現代傳播
Modern Media

MODERN MEDIA HOLDINGS LIMITED
現代傳播控股有限公司
(Incorporated in the Cayman Islands with limited liability)
Stock Code : 72

Interim Report 2009

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Shao Zhong *(Chairman)*
Mr. Wong Shing Fat
Mr. Li Jian
Mr. Mok Chun Ho, Neil
Mr. Cui Jianfeng

Independent non-executive Directors

Mr. Jiang Nanchun
Mr. Wang Shi
Mr. Au-Yeung Kwong Wah

SHARE LISTING

Main Board of The Stock Exchange of Hong Kong Limited
Stock code: 72

AUDITORS

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road, Central
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAW

Chiu & Partners
41st Floor, Jardine House
1 Connaught Place
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Units A, B & C, 10/F, Exhibition Centre
No. 1 Software Park Road, Zhuhai City
Guangdong Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

9th Floor, Zung Fu Industrial Building
No. 1067 King's Road, Quarry Bay
Hong Kong

COMPANY SECRETARY

Mr. Mok Chun Ho, Neil *(CPA (Practising), ATIHK)*

AUTHORISED REPRESENTATIVES

Mr. Mok Chun Ho, Neil
Mr. Cui Jianfeng

COMPLIANCE ADVISER

ICBC International Capital Limited

PRINCIPAL BANKERS IN HONG KONG

Hang Seng Bank Limited
83 Des Voeux Road Central
Central, Hong Kong

Nanyang Commercial Bank Limited
151 Des Voeux Road Central
Central, Hong Kong

PRINCIPAL BANKERS IN THE PRC

China Merchants Bank
(Shanghai Branch, Xujiahui Sub-branch)
No. 18 Cao Xi Bei Road
Shanghai
PRC

The Bank of East Asia (China) Limited
(Guangzhou Branch)
G/F, Metro Plaza
183 Tian He Bei Road
Guangzhou
PRC

HONG KONG BRANCH SHARE REGISTRER AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

WEBSITE

www.modernmedia.com.cn

RESULT SUMMARY

Owing to the impact of global financial turmoil that surfaced since the third quarter of 2008, the Directors observed that the brand advertisers in general reduced their advertising spending in the first half of 2009. The Group's turnover for the six months ended 30 June 2009 ("Interim Period") decreased by approximately 14% to approximately RMB136 million as compared with the corresponding period in 2008.

The Group's loss attributable to equity shareholders amounted to approximately RMB9.5 million for the six months ended 30 June 2009 as compared to a profit of RMB20.0 million for the same period in 2008. The loss during the Interim Period was mainly attributable to a composite effect of (a) unfavourable market conditions brought about by the global financial turmoil, (b) increased operating costs following the launch of "優家畫報" (U+ Weekly) since December 2008 and the operation of "大都市" (Metropolis) since May 2009, (c) non-recurring positive effects on the advertising revenue contributed from the Beijing Olympics 2008 in the first half of 2008 and (d) non-recurring loss on disposal of an associate of approximately RMB1.5 million during the Interim Period.

The Group placed continued efforts with a view to increase advertising revenue from the Group's portfolio of magazine titles. Market sentiment has picked up in the second quarter of 2009 which has encouraged the brand advertisers to spend more on advertising. On the other hand, the Group's cost control measures adopted during the Interim Period have paved the way for a business turnaround resulting in the Group's profit attributable to equity shareholders of approximately RMB0.2 million in the second quarter of 2009 as compared to a loss of approximately RMB9.7 million in the first quarter of 2009. Excluding the non-recurring loss on disposal of an associate of approximately RMB1.5 million, the Group recorded a net profit of approximately RMB1.7 million in the second quarter of 2009 from its business operation.

The Directors believe that the decrease in the advertising customers' advertising and promotional spending caused by the global financial turmoil was only transitory and will likely resume to normal level in the latter half of 2009 in view of the recovery of the PRC economy and increasing advertising demands arising from, among others, the coming World Expo in Shanghai in 2010. Moreover, the newly launched "優家畫報" (U+ Weekly), a weekly magazine positioned as a women's lifestyle magazine, is expected to be the Group's revenue generator in the second half of 2009 as it is widely accepted by both the readers and the brand advertisers and revenue from "優家畫報" (U+ Weekly) had recorded continuous growth for three consecutive quarters.

RESULT SUMMARY (Continued)

(A) BUSINESS REVIEW

The PRC

During the Interim Period, the Group operated two weekly and five monthly magazines in the PRC. These magazines contributed a combined advertising revenue of approximately RMB129.6 million (2008: RMB143.3 million) represented a modest decrease of approximately 10% compared to the corresponding period last year.

"周末畫報" (Modern Weekly), as the Group's flagship magazine, continues to be recognised by advertisers of major branded products and is well-accepted by the advertisers as an effective promotion channel for their latest brand products.

At the end of 2008, the Group launched a women's lifestyle magazine, namely "優家畫報" (U+ Weekly), providing comprehensive and updated news and information regarding beauty, fashion, shopping, dining and entertainment. With the satisfactory distribution of the magazine in the Interim Period, the Group anticipates that "優家畫報" (U+ Weekly) will attract more advertising placements especially from the brand advertisers in the categories of female fashion, jewellery and cosmetic products.

Since May 2009, the Group has taken over the operation of "大都市" (Metropolis) which had separate editions dedicated to male and female readers respectively. The Group is in the process of revamping on both the male and female editions in order to reinforce its position as a prestigious high fashion and lifestyle magazine. The Directors believe that such revamp will be positive on the Group's advertising sales and the favourable impact is expected to be reflected in the fourth quarter of 2009.

