The following is the full text of a report, prepared for the purpose of inclusion in this document, received from the independent reporting accountants of the Company, KPMG, Certified Public Accountants, Hong Kong. As described in the section headed "Documents delivered and available for inspection" in Appendix VI to this Document, a copy of the following Accountants' Report is available for public inspection.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

[Date]

The Board of Directors
Modern Media Holdings Limited
ICBC International Capital Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Modern Media Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") including the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined cash flow statements of the Group, for each of the three years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009 (the "Relevant Period"), the combined balance sheets of the Group as at 31 December 2006, 2007 and 2008 and 31 March 2009 and the balance sheets of the Company as at 31 December 2007 and 2008 and 31 March 2009, together with explanatory notes thereto (the "Financial Information") for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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. Pursuant to a group reorganisation completed on [●] (the "Reorganisation") as detailed in the section headed "Statutory and General Information" in Appendix V to the Document, the Company became the holding company of the companies now comprising the Group, details of which are set out in Section A below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganisation.

The statutory financial statements of the following companies comprising the Group for each of the three years ended 31 December 2006, 2007 and 2008, or since their respective dates of acquisition/establishment, where this is a shorter period, were prepared in accordance with either Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified

Public Accountants (the "HKICPA") or the relevant accounting rules and regulations applicable to enterprises in the People's Republic of China (the "PRC") and were audited during the Relevant Period by the respective statutory auditors as indicated below:

Name of subsidiaries	*Note*	**Financial period**	**Statutory Auditors**
City Howwhy Limited		Year ended 31 December 2006	Li, Lai & Cheung Certified Public Accountants
		Years ended 31 December 2007 and 2008	LKY China Certified Public Accountants
Modern Media Company Limited		Years ended 31 December 2006, 2007 and 2008	LKY China Certified Public Accountants
Zhuhai Modern Zhimei Culture Media Co., Ltd. (珠海現代致美文化傳播有限公司) (formerly known as Modern Media (Zhuhai) Information Consultation Co., Ltd. (現代傳播(珠海)信息咨詢有限公司))		Period/Year ended 31 December 2007 and 2008	Zhuhai Huacheng Certified Public Accountants Co., Ltd. (珠海市華誠會計師事務所有限公司)
Modern Media (Zhuhai) Technology Co., Ltd. (現代傳播(珠海)科技有限公司)		Period/Year ended 31 December 2007 and 2008	Zhuhai Huacheng Certified Public Accountants Co., Ltd. (珠海市華誠會計師事務所有限公司)
Yazhimei Information Consultation (Shenzhen) Co., Ltd. (雅致美信息咨詢(深圳)有限公司)		Period/Year ended 31 December 2007 and 2008	Shenzhen Great Certified Public Accountants (深圳中瑞泰會計師事務所)
Guangzhou Modern Information Media Co., Ltd. (廣州現代資訊傳播有限公司) (formerly known as Guangzhou Modern Information Media Advertising Co., Ltd. (廣州現代資訊傳播廣告有限公司))	(i)	Year ended 31 December 2007	Guangzhou Nanyong Certified Public Accountants Co., Ltd. (廣州南永會計師事務所有限公司)
		Year ended 31 December 2008	Guangzhou Hengyi Certified Public Accountants Co., Ltd. (廣州恒意會計師事務所有限公司)
Shenzhen Yage Zhimei Information Media Co., Ltd. (深圳市雅格致美資訊傳播有限公司)	(i)	Year ended 31 December 2006	Shenzhen Asia Pacific Certified Public Accountants Co. Ltd (深圳市亞太會計師事務所有限公司)
Guangzhou Modern Books Co., Ltd. (廣州現代圖書有限公司)		Years ended 31 December 2006 and 2007	Guangzhou Nanyong Certified Public Accountants Co., Ltd. (廣州南永會計師事務所有限公司)
		Year ended 31 December 2008	Guangzhou Hengyi Certified Public Accountants Co., Ltd. (廣州恒意會計師事務所有限公司)

The English translation of the company and auditors' names is for reference only. The official names of the companies established in the PRC are in Chinese.

Note:

(i) No audited financial statements have been prepared for (a) Guangzhou Modern Information Media Co., Ltd. for the year ended 31 December 2006 and (b) Shenzhen Yage Zhimei Information Media Co., Ltd. for the years ended 31 December 2007 and 2008 as they are not subject to statutory audit requirements under the relevant rules and regulations in the PRC.

As at the date of this report, no audited financial statements have been prepared for the Company and E-Starship Limited as they were investment holding companies and have not carried on any business since their respective dates of establishment/incorporation.

As at the date of this report, no audited financial statements have been prepared for Shanghai Yage Advertising Co., Ltd. (上海雅格廣告有限公司), Beijing Modern Yage Advertising Co., Ltd. (北京現代雅格廣告有限公司), Shanghai Gezhi Advertising Co., Ltd. (上海格致廣告有限公司) and Beijing Yage Zhimei Advertising Media Co., Ltd. (北京雅格致美廣告傳播有限公司), Zhuhai Yinhu Advertising Co., Ltd. (珠海市銀弧廣告有限公司) and Guangzhou Yage Advertising Co., Ltd. (廣州雅格廣告有限公司) as they were not subject to statutory audit requirements under the relevant rules and regulations in their jurisdictions of establishment/incorporation.

We have, however, reviewed all significant transactions of these companies for each of the three years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, or from their respective dates of establishment/incorporation/acquisition to 31 March 2009, for the purpose of this report.

BASIS OF PREPARATION

The Financial Information has been prepared by the directors of the Company based on the audited financial statements or, where appropriate, unaudited management accounts of the companies now comprising the Group, on the basis set out in Section A below, after making such adjustments as are appropriate. The financial statements have been prepared on the basis of the accounting policies referred to in Section C, which are in accordance with International Financial Reporting Standards (“IFRSs”) promulgated by the International Accounting Standards Board, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). IFRSs include International Accounting Standards (“IAS”) and Interpretations. No statement of adjustments as defined under Rule 4.15 of the Listing Rules is considered necessary.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with IFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of Financial Information that is 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.

Our responsibility is to form an opinion on the Financial Information based on our audit procedures.

BASIS OF OPINION

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have carried out appropriate audit procedures in respect of the Financial Information for the Relevant Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" ("Statement 3.340") issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform our work to obtain reasonable assurance as to whether the Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation and true and fair presentation of the Financial Information 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 Financial Information.

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

We have not audited any financial statements of the companies comprising the Group in respect of any period subsequent to 31 March 2009.

OPINION

In our opinion, for the purpose of this report, all adjustments considered necessary have been made and the Financial Information, on the basis of presentation set out in Section A below and in accordance with the accounting policies set out in Section C below, gives a true and fair view of the Group's combined results and cash flows for the Relevant Period, and the state of affairs of the Group as at 31 December 2006, 2007 and 2008 and 31 March 2009 and of the Company as at 31 December 2007 and 2008 and 31 March 2009.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the combined income statement, the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the three months ended 31 March 2008, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, 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 HKICPA. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review 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 on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A BASIS OF PRESENTATION

During the Relevant Period and prior to the Reorganisation, 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" or 邵忠).

