	65,950,000	(1,450,000)	7,000,000	(6,200,000)	65,300,000

Notes:

(1) The weighted average closing price of the Company's shares immediately before the dates and on the dates on which the options were exercised was HK$0.364 (2007: HK$0.371) and HK$0.366 (2007: HK$0.373), respectively.

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

(3) At the balance sheet date, the number of share option exercisable under the share option scheme was 24,250,000 (2007: 27,850,000).

(4) Ms. Wu became a director of the Company on 27 June 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

31. SHARE OPTION SCHEMES *(Continued)*

EQUITY-SETTLED SHARE OPTION SCHEME *(Continued)*

The estimated fair value of the options granted during the year is HK$773,500 (2007: HK$6,288,000). The fair value was calculated using the binomial model. The inputs into the model were as follows:

	2008	2007
Share price	**HK$0.19**	HK$0.33
Exercise price	**HK$0.268**	HK$0.33
Expected volatility	**58.72%**	56%
Expected life	**5 years**	5 years
Risk-free rate	**2.091%**	4.197%
Expected dividend yield	**0%**	1.21%

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$2,143,000 (2007: HK$1,793,000) in relation to share options during the year ended 31 December 2008.

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 2008

33. RELATED PARTY TRANSACTIONS

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

	Notes	**2008** **HK$'000**	2007 HK$'000
Office rental expenses paid to Shanghai SEEC Investment and Development Co., Ltd. ("Shanghai SEEC")	*(i) & (ii)*	**2,580**	1,956
Acquisition of a sole agency right from Shanghai SEEC	*(i)*	**–**	107,280
Disposal of property, plant and equipment to 財經雜誌社	*(iii)*	**1,093**	–
Agency fee paid to北京聯辦傳媒廣告有限公司("北京聯辦")	*(iii)*	**877**	–

Notes:

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

(ii) Pursuant to a rental agreement and a supplementary agreement entered into between the Group and Shanghai SEEC, Shanghai SEEC agreed to grant to the Group the right to use Shanghai SEEC's office premises for a year. The rental is charged at approximately RMB215,000 (2007: RMB184,000) (equivalent to approximately HK$244,000 (2007: HK$190,000)) per month.

(iii) 財經雜誌社and 北京聯辦 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and 北京聯辦.

In addition, compensation of key management personnel represents directors' remuneration as set out in note 9. 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 2008

34. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31 December 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. ("Beijing Cai Lian")	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 ("Beijing Caixun Century")	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 Jingzheng Ronglian Advertising Company Limited	PRC	RMB2,000,000 Limited liability company	Ordinary shares	–	100	Advertising agent
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

Except for investing in two newly set up subsidiaries, including Beijing Cai Lian and Beijing Caixun Century, there is no change in shareholdings of respective subsidiaries since 1 January 2007.

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.

35. POST BALANCE SHEET EVENT

Subsequent to 31 December 2008, the Company and Templeton entered into the Supplementary Deed, which takes effect as from 31 December 2008. As of the date of this report, 2006 Bond was cancelled and 2008 Bond has been issued accordingly.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2004 HK$'000	2005 HK$'000	2006 HK$'000	2007 HK$'000	**2008** **HK$'000**
REVENUE	76,987	101,463	99,098	186,491	**307,176**
PROFIT (LOSS) FROM OPERATING ACTIVITIES	34,562	49,790	(14,955)	24,907	**5,060**
FINANCE COSTS	–	–	(5,100)	(9,245)	**(12,115)**
GAIN ON DISPOSAL OF SUBSIDIARIES	30,704	–	–	–	**–**
PROFIT (LOSS) BEFORE TAXATION	65,266	49,790	(20,055)	15,662	**(7,055)**
TAXATION	(8,934)	(10,283)	(6,266)	(9,521)	**(7,299)**
PROFIT (LOSS) FOR THE YEAR	56,332	39,507	(26,321)	6,141	**(14,354)**
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY	52,397	30,565	(29,001)	6,141	**(14,354)**
MINORITY INTERESTS	3,935	8,942	2,680	–	**–**
	56,332	39,507	(26,321)	6,141	**(14,354)**

ASSETS AND LIABILITIES

	At 31 December				
	2004 HK$'000	2005 HK$'000	2006 HK$'000	2007 HK$'000	**2008** **HK$'000**
TOTAL ASSETS	294,402	330,153	382,854	542,377	**567,720**
TOTAL LIABILITIES	(25,162)	(37,108)	(140,376)	(222,782)	**(241,569)**
	269,240	293,045	242,478	319,595	**326,151**


美好家园
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AUTOCAR
COVERSTORY
冲出重围
¥15
36P
明星时代
他生活
HisLife
胡军
一日长于百年
4个酷辣老男孩
夏日清凉创意大赏
中国汽车画报
CHINA AUTO PICTORIAL
豪·雅
东风日产新天籁
Time Out
消费导刊
上海
体育画报
拉丁人革命