Regarding to the other monthly magazines operated by the Group in the PRC, the advertising revenues were slightly behind the budgeted sales targets for the Interim Period. The Group has implemented certain content adjustments on those monthly magazines and expects that there will be an improvement in their advertising income in the latter half of 2009.

Hong Kong

During the Interim Period, the Group published a monthly magazine, "號外" (City Magazine), in Hong Kong and operated Modern Media Company Limited, a wholly owned subsidiary of the Company, to provide advertising agency services, which accounted for approximately 5.7% of the Group's advertising revenue for the Interim Period. The operation contributed an advertising revenue of RMB7.8 million (2008: RMB18.1 million) that represented a decrease of approximately RMB10.3 million when compared to corresponding period of the last year as the advertising market in Hong Kong was rather significantly influenced by the global financial turmoil and the continuous shift of the Group's advertising customers to the PRC.

The economy in Hong Kong has gradually been recovering after the global financial turmoil. With the improved market sentiment and the intensive promotion efforts with the accompanying "號外" (City Magazine)'s 33rd anniversary, the Group anticipates that the revenue of "號外" (City Magazine) will experience an increase in the latter half of 2009 when compared with the first half of 2009.

RESULT SUMMARY (Continued)

(B) BUSINESS OUTLOOK

Looking ahead, in view of the global financial turmoil that surfaced in the third quarter of 2008, the Group believes that brand advertisers will generally cut their spending on exposures in the second or third tier publications while keeping or even concentrating their advertising budgets on certain core publications in the PRC market. The Group will continue to take necessary precautions and measures to prepare for the challenging period in the market going ahead and continue to devote more efforts as it has made in the previous years for the benefit of the Group.

In the recent months since the second half of 2009, the Directors have observed evidence of rebound in the market. In response to the market improvement, the Group has initiated a series of actions to capture these business opportunities. These actions include (i) more supplement booklets have been and will be published in the second half of 2009 in order to create more advertising space for the increasing advertisement demand. Total number of supplement booklets to be published in 2009 is targeted to be over 100 titles, compared to 81 titles in 2008 and 69 titles in 2007; (ii) the maturity of "優家畫報" (U+ Weekly) is expected to offer additional growth in revenue in the forthcoming quarters in 2009; and (iii) the Group has started to fully utilise the "Mag-form", the magazine platform operated by the Group, to provide integrated marketing solutions for brand advertisers, in order to maximise the Group's additional revenue streams other than sales of advertising space in the magazine titles. With such actions, the Directors are confident that the financial performance of the Group will gradually improve in the latter half of 2009.

The Directors are of the view that with a steady expansion in the Group's business and expected benefits from, among others, the upcoming World Expo in Shanghai in 2010, the Group will continue to improve its business profitability, enlarging its existing presence in the market and bring promising return to its shareholders.

To preserve financial resources for future expansion and operation of the Group, the Board had on 21 September 2009 resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2009.

RESULT SUMMARY (Continued)

(C) LIQUIDITY AND FINANCIAL RESOURCES

Net cash flows for the Group's operating and investing activities

During the Interim Period, the Group had a net cash outflow for operating activities of approximately RMB20.8 million, which were largely arising from the payments of PRC Corporate Income Tax and other sales tax previously accrued, printing costs and staff costs in an aggregate amount exceeding the operating cash inflow arising from the collection of trade debts. The major cash used in our investing activities of approximately RMB6.5 million mainly represented the Group's capital expenditures for fixed assets and publication rights of magazines.

Capital expenditure

Capital expenditures of the Group for the Interim Period include expenditures on fixed assets of approximately RMB2.9 million (corresponding period of 2008: RMB24.9 million) and publication rights of magazines of approximately RMB2.9 million (corresponding period of 2008: Nil).

Net debt and gearing

As at 30 June 2009, the Group's net debt was approximately RMB18.0 million which was made up of total outstanding borrowings of approximately RMB32.1 million and bank deposits and cash of approximately RMB14.1 million. The total borrowings comprised secured bank loans of approximately RMB18.3 million and secured other loan of approximately RMB13.8 million. The gearing ratio as at 30 June 2009 was 12.0% (31 December 2008: 9.2%), which was calculated based on the total debts divided by total assets at the end of the period/year and multiplied by 100%.

As at 30 June 2009, the total debts of the Group were repayable as follows:

	At 30 June 2009 RMB'000	At 31 December 2008 RMB'000
Within 1 year or on demand	**15,179**	27,596
After 1 year but within 2 years	**1,495**	—
After 2 years but within 5 years	**5,116**	—
After 5 years	**10,303**	—
	16,914	—
	32,093	27,596

Over-allotment of the Listing

As at the date of this interim report, the over-allotment option in connection with the Listing is yet to be exercised. Should this over-allotment option be exercised in full, the Company would allot and issue an aggregate of 15,000,000 additional shares, representing 15% of the shares of the Company initially issued under the Listing and would further raise gross proceeds of approximately RMB17.0 million.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2009, the Group did not have any material contingent liabilities or guarantees other than disclosed below.

As at 30 June 2009, the Group's other loan in an amount of approximately US$2.0 million (equivalent to approximately HK$15.6 million or RMB13.8 million) was secured by two several charges over the entire issued share capital of two of the wholly-owned subsidiaries of the Group, namely City Howwhy Limited and Modern Media Company Limited, and personal guarantee from Mr. Shao. Upon our listing on 9 September 2009, the personal guarantee, together with the said share charges had been replaced by corporate guarantee given by the Company.

As at 30 June 2009, the Group's bank loans of RMB18,314,000 were secured by mortgages over the Group's properties in Beijing, the PRC and guarantees from Mr. Shao and Shanghai Gezhi Advertising Co., Ltd., a subsidiary of the Group. Upon our listing on 9 September 2009, the said personal guarantee had been released.