After the Reorganisation, that is when the Contractual Arrangements are entered into between Modern Media (Zhuhai) Technology Co., Ltd. and the PRC Operational Entities, accounted for as a series of business combinations, the Group will continue to control the financial and operating decisions of the PRC Operational Entities through Modern Media (Zhuhai) Technology Co., Ltd. under the Contractual Arrangements, details of which are set out in the paragraph headed "Contractual Arrangements" under section headed "Business" of the Document.

For the purpose of this report, the Financial Information has been prepared to reflect the Reorganisation 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 during the Relevant Period, 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" has been applied in accounting for the Reorganisation. The Financial Information has been prepared using the merger basis of accounting as if the Group (including the PRC Operational Entities) 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.

The combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and combined cash flow statements of the Group as set out for the Relevant Period in Section B have been prepared on a combined basis and include the results of operations of the companies now comprising the Group for the Relevant Period (or where the companies were acquired/incorporated/established at a date later than 1 January 2006, for the period from the date of acquisition/incorporation/establishment to 31 March 2009) as if the current group structure had been in existence throughout the entire Relevant Period. The combined balance sheets of the Group as at 31 December 2006, 2007 and 2008 and at 31 March 2009 as set out in Section B have been prepared to present the state of affairs of the companies comprising the Group as at those dates as if the current group structure had been in existence as at those dates or since their respective dates of acquisition/incorporation/establishment where they did not exist at those dates.

The acquisition of Modern Media (Zhuhai) Technology Co., Ltd. by the Group on 2 November 2007 was accounted for under purchase accounting in accordance with IFRS 3 "Business Combinations".

All material intra-group transactions and balances have been eliminated on combination.

During the Relevant Period, the Company had direct or indirect interests in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of subsidiaries	*Notes*	Place and date of incorporation/ establishment and operations	Issued and fully paid up share capital	Attributable equity interest held by the Company 31 December 2006	2007	2008	31 March 2009	Principal activities
Directly held:								
E-Starship Limited		British Virgin Islands 18 May 2000	US$1	100%	100%	100%	100%	Investment holding
Indirectly held:								
City Howwhy Limited		Hong Kong 15 May 2000	HK$2	100%	100%	100%	100%	Publication of magazine in Hong Kong
Modern Media Company Limited		Hong Kong 6 May 1998	HK$1,000,000	100%	100%	100%	100%	Provision of advertising agency services
Zhuhai Modern Zhimei Culture Media Co., Ltd. (珠海現代致美文化傳播有限公司) (formerly known as Modern Media (Zhuhai) Information Consultation Co., Ltd. (現代傳播(珠海)信息咨詢有限公司))	(ii)	The PRC 23 October 2006	RMB8,950,000	—	100%	100%	100%	Provision of advertising agency services
Modern Media (Zhuhai) Technology Co., Ltd. (現代傳播(珠海)科技有限公司)	(i) & (iii)	The PRC 13 April 2006	HK$4,600,000	—	100%	100%	100%	Research and production and sale of self-invented management and finance-related software and after-sale services, provision of management and consultation services; and image management services
Yazhimei Information Consultation (Shenzhen) Co., Ltd. (雅致美信息咨詢(深圳)有限公司)	(i)	The PRC 16 August 2007	HK$2,000,000	—	100%	100%	100%	Provision of management and consultation services

Name of subsidiaries	*Notes*	Place and date of incorporation/ establishment and operations	Issued and fully paid up share capital	Attributable equity interest held by the Company 31 December 2006	2007	2008	31 March 2009	Principal activities
Guangzhou Modern Information Media Co., Ltd. (廣州現代資訊傳播有限公司) (formerly known as Guangzhou Modern Information Media Advertising Co., Ltd. (廣州現代資訊傳播廣告有限公司))	(ii)	The PRC 3 September 1999	RMB1,100,000	100%	100%	100%	100%	Publication of magazine in the PRC, provision of advertising agency services, retail sales of imported books and planning of literary arts activities and exhibitions
Shanghai Yage Advertising Co., Ltd. (上海雅格廣告有限公司)	(ii)	The PRC 17 June 2002	RMB500,000	100%	100%	100%	100%	Provision of advertising agency services
Beijing Modern Yage Advertising Co., Ltd. (北京現代雅格廣告有限公司)	(ii)	The PRC 15 January 2002	RMB500,000	100%	100%	100%	100%	Provision of advertising agency services and organising cultural exchange activities and exhibitions
Shenzhen Yage Zhimei Information Media Co., Ltd. (深圳市雅格致美資訊傳播有限公司)	(ii)	The PRC 8 June 2005	RMB2,000,000	100%	100%	100%	100%	Provision of advertising agency services
Shanghai Gezhi Advertising Co., Ltd. (上海格致廣告有限公司)	(ii)	The PRC 16 January 2006	RMB500,000	100%	100%	100%	100%	Provision of advertising agency services and business information consultation services
Beijing Yage Zhimei Advertising Media Co., Ltd. (北京雅格致美廣告傳播有限公司)	(ii)	The PRC 29 March 2006	RMB500,000	100%	100%	100%	100%	Provision of advertising agency services and organising cultural exchange activities and exhibitions
Guangzhou Yage Advertising Co., Ltd. (廣州雅格廣告有限公司) (formerly known as Guangzhou Yage Public Relations Company Limited (廣州雅格公關有限公司))	(ii)	The PRC 25 February 2004	RMB500,000	100%	100%	100%	100%	Design of image, planning of enterprise ceremony and provision of design, production and agency services
Guangzhou Modern Books Co., Ltd. (廣州現代圖書有限公司)	(ii)	The PRC 24 November 2004	RMB3,010,000	100%	100%	100%	100%	Publication of magazine in the PRC, design and selling of advertising spaces

Name of subsidiaries	*Notes*	Place and date of incorporation/ establishment and operations	Issued and fully paid up share capital	Attributable equity interest held by the Company				Principal activities
				31 December			31 March	
				2006	2007	2008	2009	
Zhuhai Yinhu Advertising Co., Ltd. (珠海市銀弧廣告有限公司)	(ii)	The PRC 30 March 2001	RMB500,000	—	—	100%	100%	Provision of advertising agency services

The English translation of the company names is for reference only. The official names of the companies established in the PRC are in Chinese.

Notes:

(i) These companies are incorporated in the PRC as wholly foreign-owned enterprises.

(ii) The equity interests of these entities are held by PRC nationals and/or entities on behalf of the Group.

Historically, PRC rules and regulations restricted foreign ownership of companies in certain industries. The Group has been conducting its operations in these industries through the PRC Operational Entities which are ultimately wholly-owned by Mr. Shao.

As of the date of this report, the Group does not have direct equity interests in these PRC Operational Entities. However, the Group has implemented a series of Contractual Arrangements with Mr. Shao and the PRC Operational Entities such that:

- The Group is entitled to enjoy all the economic benefits of the PRC Operational Entities. All the dividends, capital bonus or any other assets distributed to Mr. Shao by the respective PRC Operational Entities are required to be transferred to the Group at nil consideration within three working days after such distribution;

- The Group is granted exclusive right to acquire, to the extent permissible under PRC laws, equity interests in the PRC Operational Entities at nil consideration or for a nominal price; and

- Mr. Shao is required to consult with and follow the instructions of the Group, whenever he exercises his rights as the equity shareholder of the PRC Operational Entities.

As a result of the above Contractual Arrangements, the Group has effective control over the financial and operational policies of the PRC Operational Entities and derives economic benefits from the operations of the PRC Operational Entities. Accordingly, the financial results and positions of the PRC Operational Entities have been combined into the Group since their respective dates of acquisition/establishment.

(iii) On 2 November 2007, Modern Media Company Limited, a wholly-owned subsidiary of the Group, acquired 100% equity interests of Modern Media (Zhuhai) Technology Co., Ltd. (現代傳播(珠海)科技有限公司). Further details are set out on pages I-13 to I-14 to the Accountants' Report.

B FINANCIAL INFORMATION

1 COMBINED INCOME STATEMENTS

		Years ended 31 December			Three months ended 31 March	
		2006	**2007**	**2008**	**2008**	**2009**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Turnover	2	231,302	281,085	347,825	65,105	60,022
Cost of sales		(107,114)	(117,443)	(142,839)	(30,596)	(36,325)
Gross profit		124,188	163,642	204,986	34,509	23,697
Other revenue	3(a)	75	355	1,743	48	2,470
Other net income/(loss)	3(b)	79	(135)	(514)	(125)	16
Selling and distribution expenses		(35,918)	(51,502)	(72,390)	(18,517)	(18,117)
Administrative and other operating expenses		(46,937)	(62,916)	(77,393)	(18,703)	(18,771)
Profit/(loss) from operations		41,487	49,444	56,432	(2,788)	(10,705)
Finance costs	4(a)	(51)	—	—	—	(171)
Share of profit/(loss) of an associate	13	—	498	861	(654)	(57)
Share of loss of a jointly controlled entity	14	—	(382)	(290)	(196)	(26)
Profit/(loss) before taxation	4	41,436	49,560	57,003	(3,638)	(10,959)
Income tax	5(a)	(5,486)	(7,760)	(11,985)	(294)	1,242
Profit/(loss) for the year/period		35,950	41,800	45,018	(3,932)	(9,717)
Profit/(loss) attributable to equity shareholders		35,950	41,800	45,018	(3,932)	(9,717)
Earnings/(loss) per share (RMB)	7					
- Basic		[●]	[●]	[●]	[●]	[●]

The accompanying notes form part of the Financial Information.

2 COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		Years ended 31 December			Three months ended 31 March	
		2006	**2007**	**2008**	**2008**	**2009**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Profit/(loss) for the year/period		35,950	41,800	45,018	(3,932)	(9,717)
Other comprehensive (loss)/income for the year/period (after tax adjustments)	6					
Exchange differences on translation of financial statements of overseas subsidiaries		(115)	792	(1,469)	(1,412)	114
Total comprehensive income/(loss) for the year/period		35,835	42,592	43,549	(5,344)	(9,603)
Total comprehensive income/(loss) attributable to equity shareholders		35,835	42,592	43,549	(5,344)	(9,603)

3 COMBINED BALANCE SHEETS

		As at 31 December			As at 31 March
		2006	**2007**	**2008**	**2009**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Fixed assets	11	11,992	12,545	67,042	66,279
Prepaid deposits for properties	11(c)	—	16,998	—	—
Interest in an associate	13	—	8,599	9,460	9,403
Interest in a jointly controlled entity	14	—	1,035	328	302
Deferred tax assets	22(b)	—	—	—	1,732
		11,992	39,177	76,830	77,716
Current assets					
Trade receivables	15	75,590	71,954	94,187	72,983
Other receivables, deposits and prepayments	16	8,072	28,298	26,817	22,471
Amounts due from related parties	21	32,690	43,450	65,769	72,445
Taxation recoverable	22(a)	—	566	535	535
Cash and cash equivalents	17(a)	17,815	46,379	37,291	11,610
		134,167	190,647	224,599	180,044
Current liabilities					
Trade payables	18	21,404	23,086	28,195	22,077
Other payables and accruals	18	36,038	41,378	56,380	33,528
Bank loan	19	—	—	—	781
Other loan	20	—	29,028	27,596	13,779
Taxation payable	22(a)	7,774	13,305	24,182	22,485
		65,216	106,797	136,353	92,650
Net current assets		68,951	83,850	88,246	87,394
Total assets less current liabilities		80,943	123,027	165,076	165,110
Non-current liability					
Bank loan	19	—	—	—	9,637
Net assets		80,943	123,027	165,076	155,473
Capital and reserves					
Share capital	23	6,680	6,172	4,672	4,672
Reserves	24	74,263	116,855	160,404	150,801
Total equity		80,943	123,027	165,076	155,473

The accompanying notes form part of the Financial Information.

4 BALANCE SHEETS OF THE COMPANY

		As at 31 December		As at 31 March
		2007	**2008**	**2009**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Non-current asset				
Investments in subsidiaries	12	—	—	—
Current assets				
Receivables and prepayments		—	12	12
Amount due from a director		—	54	54
Amounts due from subsidiaries	12	11,506	—	—
Cash and cash equivalents	17(b)	3,691	241	240
		15,197	307	306
Current liabilities				
Payables and accruals		749	177	177
Amounts due to subsidiaries	12	14,989	883	884
		15,738	1,060	1,061
Net liabilities		(541)	(753)	(755)
Capital and reserves				
Share capital	23	58	58	58
Exchange reserve		22	55	56
Accumulated losses		(621)	(866)	(869)
Equity deficiency		(541)	(753)	(755)

The accompanying notes form part of the Financial Information.

5 COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Statutory surplus and general reserves	Statutory public welfare reserve	Exchange reserve	Retained profits	Total equity
	(Note 23)	*(Note 24)*	*(Note 24)*	*(Note 24)*	*(Note 24)*	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2006	6,680	500	1,779	(185)	36,334	45,108
Changes in equity for 2006:						
Transfer to reserves	—	2,279	(1,779)	—	(500)	—
Total comprehensive income for the year	—	—	—	(115)	35,950	35,835
At 31 December 2006	6,680	2,779	—	(300)	71,784	80,943
At 1 January 2007	6,680	2,779	—	(300)	71,784	80,943
Changes in equity for 2007:						
Total comprehensive income for the year	—	—	—	792	41,800	42,592
Arising from Group reorganisation	(508)	—	—	—	—	(508)
At 31 December 2007	6,172	2,779	—	492	113,584	123,027
At 1 January 2008	6,172	2,779	—	492	113,584	123,027
Changes in equity for 2008:						
Total comprehensive income for the year	—	—	—	(1,469)	45,018	43,549
Arising from Group reorganisation	(1,500)	—	—	—	—	(1,500)
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 three months ended 31 March 2009:						
Total comprehensive loss for the period	—	—	—	114	(9,717)	(9,603)
At 31 March 2009	4,672	2,779	—	(863)	148,885	155,473

The accompanying notes form part of the Financial Information.