FOREIGN EXCHANGE RISKS

As most of the Group's monetary assets and liabilities are denominated in Renminbi and the Group conducts its business transactions principally in Renminbi and Hong Kong dollars, the exchange rate risk of the Group is not significant. The Group did not enter into any foreign exchange hedging instruments during the Interim Period.

EMPLOYEES

As at 30 June 2009, the Group had a total of 725 staff (as at 30 June 2008: 608 staff), whose remunerations and benefits are determined based on market rates, State policies and individual performance. The increase in the number of employees was mainly due to the addition of editorial and distribution staff for the newly launched magazines, "優家畫報" (U+ Weekly) and "大都市" (Metropolis).

By Order of the Board
Modern Media Holdings Limited
Shao Zhong
Chairman

Hong Kong, 21 September 2009

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

The shares of the Company were listed on 9 September 2009 (the "Listing") on the Main Board of the Stock Exchange. As at 30 June 2009, being the balance sheet date of the Interim Period and prior to the Listing, none of the Directors or chief executives had any interest and short positions in the shares, underlying shares and debentures of the Company or the associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required, to be notified to the Company and the Stock Exchange pursuant to the Model Code ("Model Code") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

DISCLOSEABLE INTEREST UNDER DIVISION 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, being the balance sheet date of the Interim Period reported on and prior to the Listing, no person had an interest or a short position in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SHARE OPTIONS

A share option scheme ("Scheme") was conditionally adopted by a resolution in writing passed by the then sole shareholder of the Company held on 24 August 2009. Under the Scheme, the Directors may grant options to subscribe for shares of the Company to eligible participants, including without limitation employees of the Group, directors of the Company and its subsidiaries.

During the Interim Period, the Scheme has not yet been adopted. Accordingly, no share option was granted, exercised, cancelled or had lapsed under the Scheme during the Interim Period. No share option was outstanding under the Scheme as at 30 June 2009.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the Interim Period and since the date of the Listing on 9 September 2009 and up to the date of this interim report.

CORPORATE GOVERNANCE

During the Interim Period when the shares of the Company have not yet been listed on the Main Board of the Stock Exchange, the Company has not yet adopted the CG Code (as defined below). On 24 August 2009, the Company adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules and has since the date of the Listing on 9 September 2009 up to the date of this interim report complied with the CG Code provisions in the CG Code.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") on 24 August 2009 with written terms of reference. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Au-Yeung Kwong Wah (chairman of the Audit Committee), Mr. Wang Shi and Mr. Jiang Nanchun. The primary duties of the Audit Committee are to review and supervise the financial reporting process and the internal control procedures of the Group.

While the results of the Group for the Interim Period has not been audited, the Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the Group's unaudited financial results of the Group for the Interim Period.

REMUNERATION COMMITTEE

The Company established a remuneration committee ("Remuneration Committee") on 24 August 2009 with written terms of reference. The Remuneration Committee currently comprises an executive Director, namely Mr. Wong Shing Fat (chairman of the Remuneration Committee), and two independent non-executive Directors, namely Mr. Au-Yeung Kwong Wah and Mr. Jiang Nanchun. The primary duties of the Remuneration Committee are to make recommendations to the Board on the remuneration of the Directors and senior management and determine on behalf of the Board specific remuneration packages and conditions of employment for the Directors and senior management.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

During the Interim Period when the shares of the Company had not yet been listed on the Main Board of the Stock Exchange, the Company had not yet adopted the Model Code. On 24 August 2009, the Company adopted the Model Code as the code of conduct for securities transactions by the Directors. Having made specific enquiry of all Directors, the Directors have confirmed their compliance with the required standard as set out in the Model Code from the date of our listing on 9 September 2009 to the date of this interim report.

Review Report to the Board of Directors of Modern Media Holdings Limited

INTRODUCTION

We have reviewed the interim financial report set out on pages 11 to 32 which comprises the combined balance sheet of Modern Media Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as of 30 June 2009 and the related combined income statement, the combined statement of comprehensive income, the combined statement of changes in equity and the condensed combined cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "*Interim financial reporting*", issued by the International Accounting Standards Board (the "IASB"). The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "*Review of interim financial information performed by the independent auditor of the entity*", issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 "*Interim financial reporting*".

Without qualifying our review conclusion, we draw to your attention that the combined financial information has been prepared on the basis as set out in note 1(b) to the interim financial report and therefore presents the results of operations of the companies now comprising the Group as a continuing entity as if the Group had always been in existence. Further details of the Group's reorganisation, as completed on 24 August 2009, are set out in note 1(a) to the interim financial report.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

21 September 2009

Combined Income Statement

For the six months ended 30 June 2009 - Unaudited

	Note	Six months ended 30 June 2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Turnover	2 & 3	**135,930**	158,701
Cost of sales		**(75,175)**	(66,324)
Gross profit		**60,755**	92,377
Other revenue		**2,687**	1,606
Other net income/(loss)		**66**	(147)
Selling and distribution expenses		**(34,737)**	(34,769)
Administrative and other operating expenses		**(37,342)**	(34,100)
(Loss)/profit from operations		**(8,571)**	24,967
Finance costs	4(a)	**(464)**	—
Share of profit/(loss) of an associate		**91**	(285)
Loss on disposal of an associate	8	**(1,469)**	—
Share of loss of a jointly controlled entity		**(26)**	(186)
(Loss)/profit before taxation	4	**(10,439)**	24,496
Income tax	5	**943**	(4,474)
(Loss)/profit for the period		**(9,496)**	20,022
(Loss)/profit attributable to equity shareholders		**(9,496)**	20,022
(Loss)/earnings per share (RMB)	6		
– Basic		**(0.03)**	0.07

The notes on pages 17 to 32 form part of this interim financial report.

Combined Statement of Comprehensive Income

For the six months ended 30 June 2009 - Unaudited

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(9,496)**	20,022
Other comprehensive income/(loss) for the period (after tax adjustments)		
Exchange differences on translation of financial statements of overseas subsidiaries	**111**	(1,118)
Total comprehensive (loss)/income for the period	**(9,385)**	18,904
Total comprehensive (loss)/income attributable to equity shareholders	**(9,385)**	18,904

There is no tax effect relating to the above component of other comprehensive income/(loss).

The notes on pages 17 to 32 form part of this interim financial report.

Combined Balance Sheet

At 30 June 2009 - Unaudited

	Note	At 30 June 2009 RMB'000 (Unaudited)	At 31 December 2008 RMB'000 (Audited)
Non-current assets			
Fixed assets		**64,620**	67,042
Intangible assets	7	**3,759**	—
Interest in an associate	8	**—**	9,460
Interest in a jointly controlled entity	9	**—**	328
Deferred tax assets		**1,732**	—
		70,111	76,830
Current assets			
Trade receivables	10	**68,924**	94,187
Other receivables, deposits and prepayments		**49,855**	26,817
Amounts due from related parties	14	**64,802**	65,769
Taxation recoverable		**586**	535
Cash and cash equivalents		**14,094**	37,291
		198,261	224,599
Current liabilities			
Trade payables	11	**29,412**	28,195
Other payables and accruals		**36,670**	56,380
Bank loans	12	**1,400**	—
Other loan	13	**13,779**	27,596
Taxation payable		**14,506**	24,182
		95,767	136,353

The notes on pages 17 to 32 form part of this interim financial report.

Combined Balance Sheet

At 30 June 2009 - Unaudited

	Note	At 30 June 2009 RMB'000 (Unaudited)	At 31 December 2008 RMB'000 (Audited)
Net current assets		**102,494**	88,246
Total assets less current liabilities		**172,605**	165,076
Non-current liability			
Bank loans	12	**16,914**	—
Net assets		**155,691**	165,076
Capital and reserves			
Share capital	15	**4,672**	4,672
Reserves		**151,019**	160,404
Total equity		**155,691**	165,076

The notes on pages 17 to 32 form part of this interim financial report.

Combined Statement of Changes in Equity

For the six months ended 30 June 2009 - Unaudited

	Share capital (Note 15) RMB'000	Statutory surplus and general reserves RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 January 2008	6,172	2,779	492	113,584	123,027
Changes in equity for the six months ended 30 June 2008:					
Total comprehensive income for the period	—	—	(1,118)	20,022	18,904
Arising from Group reorganisation	500	—	—	—	500
At 30 June 2008	6,672	2,779	(626)	133,606	142,431
At 1 July 2008	6,672	2,779	(626)	133,606	142,431
Changes in equity for the six months ended 31 December 2008:					
Total comprehensive income for the period	—	—	(351)	24,996	24,645
Arising from Group reorganisation	(2,000)	—	—	—	(2,000)
At 31 December 2008	4,672	2,779	(977)	158,602	165,076
At 1 January 2009	4,672	2,779	(977)	158,602	165,076
Changes in equity for the six months ended 30 June 2009:					
Total comprehensive loss for the period	—	—	111	(9,496)	(9,385)
At 30 June 2009	**4,672**	**2,779**	**(866)**	**149,106**	**155,691**

The notes on pages 17 to 32 form part of this interim financial report.

Condensed Combined Cash Flow Statement

For the six months ended 30 June 2009 - Unaudited

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Cash used in operations	**(10,298)**	(4,365)
Tax paid	**(10,515)**	(158)
Net cash used in operating activities	**(20,813)**	(4,523)
Net cash used in investing activities	**(6,541)**	(24,761)
Net cash generated from financing activities	**4,160**	—
Net decrease in cash and cash equivalents	**(23,194)**	(29,284)
Cash and cash equivalents at 1 January	**37,291**	46,379
Effect of foreign exchange rate changes	**(3)**	(231)
Cash and cash equivalents at 30 June	**14,094**	16,864

(A) MAJOR NON-CASH TRANSACTION

During the six months ended 30 June 2008, the Group acquired two motor vehicles from a director of the Group for a consideration of RMB930,000 based on the prevailing market price mutually agreed between the parties, which was settled by setting off against the advance due from the director to the Group.

The notes on pages 17 to 32 form part of this interim financial report.

1 CORPORATE INFORMATION AND BASIS OF PREPARATION

(a) Corporate information and group reorganisation

The Company was incorporated in the Cayman Islands on 8 March 2007 and registered as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its principal places of business in the PRC and Hong Kong are at Units A, B & C, 10/F, Exhibition Centre, No. 1 Software Park Road, Zhuhai City, Guangdong Province, the PRC and 9th Floor, Zung Fu Industrial Building, No. 1067 King's Road, Quarry Bay, Hong Kong respectively; and its registered office is at Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands.

Pursuant to a group reorganisation completed on 24 August 2009 (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 September 2009. Details of the Reorganisation are set out in the Prospectus of the Company dated 28 August 2009 (the "Prospectus") in connection with the initial listing of the Company's shares on the Stock Exchange (the "Listing").

(b) Basis of preparation

During the six months ended 30 June 2009, the operations now comprising the Group were conducted through various companies established in the PRC (the "PRC Operational Entities") and certain other companies in Hong Kong, all of which were ultimately owned, managed and controlled by Mr. Shao Zhong ("Mr. Shao").