6 COMBINED CASH FLOW STATEMENTS

		Years ended 31 December			Three months ended 31 March	
	Note	**2006**	**2007**	**2008**	**2008**	**2009**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Operating activities						
Profit/(loss) before taxation		41,436	49,560	57,003	(3,638)	(10,959)
Adjustments for:						
- Depreciation of fixed assets	4(c)	3,065	3,059	8,650	2,072	2,615
- Impairment losses on trade receivables recognised/(written back), net	15(b)	92	690	(4)	144	184
- Interest income	3(a)	(35)	(234)	(110)	(48)	(40)
- Finance costs	4(a)	51	—	—	—	171
- Share of (profit)/loss of an associate	13	—	(498)	(861)	654	57
- Share of loss of a jointly controlled entity	14	—	382	290	196	26
- (Gain)/loss on disposals of fixed assets	3(b)	(84)	23	310	—	(1)
- Excess of interest in fair values of the acquiree's identifiable net assets over cost of acquisition	(a)	—	(371)	—	—	—
- Foreign exchange (gain)/loss		(27)	345	(2,189)	(2,078)	(76)
Changes in working capital:						
(Increase)/decrease in amount due from a jointly controlled entity		—	(417)	417	417	—
(Increase)/decrease in trade receivables		(26,460)	3,196	(22,229)	(8,503)	21,012
(Increase)/decrease in other receivables, deposits and prepayments		(954)	(20,226)	1,481	1,787	4,334
(Increase)/decrease in amounts due from related parties		(23,473)	(11,268)	(24,749)	1,310	(6,664)
Increase/(decrease) in trade payables		7,617	1,682	5,109	2,696	(5,620)
Increase/(decrease) in other payables and accruals		8,035	5,340	15,002	(8,177)	(23,343)
Cash generated from/(used in) operations		9,263	31,263	38,120	(13,168)	(18,304)
Tax paid	22(a)	(887)	(2,164)	(1,043)	(158)	(2,186)
Net cash generated from/(used in) operating activities		8,376	29,099	37,077	(13,326)	(20,490)

		Years ended 31 December			Three months ended 31 March	
	Note	**2006**	**2007**	**2008**	**2008**	**2009**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Investing activities						
Interest received		35	234	110	48	40
Payment for the purchase of fixed assets		(4,944)	(20,665)	(46,126)	(13,123)	(1,857)
Proceeds from disposals of fixed assets		711	—	527	—	1
Acquisition of an associate	13	—	(8,101)	—	—	—
Capital injection in a jointly controlled entity	14	—	(1,000)	—	—	—
Net cash inflow from acquisition of a subsidiary	(a)	—	58	—	—	—
Net cash used in investing activities		(4,198)	(29,474)	(45,489)	(13,075)	(1,816)
Financing activities						
Finance costs		(51)	—	—	—	(171)
Proceeds from other loan		—	29,028	—	—	—
Repayment of other loan		(604)	—	—	—	(13,619)
Proceeds from new bank loan		—	—	—	—	10,544
Repayment of bank loan		—	—	—	—	(126)
Net cash (used in)/generated from financing activities		(655)	29,028	—	—	(3,372)
Net increase/(decrease) in cash and cash equivalents		3,523	28,653	(8,412)	(26,401)	(25,678)
Cash and cash equivalents at beginning of the year/period		14,343	17,815	46,379	46,379	37,291
Effect of foreign exchange rate changes		(51)	(89)	(676)	(231)	(3)
Cash and cash equivalents at end of the year/period	17(a)	17,815	46,379	37,291	19,747	11,610

NOTES TO THE COMBINED CASH FLOW STATEMENTS

(a) ***Acquisition of a subsidiary***

On 2 November 2007, Modern Media Company Limited, a wholly-owned subsidiary of the Group, acquired 100% equity interests of Modern Media (Zhuhai) Technology Co., Ltd. (現代傳播(珠海)科技有限公司) ("Zhuhai Technology") from an independent third party for nil consideration ("the Acquisition"), which was determined with reference made to the fair value of the then net assets of Zhuhai Technology and the fact that Zhuhai Technology was dormant before it was acquired by Modern Media Company Limited. Zhuhai Technology had been engaged in the research and development, production and sale of software and after-sale services.

Following the Acquisition, Zhuhai Technology contributed turnover and loss after taxation of RMB19,000 and RMB127,000 respectively for the period ended 31 December 2007.

Had the Acquisition taken place at the beginning of the year, the turnover and loss after taxation of the Group for the year ended 31 December 2007 would not be significantly different to that reported above.

The cash flow and the fair value of net assets/liabilities acquired are provided below:

	RMB'000
Fixed assets	63
Trade and other receivables	250
Cash and cash equivalents	58
Net assets acquired	371
Excess of interest in fair values of the acquiree's identifiable net assets over cost of acquisition	(371)
Total purchase price — nil consideration	—
Less: Cash of subsidiary acquired	58
Net cash inflow in respect of the acquisition of a subsidiary	58

The excess of the Group's interest in fair values of the identifiable net assets of Zhuhai Technology over cost of acquisition has been credited to the combined income statement of the Group for the year ended 31 December 2007 under "Administrative and other operating expenses".

(b) ***Major Non-cash transactions***

During the year ended 31 December 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 accompanying notes form part of the Financial Information.

C NOTES TO THE FINANCIAL INFORMATION

1 Significant accounting policies

(a) ***Statement of compliance***

The Financial Information set out in this report has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes International Accounting Standards ("IASs") and related interpretations promulgated by the International Accounting Standards Board (the "IASB"). Further details of the significant accounting policies adopted are set out in the remainder of this Section C.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Financial Information, the Group has applied all these new and revised IFRSs to the Relevant Period, except for any new standards or interpretations that are not yet effective for the accounting year ending 31 December 2009. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year ending 31 December 2009 are set out in note 30.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

(b) ***Basis of preparation of the Financial Information***

(i) *Basis of combination*

The Financial Information for the Relevant Period comprises the Company and its subsidiaries and has been prepared using the merger basis of accounting as if the Group had always been in existence, as further explained in Section A.

(ii) *Basis of measurement*

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. The measurement basis used in the preparation of the Financial Information is the historical cost basis.

(iii) *Use of estimates and judgements*

The preparation of Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 29.

(c) ***Subsidiaries***

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Financial statements of a subsidiary are included in the Financial Information from the date that control commences until the date that control ceases. Book value accounting is adopted for common control combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(h)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 1(s)).

(d) ***Associate and jointly controlled entity***

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the combined financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 1(s)). Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(e) and (h)). The Group's share of the post-acquisition, post-tax results of the investee and any impairment losses for the year are recognised in the combined income statement whereas the Group's share of the post-acquisition post tax items of the investee's other comprehensive income is recognised in the combined statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest in the associate or the jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entity are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the assets transferred, in which case they are recognised immediately in profit or loss.