For the purpose of this report, the combined financial information has been prepared to reflect the Reorgansiation of companies (including the PRC Operational Entities) under common control. All the companies now comprising the Group (including the PRC Operational Entities) are ultimately controlled by Mr. Shao before and after the Reorganisation. The control is not transitory and, consequently, there was a continuation of the risks and benefits to the controlling party, and therefore, this is considered to be a combination of entities under common control and Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants has been applied in accounting for the Reorganisation. The combined financial information included in the interim financial report for the six months ended 30 June 2009 and 2008 (the "interim periods") have been prepared using the merger basis of accounting as if the Group had always been in existence. The net assets of the combining companies are combined using the existing book values from the controlling party's perspective.

1 CORPORATE INFORMATION AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

The combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the condensed combined cash flow statements of the Group for the interim periods include the results of operations of the companies now comprising the Group for the interim periods as if the current group structure had been in existence and remained unchanged throughout the entire interim periods. The combined balance sheets of the Group as at 30 June 2009 and 2008 have been prepared to present the assets and liabilities of the companies now comprising the Group as at those dates as if the current group structure had been in existence as at those dates.

The interim financial report is presented in Renminbi ("RMB"), rounded to the nearest thousand. The measurement basis used in the preparation is the historical cost basis.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard 34 "Interim financial reporting" ("IAS 34"), issued by the International Accounting Standards Board (the "IASB"). It was authorised for issue on 21 September 2009.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the preparation of the Group's financial information in the accountants' report as set out in Appendix I to the Prospectus ("Accountants' Report").

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed combined financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the date of the audited combined financial information of the Group set forth in the Prospectus. The condensed combined interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included on page 10.

The financial information relating to the financial year ended 31 December 2008 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from the Accountants' Report. The Accountants' Report for the year ended 31 December 2008 is available from the company's registered office. The reporting accountants have expressed an unqualified opinion in the Accountants' Report dated 28 August 2009.

2 SEGMENT REPORTING

The Group has six reportable segments as described below, which are the Group's strategic business units. The Group's business units offer different advertising services to its customers based on the geographical locations of the advertising customers; and also provides circulation of magazines to distributors. For each of the business units, the Group's senior executive management reviews internal management reports on a monthly basis. Segment information below is presented in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. The following describes the operations in each of the Group's reportable segments:

- Advertising (Shanghai/Beijing/Guangzhou/Shenzhen/Hong Kong): these segments engage in the sale of advertising space in the Group's magazines. The Group's advertising business is segregated into five reportable segments on a geographical basis, as monthly reports on the results of each advertising business are provided to the senior executive management by the respective area manager for each of these regions.

- Circulation: this segment engages in the publication of and the distribution of the Group's magazines in the PRC and Hong Kong.

Other operations include the Group's provision of management and consultancy services, and exhibition and events arrangement services to the Group's customers.

(a) Segment results and assets

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets include only trade receivables arising from the advertising and circulation segments as the Group's senior executive management considers that the recoverability of the trade receivables has significant impact to the Group's actual performance, liquidity and credit risk.

Revenue and expenses are allocated to the reportable segments with reference to the income generated by those segments and the expenses incurred by those segments. Segment results do not include the Group's share of results arising from the activities of the Group's associate and jointly controlled entity as these investments do not form a significant part of the Group's operation.

The measure used for reporting segment profit or loss is profit/(loss) before tax, as included in the internal management reports that are reviewed by the Group's senior executive management. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to the respective segment's budget, other entities that operate within these industries and geographical locations.

2 SEGMENT REPORTING (Continued)

(a) Segment results and assets (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2009 and 2008 is set out below:

Six months ended 30 June 2009 (Unaudited)

	Advertising						Circulation	Total
	Shanghai	Beijing	Guangzhou	Shenzhen	Hong Kong	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue derived from the Group's external customers	88,269	16,326	19,892	5,099	7,802	137,388	7,125	144,513
Reportable segment profit/(loss)	19,556	(8,620)	(22,871)	2,517	(9,697)	(19,115)	7,125	(11,990)
Interest income	31	6	17	3	—	57	—	57
Interest expense	—	—	—	(464)	—	(464)	—	(464)
Depreciation for the period	(1,834)	(956)	(563)	(1,187)	(437)	(4,977)	—	(4,977)
Amortisation for the period	—	—	(75)	—	(14)	(89)	—	(89)
Reportable segment assets	29,682	7,923	10,662	4,215	6,419	58,901	10,023	68,924

Six months ended 30 June 2008 (Unaudited)

	Advertising						Circulation	Total
	Shanghai	Beijing	Guangzhou	Shenzhen	Hong Kong	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue derived from the Group's external customers	82,590	29,087	25,879	5,732	18,147	161,435	6,446	167,881
Reportable segment profit/(loss)	21,735	(3,718)	(1,688)	(436)	(1,753)	14,140	6,446	20,586
Interest income	42	14	8	7	—	71	—	71
Depreciation for the period	(1,344)	(1,038)	(450)	(849)	(262)	(3,943)	—	(3,943)

2 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenues, profit or loss and assets

	Six months ended 30 June 2009 RMB'000 (Unaudited)	Six months ended 30 June 2008 RMB'000 (Unaudited)
Revenue		
Reportable segment revenue derived from the Group's external customers	**144,513**	167,881
Other income	**3,855**	5,039
Less: Sales taxes and other surcharges	**(12,438)**	(14,219)
Combined turnover	**135,930**	158,701

	Six months ended 30 June 2009 RMB'000 (Unaudited)	Six months ended 30 June 2008 RMB'000 (Unaudited)
(Loss)/profit		
Reportable segment (loss)/profit derived from the Group's external customers	**(11,990)**	20,586
Other profits	**3,855**	5,039
Share of profit/(loss) of an associate	**91**	(285)
Loss on disposal of an associate	**(1,469)**	—
Share of loss of a jointly controlled entity	**(26)**	(186)
Unallocated head office and corporate expense (note)	**(900)**	(658)
Combined (loss)/profit before taxation	**(10,439)**	24,496

Note: Depreciation of RMB290,000 and RMB12,000 is included in unallocated head office and corporate expense for the six months ended 30 June 2009 and 2008 respectively.

Interest income of RMB1,000 and RMB22,000 is included in unallocated head office and corporate expense for the six months ended 30 June 2009 and 2008 respectively.

2 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenues, profit or loss and assets (Continued)

	At 30 June 2009 RMB'000 (Unaudited)	At 31 December 2008 RMB'000 (Audited)
Assets		
Reportable segment assets	**68,924**	94,187
Fixed assets	**64,620**	67,042
Intangible assets	**3,759**	—
Interest in an associate	**—**	9,460
Interest in a jointly controlled entity	**—**	328
Deferred tax assets	**1,732**	—
Other receivables, deposits and prepayments	**49,855**	26,817
Amounts due from related parties	**64,802**	65,769
Taxation recoverable	**586**	535
Cash and cash equivalents	**14,094**	37,291
Combined total assets	**268,372**	301,429

3 TURNOVER

The Group is principally engaged in the provision of magazine advertising services, printing and distribution of magazines and provision of advertising-related services.

Turnover represents the invoiced sales net of sales discounts, sales returns and sales taxes.

	Six months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Advertising income	**137,388**	161,435
Circulation income	**7,125**	6,446
Sponsorship, event and service income	**3,855**	5,039
	148,368	172,920
Less: Sales taxes and other surcharges	**(12,438)**	(14,219)
	135,930	158,701

4 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(a) Finance costs:		
Interest charged on bank loans	**464**	—
(b) Other items:		
Depreciation of fixed assets	**5,267**	3,955
Amortisation of intangible assets	**89**	—
Operating lease charges in respect of properties	**6,298**	5,881
Impairment losses on trade receivables recognised/(written back), net	**184**	(19)
Interest income from bank deposits	**(58)**	(93)
Net foreign exchange (gain)/loss	**(65)**	147

5 INCOME TAX

	Six months ended 30 June 2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Current tax		
Provision for the PRC Corporate Income Tax	**780**	4,474
Provision for the Hong Kong Profits Tax	**9**	—
	789	4,474
Deferred tax		
Origination of temporary differences	**(1,732)**	—
Actual tax (credit)/expense	**(943)**	4,474

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

(ii) No provision for Hong Kong Profits Tax has been provided for the six months ended 30 June 2009 as the subsidiaries operating in Hong Kong sustained tax losses for the period, of which deferred tax asset in respect of future benefits of accumulated tax losses was not recognised. The amount of RMB9,000 represented an under-provision of Hong Kong Profits Tax in respect of prior years.

(iii) Taxation for subsidiaries operating in the PRC is calculated as the prevailing tax rates based on existing legislation, interpretations and practices in respect thereof.

(iv) For the six months ended 30 June 2009, certain subsidiaries operating in the PRC recognised deferred tax assets of RMB1.7 million in respect of future benefits of accumulated tax losses.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the new Corporate Income Tax Law ("the new tax law") of the PRC, which unified the income tax rate to 25% for all enterprises. The new tax law was effective on 1 January 2008. The new tax law, its implementation rules and the State Council Notice, GuoFa [2007] No. 39 Notice on the Implementation of the Transitional Preferential Corporate Income Tax Policies (國發[2007]39號《國務院關於實施企業所得税過渡優惠政策的通知》) ("Circular 39"), provide a five-year transitional period from its effective date for those enterprises which were established before 16 March 2007 and which were entitled to a preferential lower tax rate under the then effective tax laws and regulations. The transitional tax rates are 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards, respectively. The new tax law, its implementation rules and Circular 39 also provide grandfathering on the 2+3 tax holiday and require such tax exemption period to begin on 1 January 2008 should it be not started prior to 1 January 2008. The 2-year tax holiday is not grandfathered under the new tax law.

The new tax law also imposes a withholding tax at 10%, unless reduced by a treaty or agreement, for dividends distributed by a PRC-resident enterprise to its immediate holding company outside mainland China for earnings generated beginning on 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. As of 30 June 2009, the Group has not provided for income taxes on accumulated earnings generated by its PRC entities for the six months ended 30 June 2009 since it is probable that they will not be reversed in the foreseeable future. It is not practicable to estimate the amount of additional taxes that might be payable on such undistributed earnings.

6 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the six months ended 30 June 2009 and 2008 is based on the net (loss)/profit attributable to equity shareholders of the Company, and on the assumption that the 300,000,000 ordinary shares of the Company in issue and issuable, comprising 8,000,000 shares in issue at the date of the Prospectus and 292,000,000 shares to be issued, as if the shares were outstanding throughout the periods presented. The 100,000,000 shares in issue at the date of this report pursuant to the Hong Kong Public Offering are not taken into account in the calculation of basic (loss)/earnings per share.

There were no dilutive potential ordinary shares during the six months ended 30 June 2009 and 2008 and, therefore, diluted earnings per share are not presented.

7 INTANGIBLE ASSETS

At 30 June 2009, intangible assets largely comprised of publication rights of magazines which are amortised over the estimated useful lives of 80 months.