(e) ***Goodwill***

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to cash-generating units and is tested annually for impairment (see note 1(h)). In respect of associate or jointly controlled entity, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or jointly controlled entity and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see note 1(h)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or a jointly controlled entity is recognised immediately in profit or loss.

On disposal of a cash-generating unit, an associate or a jointly controlled entity during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) ***Fixed assets***

Fixed assets are stated in the balance sheets at cost less accumulated depreciation and impairment losses (see note 1(h)). Depreciation is calculated to write off the cost of fixed assets, less their estimated residual value, if any, on a straight-line method over their estimated useful lives as follows:

— Leasehold improvements are depreciated over the shorter of their estimated useful lives, being 5 years from the date of completion, and the unexpired terms of the leases.

— Land and buildings held for own use	— 20 years
— Office equipment	— 3-5 years
— Furnitures and fixtures	— 3-5 years
— Motor vehicles	— 5-10 years

Where parts of an item of fixed assets have different useful lives, the cost is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

(g) ***Leased assets***

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) *Classification of assets leased to the Group*

Assets that are held by the Group under leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee, or at the date of construction of those buildings, if later.

(ii) *Assets acquired under finance leases*

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(f). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(h). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) *Operating lease charges*

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(h) ***Impairment of assets***

(i) *Impairment of investments in equity securities and receivables*

Investments in equity securities and receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates and jointly controlled entities recognised using the equity method (see note 1(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 1(h)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(h)(ii).
- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery of an amount receivable is remote, the amount considered irrecoverable is written off against accounts receivable directly and any amounts held in the allowance account relating to that allowance account or written off directly are reversed against the allowance account or directly respectively. Other changes in the allowance account are recognised in profit or loss.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the fixed assets, investments in subsidiaries and goodwill may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

If any such indication exists, the recoverable amount of the asset is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated, first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) ***Receivables***

Receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(h)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 1(h)).

(j) ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the combined cash flow statements.

(k) ***Payables***

Payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(o), payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) ***Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) ***Employee benefits***

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year/period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) *Contributions to defined contribution retirement plans in the PRC*

Contributions to local retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(iii) *Share based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year/period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iv) *Termination benefits*

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(n) ***Income tax***

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they related to items recognised in other comprehensive income or directly to equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those difference relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided that they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) ***Financial guarantees issued, provisions and contingent liabilities***

(i) *Financial guarantees issued*

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within other payables and accruals. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(o)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in other payables and accruals in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) *Other provisions and contingent liabilities*

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) ***Revenue recognition***

Revenue is measured at the fair value of consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit or loss as follows:

(i) *Advertising income*

Revenue from advertising contracts, net of business tax and related surcharge, are recognised upon the publication of the magazine available to public in which the advertisement is placed.

(ii) *Circulation income*

Circulation income represents sale of magazines, which is recognised when the publication is delivered to the distributors at which time the risk and rewards of ownership has passed; and the return of magazines can be estimated reliably.

(iii) *Sponsorship, event and service income*

Sponsorship, event and service income is recognised when the relevant services are provided.

(iv) *Interest income*

Interest income is recognised as it accrues using the effective interest method.

(v) *Government grants*

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(q) ***Translation of foreign currencies***

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (''functional currency''). The Financial Information is presented in RMB ("presentation currency").

Foreign currency transactions during the year/period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in the profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into RMB at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. On disposal of an operation outside Mainland China, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(r) ***Borrowing costs***

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(s) ***Non-current assets held for sale and discontinued operations***

(i) *Non-current assets held for sale*

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets. These assets, even if held for sale, would continue to be measured in accordance with the accounting policies set out elsewhere in note 1.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) *Discontinued operations*

A discontinued operation is a component of the Group's business, the operations and cash flow of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(t) ***Related parties***

For the purposes of the Financial Information, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) ***Segment reporting***

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(v) ***Business combinations involving entities under common control***

The combined financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling entity.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination.

The combined income statements include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Inter-company transactions, balances and unrealised gains on transactions between the combining entities or businesses are eliminated. Unrealised losses are also eliminated but considered as an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 **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.

	Years ended 31 December			Three months ended 31 March	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Advertising income	235,387	289,040	359,461	65,069	59,210
Circulation income	10,881	9,722	13,614	2,789	3,895
Sponsorship, event and service income	2,401	7,296	8,794	2,765	2,311
	248,669	306,058	381,869	70,623	65,416
Less: Sales taxes and other surcharges	(17,367)	(24,973)	(34,044)	(5,518)	(5,394)
	231,302	281,085	347,825	65,105	60,022

3 **Other revenue and other net income/(loss)**

(a) ***Other revenue***

	Years ended 31 December			Three months ended 31 March	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest income from bank deposits	35	234	110	48	40
PRC government incentives (note)	37	78	1,598	—	2,430
Sundry income	3	43	35	—	—
	75	355	1,743	48	2,470

Note: Pursuant to an agreement between Shanghai Gezhi Advertising Co., Ltd. ("Shanghai Gezhi") and the local government bureau dated 5 March 2007, the PRC government incentives granted were to assist the development of Shanghai Gezhi. The amounts were computed based on a specified percentage of enterprise income tax, value-added tax, business tax, city development tax and individual income tax paid in the previous years. During the year ended 31 December 2008 and the three months ended 31 March 2009, Shanghai Gezhi received incentives of RMB1,427,000 and RMB2,430,000 in respect of taxes paid by Shanghai Gezhi in 2007 and 2008 respectively.

(b) ***Other net income/(loss)***

	Years ended 31 December			Three months ended 31 March	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Net foreign exchange (loss)/gain	(5)	(112)	(208)	(125)	15
Gain/(loss) on disposals of fixed assets	84	(23)	(310)	—	1
Write-back of impairment losses on trade receivables, net	—	—	4	—	—
	79	(135)	(514)	(125)	16

4 **Profit/(loss) before taxation**

Profit/(loss) before taxation is arrived at after charging/(crediting):

	Years ended 31 December			Three months ended 31 March	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(a) Finance costs:					
Interest charged on:					
Bank loan repayable within one year	51	—	—	—	—
Bank loan repayable within ten years	—	—	—	—	171
	51	—	—	—	171
(b) Staff costs:					
Salaries, wages and other benefits	51,933	67,167	79,833	21,411	20,785
Contributions to defined contribution retirement plan	4,909	7,871	11,389	2,069	3,343
	56,842	75,038	91,222	23,480	24,128
Staff costs included in:					
Cost of sales	27,813	33,789	41,686	9,634	11,064
Selling and distribution expenses	17,744	22,900	27,196	6,887	7,533
Administrative and other operating expenses	11,285	18,349	22,340	6,959	5,531
	56,842	75,038	91,222	23,480	24,128
(c) Other items:					
Depreciation of fixed assets	3,065	3,059	8,650	2,072	2,615
Auditors' remuneration	805	978	919	230	230
Operating lease charges in respect of properties	10,123	11,757	12,947	2,941	2,900
Impairment losses on trade receivables recognised/(written back), net	92	690	(4)	144	184

5 **Income tax in the combined income statements**

(a) ***Taxation in the combined income statements represents:***

	Years ended 31 December			Three months ended 31 March	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Current tax					
Provision for the PRC Enterprise Income Tax	4,209	7,720	11,901	294	490
Provision for the Hong Kong Profits Tax	1,277	40	84	—	—
	5,486	7,760	11,985	294	490
Deferred tax					
Origination of temporary differences	—	—	—	—	(1,732)
Actual tax expense/(credit)	5,486	7,760	11,985	294	(1,242)

Notes:

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

(ii) The provisions for Hong Kong Profits Tax for the years ended 31 December 2006 and 2007 were calculated at 17.5% of the estimated assessable profits for the respective years.

In February 2008, the Hong Kong Government announced a decrease in the profits tax rate from 17.5% to 16.5% applicable to the Group's operations in Hong Kong as from the year ended 31 December 2008. Accordingly, the provisions for Hong Kong Profits Tax for the year ended 31 December 2008 and the three months ended 31 March 2009 are calculated at 16.5% of the estimated assessable profits for the year/period.

(iii) Prior to 1 January 2008, PRC entities were, in general, subject to the statutory income tax rate of 33%, consisting of 30% state tax and 3% local tax, on their assessable profits. The Group's operations in Shenzhen and Zhuhai, in accordance with *The Regulations on the Special Economic Zones in Guangdong Province (廣東省經濟特區條例)* being enterprises located in the designated Special Economic Zones, were entitled to a reduced income tax rate of 15%. Zhuhai Technology, being a production-oriented foreign investment enterprise under the Foreign Enterprise Income Tax law and its implementation rules, was entitled to a tax holiday of a 2-year full exemption followed by a 3-year 50% exemption commencing from the first profit-making year after offsetting accumulated tax losses ("2+3 tax holiday"). In addition, according to the tax circular *(94) CaiShuiZi No. 001 regarding certain preferential income tax policies ((94)財稅字第001號《關於企業所得稅若干優惠政策的通知》)*, certain of the Group's operations in the PRC were granted 2-year full exemption tax holidays ("2-year tax holidays"), primarily as a result of being registered as newly established consulting services entities, starting from their respective dates of establishment. Further, Guangzhou Yage Advertising Co., Ltd. (廣州雅格廣告有限公司) ("Guangzhou Yage") was subject to PRC income tax at 18% on the deemed profits calculated as 10% of turnover pursuant to the local tax practice.

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稅過渡優惠政策的通知》) ("Circular 39"), provide a five-year transitional period effective from 1 January 2008 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.

Based on the above, the Group's PRC operations are subject to the following income tax rates:

- Zhuhai Modern Zhimei Culture Media Co., Ltd. (珠海現代致美文化傳播有限公司) and Zhuhai Yinhu Advertising Co., Ltd. (珠海市銀弧廣告有限公司) are subject to income tax at 15%, 18%, 20%, 22%, 24% and 25% for 2007, 2008, 2009, 2010, 2011 and 2012 onwards, respectively.

- Zhuhai Technology was in a tax loss position for 2007. It commenced its 2+3 tax holiday in 2008 and is subject to income tax at 0% for 2008 and 2009, at 12.5% from 2010 to 2012 and at 25% thereafter.

- Shenzhen Yage Zhimei Information Media Co., Ltd. (深圳市雅格致美資訊傳播有限公司) commenced its 2-year tax holiday in 2005 and is subject to income tax at 0%, 15%, 18%, 20%, 22%, 24% and 25% for 2006, 2007, 2008, 2009, 2010, 2011 and 2012 onwards, respectively.

- Shanghai Gezhi Advertising Co., Ltd. (上海格致廣告有限公司) deferred the commencement of its 2-year tax holiday to 2007. It was subject to income tax at 33%, 0%, 18%, 20%, 22%, 24% and 25% for 2006, 2007, 2008, 2009, 2010, 2011 and 2012 onwards, respectively.

- Beijing Yage Zhimei Advertising Media Co., Ltd. (北京雅格致美廣告傳播有限公司) commenced its 2-year tax holiday in 2006 and is subject to income tax at 25% from 2008 onwards.

- Yazhimei Information Consultation (Shenzhen) Co., Ltd. (雅致美信息咨詢(深圳)有限公司) is subject to income tax at 15% for 2007 and 25% from 2008 onwards.

- Guangzhou Yage was subject to income tax at 18%, 18% and 25% on the deemed profits calculated as 10% of turnover for 2006, 2007 and 2008 respectively, and is subject to income tax at 25% from 2009 onwards.

- Guangzhou Modern Information Media Co., Ltd. (廣州現代資訊傳播有限公司), Shanghai Yage Advertising Co., Ltd. (上海雅格廣告有限公司), Beijing Modern Yage Advertising Co., Ltd. (北京現代雅格廣告有限公司) and Guangzhou Modern Books Co., Ltd. (廣州現代圖書有限公司) are subject to income tax at 33% for 2006 and 2007 and at 25% from 2008 onwards.

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 31 March 2009, the Group has not provided for income taxes on accumulated earnings generated by its PRC entities for the year ended 31 December 2008 and the three months ended 31 March 2009 since it is probable that they will not be distributed in the foreseeable future. It is not practicable to estimate the amount of additional taxes that might be payable on such undistributed earnings.

(b) ***Reconciliation between tax expense/(credit) and accounting profit/(loss) before taxation at applicable tax rates:***

	Years ended 31 December			Three months ended 31 March	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit/(loss) before taxation	41,436	49,560	57,003	(3,638)	(10,959)
Notional tax on profit/(loss) before taxation, calculated at the rate of 25% (2006 and 2007: 33%)	13,674	16,355	14,251	(910)	(2,740)
Effect of differential tax rate on income	(8,601)	(10,487)	(2,590)	(410)	(954)
Tax effect of non-deductible expenses	10,685	18,300	1,478	1,622	1,012
Tax effect of non-taxable revenue	—	(274)	(587)	(55)	(46)
Tax effect of temporary differences not recognised	—	30	(279)	5	19
Tax effect of prior years' unrecognised tax losses utilised this year/period	(609)	(225)	—	—	—
Tax effect of unused tax losses not recognised	1,933	—	289	72	1,467
Effect of tax concessions obtained	(11,648)	(15,917)	—	—	—
Others	52	(22)	(577)	(30)	—
Actual tax expense/(credit)	5,486	7,760	11,985	294	(1,242)

6 **Other comprehensive income/(loss)**

	Years ended 31 December			Three months ended 31 March	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Exchange differences on translation of financial statements of overseas subsidiaries	(115)	792	(1,469)	(1,412)	114

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

7 **Earnings/(loss) per share**

The calculation of basic earnings/(loss) per share for the Relevant Period is based on the net profit/(loss) attributable to equity shareholders of the Company for each of the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2008 and 2009, and the [●] ordinary shares of the Company in issue and issuable, comprising 8,000,000 shares in issue at 31 March 2009 and [●] shares to be issued, pursuant to the capitalisation issue as detailed in the section headed "Share Capital" in the Document, as if the shares were outstanding throughout the entire Relevant Period.