8 INTEREST IN AN ASSOCIATE

On 11 May 2009, the Group disposed of its entire 20% equity interest in Tianjin Holiday Media Development Co., Ltd. to an independent third party for a consideration of RMB8,101,200. The disposal resulted in a loss of RMB1,468,800 representing the difference between the net proceeds of consideration and net assets of RMB9,570,000 disposed.

9 INTEREST IN A JOINTLY CONTROLLED ENTITY

On 23 April 2009, the Group disposed of its entire 50% equity interest in Sichuan Shangdu Media Co., Ltd. to an independent third party for a consideration of RMB298,000 which is the net asset value of Sichuan Shangdu Media Co., Ltd. as at the disposal date. The disposal resulted in no gain or loss to the Group's combined financial statements.

10 TRADE RECEIVABLES

An ageing analysis of trade receivables by transaction date is as follows:

	At 30 June 2009 RMB'000 (Unaudited)	At 31 December 2008 RMB'000 (Audited)
Within 30 days	**21,663**	25,413
31 days to 90 days	**29,322**	41,075
91 days to 180 days	**13,775**	19,655
More than 180 days	**4,592**	8,652
	69,352	94,795
Less: allowance for doubtful debts	**(428)**	(608)
	68,924	94,187

The Group normally allows a credit period ranging from 30 to 150 days to its advertising and circulation customers. Customers with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not hold any collateral from its customers.

11 TRADE PAYABLES

An ageing analysis of trade payables of the Group is as follow:

	At 30 June 2009 RMB'000 (Unaudited)	At 31 December 2008 RMB'000 (Audited)
Within 30 days	**7,487**	10,945
31 days to 90 days	**16,640**	15,471
91 days to 180 days	**5,247**	1,779
More than 180 days	**38**	—
	29,412	28,195

All of the trade payables are expected to be settled within one year.

12 BANK LOANS

At 30 June 2009, the bank loans were secured and repayable as follows:

	At 30 June 2009 RMB'000 (Unaudited)	At 31 December 2008 RMB'000 (Audited)
Within 1 year or on demand	**1,400**	—
After 1 year but within 2 years	**1,495**	—
After 2 years but within 5 years	**5,116**	—
After 5 years	**10,303**	—
	16,914	—
	18,314	—

At 30 June 2009, the bank loans of a subsidiary were secured by mortgages over the properties in Beijing, the PRC, with a carrying value of RMB37,642,000. The bank loans were also secured by guarantee from Shanghai Gezhi Advertising Co., Ltd., a subsidiary of the Group, and were secured by guarantee from Mr. Shao. The personal guarantee from Mr. Shao has been released upon the listing of the shares of the Company on the Stock Exchange.

13 OTHER LOAN

Other loan is repayable by instalments on or before 31 March 2010 and is interest-free for the period from the drawdown date of the loan to 31 March 2010, except that in the event that the Group fails to repay the instalment, the interest will be charged at the rate of 9% per annum on the amount from the drawdown date to the date of actual payment in full of the loan instalment.

In March 2009, the Group repaid RMB13,691,000 (equivalent to US$2,000,000) of the other loan.

As at 30 June 2009, the other loan was secured by share charge over the entire issued share capital of two of the wholly-owned subsidiaries of the Group, Modern Media Company Limited and City Howwhy Limited, and personal guarantee from Mr. Shao. The personal guarantee, together with the said share charge over the share capital of the wholly-owned subsidiaries, have been replaced by corporate guarantee by the Company upon the listing of the shares of the Company on the Stock Exchange.

14 AMOUNTS DUE FROM RELATED PARTIES

(a) Amount due from a director

The amount due from a director is unsecured, interest-free and repayable on demand. Set out below are the details of amount due from a director:

	At 30 June 2009 RMB'000 (Unaudited)	At 31 December 2008 RMB'000 (Audited)
SHAO Zhong	**59,479**	49,437
Maximum outstanding balance		
SHAO Zhong	**59,479**	49,437

The amount due from a director at 30 June 2009 arose from the non-trading advance to the director.

The amount due from a director was fully settled by way of dividends declared by the Group prior to the listing of the Shares of the Company on the Stock Exchange.

(b) Amounts due from related companies

	At 30 June 2009 RMB'000 (Unaudited)	At 31 December 2008 RMB'000 (Audited)
Guangzhou Zhongde Consultation Co., Ltd. (廣州市眾德諮詢有限公司) *(note (i))*	—	14,184
Shanghai Senyin Information Technology Co., Ltd. (上海森音信息技術發展有限公司) *(note (ii))*	**5,323**	2,148
	5,323	16,332

Notes:

(i) The major shareholder of the Company disposed of its equity interests in Guangzhou Zhongde Consultation Co., Ltd. in April 2009 and accordingly, the amounts due from Guangzhou Zhongde Consultation Co., Ltd. were reclassified to other receivables.

(ii) The amount due from Shanghai Senyin Information Technology Co., Ltd. is unsecured, interest free and was settled prior to the listing of the shares of the Company on the Stock Exchange.

15 CAPITAL AND DIVIDENDS

(a) Share capital

For the purpose of this report, the paid-in capital in the combined balance sheets as at the respective period/year ends was presented as follows:

The paid-in capital as at 30 June 2009 and 31 December 2008 represented the aggregate amounts of paid-in capital of the Company and companies then comprising the Group, after elimination of investments in subsidiaries.

The authorised and issued share capital of the Company as at 30 June 2009 is set out as follows:-

The Company

	Ordinary shares	
	No. of shares	US$'000
Authorised:		
Ordinary shares of US$0.001 each	50,000,000	50

	Ordinary shares	
	No. of shares	US$'000
Issued and fully paid:		
Ordinary shares of US$0.001 each	8,000,000	8

(b) Dividends

No dividends were declared and distributed during the six months ended 30 June 2009 and 2008.