There were no dilutive potential ordinary shares during the Relevant Period and, therefore, diluted earnings per share are not presented.

8 **Directors' remuneration**

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

Year ended 31 December 2006

	Fees	Basic salaries, allowances and benefits in kind	Bonus	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
SHAO Zhong	—	984	—	26	1,010
WONG Shing Fat *(note (i))*	—	820	386	—	1,206
LI Jian	—	553	500	29	1,082
MOK Chun Ho, Neil	—	947	136	41	1,124
Total	—	3,304	1,022	96	4,422

Year ended 31 December 2007

	Fees	Basic salaries, allowances and benefits in kind	Bonus	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
SHAO Zhong	—	1,063	—	38	1,101
WONG Shing Fat *(note (i))*	—	1,747	1,471	—	3,218
LI Jian	—	1,109	600	38	1,747
MOK Chun Ho, Neil	—	984	141	47	1,172
Total	—	4,903	2,212	123	7,238

Year ended 31 December 2008

	Fees	Basic salaries, allowances and benefits in kind	Bonus	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
SHAO Zhong	—	1,068	—	39	1,107
WONG Shing Fat *(note (i))*	—	1,699	1,215	—	2,914
LI Jian	—	1,083	600	44	1,727
MOK Chun Ho, Neil	—	956	100	47	1,103
CUI Jianfeng *(note (ii))*	—	278	33	—	311
Total	—	5,084	1,948	130	7,162

Three months ended 31 March 2008 (Unaudited)

	Fees	Basic salaries, allowances and benefits in kind	Bonus	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
SHAO Zhong	—	267	—	5	272
WONG Shing Fat *(note (i))*	—	431	304	—	735
LI Jian	—	271	150	10	431
MOK Chun Ho, Neil	—	222	25	17	264
Total	—	1,191	479	32	1,702

Three months ended 31 March 2009

	Fees	Basic salaries, allowances and benefits in kind	Bonus	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
SHAO Zhong	—	267	—	5	272
WONG Shing Fat *(note (i))*	—	433	—	—	433
LI Jian	—	271	—	11	282
MOK Chun Ho, Neil	—	224	—	13	237
CUI Jianfeng *(note (ii))*	—	103	—	—	103
Total	—	1,298	—	29	1,327

Notes:

(i) No retirement scheme contributions were payable to the executive director, Mr. Wong Shing Fat who was the chief consultant to the Group during the Relevant Period, and has since 27 July 2009 been appointed as an Executive Director. He was not subject to retirement scheme contributions.

(ii) Mr. Cui Jianfeng is a PRC national and entered Hong Kong for employment for less than [sixteen] months during the Relevant Period. He is considered as an exempt person under the Mandatory Provident Fund Schemes Ordinance. Accordingly, his directors' emoluments are not subject to retirement scheme contributions.

(iii) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Period. No director waived or agreed to waive any emoluments during the Relevant Period.

(iv) The Company did not have any share option scheme for the purchase of ordinary shares in the Company during the Relevant Period.

9 **Individuals with the highest emoluments**

The five highest paid individuals of the Group include, 3, 4, 4, 4 and 3 directors during the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2008 and 2009 respectively whose emoluments are disclosed in note 8. Details of remuneration paid to remaining highest paid individuals of the Group are as follows:

	Years ended 31 December			Three months ended 31 March	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Basic salaries, allowances and benefits in kind	2,049	1,060	1,456	249	819
Discretionary bonuses	178	10	—	—	—
Retirement scheme contributions	—	12	—	—	—
	2,227	1,082	1,456	249	819

The emoluments of these individuals are within the following band:

	Years ended 31 December			Three months ended 31 March	
	2006	**2007**	**2008**	**2008**	**2009**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals*	*Number of individuals*
				(Unaudited)	
RMB Nil to RMB1,000,000	2	1	1	1	2

No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Period.

[10 **Segment reporting**

The Group has two 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 services being provided. For each of the business units, the Group's senior executive management reviews internal management reports on a monthly basis. Segment information 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 Group has presented the following three reportable segments.

- Advertising (Shanghai/Beijing/Guangzhou/Shenzhen/Hong Kong): this segment engages in the sale of advertising spaces in the Group's magazines. The Group's advertising business is segregated further into five reportable segments on a geographical basis, as monthly reports on the results of advertising business are provided to the senior executive management.

- 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 for the management and consultancy services, provision for advertising and support services in relation to the Group's magazines. None of these segments meets any of the quantitative thresholds for determining reportable segments during the Relevant Period.

(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 all non-current assets, current assets and prepaid deposits for properties with the exception of interest in an associate and jointly controlled entity, deferred tax assets and other corporate assets.

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 or which otherwise arise from the depreciation of assets attributable to those segments during the Relevant Period.

The measure used for reporting segment profit or loss is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation". To arrive at the adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as head office and other corporate administration costs.

In order to receive segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue, interest expense from borrowing managed directly by the segments, depreciation and additions to non-current segment assets used by the segments in their operations.

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 years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2008 and 2009 is set out below.

	Year ended 31 December 2006								
	Advertising								
	Shanghai	**Beijing**	**Guangzhou**	**Shenzhen**	**Hong Kong**	**Sub-Total**	**Circulation**	**Others**	**Total**
	RMB'000	*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	100,231	43,285	39,521	6,023	46,327	235,387	10,881	2,401	248,669
Reportable segment profit/(loss) (adjusted EBITDA)	74,287	18,771	(51,665)	(10,923)	1,438	31,908	10,881	2,401	45,190
Interest expense	—	—	—	—	(51)	(51)	—	—	(51)
Depreciation for the year	(634)	(698)	(763)	(437)	(533)	(3,065)	—	—	(3,065)
Reportable segment assets	39,314	19,558	33,004	111,418	18,945	222,239	—	—	222,239
Additions to non-current segment assets during the year	2,131	1,535	863	217	198	4,944	—	—	4,944

	Year ended 31 December 2007								
	Advertising								
	Shanghai	**Beijing**	**Guangzhou**	**Shenzhen**	**Hong Kong**	**Sub-Total**	**Circulation**	**Others**	**Total**
	RMB'000	*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	131,062	57,909	38,522	11,972	49,575	289,040	9,722	7,296	306,058
Reportable segment profit/(loss) (adjusted EBITDA)	76,657	28,289	(66,408)	(8,241)	5,792	36,089	9,722	7,296	53,107
Depreciation for the year	(686)	(651)	(753)	(437)	(532)	(3,059)	—	—	(3,059)
Reportable segment assets	58,914	25,681	34,277	111,133	35,325	265,330	—	—	265,330
Additions to non-current segment assets during the year	773	785	1,831	17,026	250	20,665	—	—	20,665