16 CONTINGENT LIABILITIES

At 30 June 2009 and 31 December 2008, the Group had no material contingent liabilities.

17 MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following related party transactions during the six months ended 30 June 2009 and 2008.

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Non-recurring		
Advertising rights fee *(note (i))*	**—**	1,622
Acquisition of motor vehicles *(note (ii))*	**—**	930
Management fee income *(note (iii))*	**1,150**	1,500

Notes:

(i) This represented advertising rights expenses paid to a jointly controlled entity, Sichuan Shangdu Media Co., Ltd. for the provision of platform by Sichuan Shangdu Media Co., Ltd. to display the Group's advertising business. It is charged at a pre-determined rate mutually agreed, which is based on the market rates of the related services provided.

(ii) During the six months ended 30 June 2008, the Group acquired two motor vehicles from a director of the Group for a consideration of RMB930,000 based on the prevailing market price mutually agreed between the parties, which was settled by setting off against the advance due from the director to the Group.

(iii) This represented management fee income receivable from Shanghai Senyin Information Technology Co., Ltd. and Guangzhou Zhongde Consultation Co., Ltd. for a period of two years from 1 January 2008 to 31 December 2009. It is charged at a pre-determined amount mutually agreed, which is based on the market rates of the related services provided. On 29 July 2009, the Group entered into termination agreement with Shanghai Senyin Information Technology Co., Ltd. and Guangzhou Zhongde Consultation Co., Ltd. and the Group ceased to provide the management services to these related companies.

Mr. Shao provided personal guarantee to an independent third party in respect of other loan (note 13) granted by the independent third party. The personal guarantee has been replaced by corporate guarantee by the Group upon the listing of the shares of the Company on the Stock Exchange.

Details of the amounts due from a director and amounts due from related parties are set out in note 14.

18 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDING 31 DECEMBER 2009

Up to the date of issue of the Interim financial report, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ending 31 December 2009 and which have not been adopted in the Interim financial report.

IFRSs (Amendments) [1]	Improvements to IFRSs 2009
IAS 27 (Revised) [3]	Consolidated and Separate Financial Statements
IAS 39 (Amendment) [3]	Eligible Hedged Items
Amendments to IFRS 5 [3]	Non-current Assets Held for Sale and Discontinued Operations
IFRS 3 (Revised) [4]	Business Combinations
IFRIC 9 and IAS 39 (Amendments) [2]	Embedded Derivatives
IFRIC 17 [3]	Distributions of Non-cash Assets to Owners
IFRIC 18 [4]	Transfers of Assets from Customers

(1) Effective for annual periods beginning on or after 1 January 2010 except the amendments to IFRS 2, "Share-based Payment", IAS 38, "Intangible Assets", IFRIC 9 "Reassessment of Embedded Derivatives" and IFRIC 16 "Hedges of a Net Investment in a Foreign Operation", which are effective for annual periods beginning 1 July 2009.

(2) Effective for annual periods beginning on or after 30 June 2009.

(3) Effective for annual periods beginning on or after 1 July 2009.

(4) Effective for transfers on or after 1 July 2009.

The Group is in the process of making an assessment of the expected impact of these amendments, new standards and new interpretations in the period of initial application. So far, it has concluded that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

19 POST BALANCE SHEET EVENTS

(a) Initial Public Offering

On 9 September 2009, the Company issued 100,000,000 ordinary shares in connection with its global offering and the commencement of the listing of its shares on the Main Board of the Stock Exchange of Hong Kong Limited and raised gross proceeds of approximately RMB113.6 million.

(b) Share option scheme

Pursuant to the written resolutions of the sole shareholder of the Company passed on 24 August 2009, the Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are set out under the paragraph headed "Share Option Scheme" in Appendix V to the Prospectus.

(c) Change of shares' denomination, share consolidation and capitalisation issue

On 10 August 2009, the authorised share capital of the Company was increased by HK$387,500 by the creation of 387,500,000 new shares of HK$0.001 each, of which 62,000,000 new shares of HK$0.001 each were allotted and issued fully paid to Mr. Shao. Immediately thereafter, the Company then repurchased all of the 8,000,000 issued shares of US$0.001 each at a price of US$8,000 and cancelled 50,000,000 shares of US$0.001 each in the capital of the Company.

On 10 August 2009, resolutions were passed by Mr. Shao (as the sole shareholder of the Company), pursuant to which (i) every 10 shares having a par value of HK$0.001 each in the Company were consolidated into one share having a par value of HK$0.01 each and accordingly, the authorised share capital remained to be HK$387,500 comprising 38,750,000 shares having a par value of HK$0.01 each; and (ii) the number of issued shares and the number of unissued shares (both then having a par value of HK$0.01 each) in the Company were 6,200,000 and 32,550,000 respectively.

Pursuant to a resolution in writing passed by the sole Shareholder (namely, Mr. Shao) on 17 August 2009, the authorised share capital of the Company was increased to HK$80,000,000 by the creation of a further 7,961,250,000 shares of HK$0.01 each in the share capital of the Company to rank pari passu in all respects with the then existing issued shares of HK$0.01 each in the share capital of the Company. On the same date, Mr. Shao applied for 1,800,000 additional shares which were allotted and issued by the Company. Immediately following such issue of new shares, the issued share capital of the Company increased to HK$80,000 divided into 8,000,000 shares.

(d) Declaration of interim dividend

Subsequent to 30 June 2009, certain subsidiaries of the Group declared interim dividends in aggregate amounts of RMB81,999,000 which will then settle the amounts due from a director before the Listing.