	Year ended 31 December 2008								
	Advertising								
	Shanghai	**Beijing**	**Guangzhou**	**Shenzhen**	**Hong Kong**	**Sub-Total**	**Circulation**	**Others**	**Total**
	RMB'000	*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	184,530	69,180	61,656	12,470	31,625	359,461	13,614	8,794	381,869
Reportable segment profit/(loss) (adjusted EBITDA)	96,536	29,798	(68,471)	(1,441)	(9,659)	46,763	13,614	8,794	69,171
Depreciation for the year	(2,828)	(2,030)	(948)	(2,014)	(696)	(8,516)	—	—	(8,516)
Reportable segment assets	83,583	33,119	49,876	143,136	31,771	341,485	—	—	341,485
Additions to non-current segment assets during the year	9,714	6,960	1,604	22,369	3,483	44,130	—	—	44,130

	Three months ended 31 March 2008 (Unaudited)								
	Advertising								
	Shanghai	Beijing	Guangzhou	Shenzhen	Hong Kong	Sub-Total	Circulation	Others	Total
	RMB'000	*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	31,323	11,825	9,946	2,486	9,489	65,069	2,789	2,765	70,623
Reportable segment profit/(loss) (adjusted EBITDA)	11,166	3,178	(18,243)	(1,262)	(904)	(6,065)	2,789	2,765	(511)
Depreciation for the period	(742)	(714)	(219)	(264)	(128)	(2,067)	—	—	(2,067)
Additions to non-current segment assets during the period	4,401	2,328	333	21,389	3	28,454	—	—	28,454

	Three months ended 31 March 2009								
	Advertising								
	Shanghai	Beijing	Guangzhou	Shenzhen	Hong Kong	Sub-Total	Circulation	Others	Total
	RMB'000	*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	38,088	8,413	8,355	1,435	2,919	59,210	3,895	2,311	65,416
Reportable segment profit/(loss) (adjusted EBITDA)	20,353	(4,635)	(24,699)	(1,762)	(5,582)	(16,325)	3,895	2,311	(10,119)
Interest expense	—	—	—	(171)	—	(171)	—	—	(171)
Depreciation for the period	(904)	(475)	(280)	(589)	(222)	(2,470)	—	—	(2,470)
Reportable segment assets	85,306	20,108	37,227	158,082	11,448	312,171	—	—	312,171
Additions to non-current segment assets during the period	667	76	198	916	—	1,857	—	—	1,857]

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

	Years ended 31 December			Three months ended 31 March	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue					
Reportable segment revenue derived from the Group's external customers	248,669	306,058	381,869	70,623	65,416
Less: Sales taxes and other surcharges	(17,367)	(24,973)	(34,044)	(5,518)	(5,394)
Combined turnover	231,302	281,085	347,825	65,105	60,022

	Years ended 31 December			Three months ended 31 March	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit/(loss)					
Reportable segment profit/(loss) derived from the Group's external customers	45,190	53,107	69,171	(511)	(10,119)
Share of profit/(loss) of an associate	—	498	861	(654)	(57)
Share of loss of a jointly controlled entity	—	(382)	(290)	(196)	(26)
Other revenue and other net income/(loss)	154	220	1,229	(77)	2,486
Depreciation	(3,065)	(3,059)	(8,516)	(2,067)	(2,470)
Finance costs	(51)	—	—	—	(171)
Unallocated head office and corporate expense (Note)	(792)	(824)	(5,452)	(133)	(602)
Combined profit/(loss) before taxation	41,436	49,560	57,003	(3,638)	(10,959)

Note: Depreciation of RMB134,000, RMB5,000 and RMB145,000 is included in unallocated head office and corporate expense for the year ended 31 December 2008 and the three months ended 31 March 2008 and 2009 respectively.

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Reportable segment assets	222,239	265,330	341,485	312,171
Elimination of inter-segment receivables	(76,080)	(50,483)	(55,124)	(69,342)
	146,159	214,847	286,361	242,829
Interest in an associate	—	8,599	9,460	9,403
Interest in a jointly controlled entity	—	1,035	328	302
Deferred tax assets	—	—	—	1,732
Unallocated head office and corporate assets	—	5,343	5,280	3,494
Combined total assets	146,159	229,824	301,429	257,760

11 **Fixed assets**

(a) ***The Group***

	Land and buildings held for own use	Leasehold improvements	Office equipment	Furniture and fixtures	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2006	—	4,001	6,620	2,768	2,094	15,483
Additions	—	1,115	2,312	151	1,366	4,944
Disposals	—	—	(53)	(47)	(853)	(953)
Exchange differences	—	(21)	(65)	(14)	(20)	(120)
At 31 December 2006	—	5,095	8,814	2,858	2,587	19,354
At 1 January 2007	—	5,095	8,814	2,858	2,587	19,354
Additions	—	24	2,333	9	1,364	3,730
Disposals	—	—	(50)	—	—	(50)
Exchange differences	—	(33)	(105)	(22)	(33)	(193)
At 31 December 2007	—	5,086	10,992	2,845	3,918	22,841
At 1 January 2008	—	5,086	10,992	2,845	3,918	22,841
Additions	22,340	13,817	4,429	2,103	4,367	47,056
Transfer *(note 11(c))*	16,998	—	—	—	—	16,998
Disposals	—	(467)	—	(42)	(520)	(1,029)
Exchange differences	—	(27)	(96)	(18)	(27)	(168)
At 31 December 2008	39,338	18,409	15,325	4,888	7,738	85,698
At 1 January 2009	39,338	18,409	15,325	4,888	7,738	85,698
Additions	834	616	362	45	—	1,857
Disposals	—	—	(22)	—	—	(22)
Exchange differences	—	(2)	(2)	(1)	(3)	(8)
At 31 March 2009	40,172	19,023	15,663	4,932	7,735	87,525

	Land and buildings held for own use	Leasehold improvements	Office equipment	Furniture and fixtures	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:						
At 1 January 2006	—	747	1,553	1,896	472	4,668
Charge for the year	—	883	1,457	342	383	3,065
Written back on disposals	—	—	(11)	(18)	(297)	(326)
Exchange differences	—	(4)	(29)	(6)	(6)	(45)
At 31 December 2006	—	1,626	2,970	2,214	552	7,362
At 1 January 2007	—	1,626	2,970	2,214	552	7,362
Charge for the year	—	658	1,774	249	378	3,059
Written back on disposals	—	—	(28)	—	—	(28)
Exchange differences	—	(10)	(61)	(12)	(14)	(97)
At 31 December 2007	—	2,274	4,655	2,451	916	10,296
At 1 January 2008	—	2,274	4,655	2,451	916	10,296
Charge for the year	1,573	3,722	2,255	350	750	8,650
Written back on disposals	—	(181)	—	(7)	(4)	(192)
Exchange differences	—	(10)	(59)	(12)	(17)	(98)
At 31 December 2008	1,573	5,805	6,851	2,782	1,645	18,656
At 1 January 2009	1,573	5,805	6,851	2,782	1,645	18,656
Charge for the period	475	1,071	686	133	250	2,615
Written back on disposals	—	—	(22)	—	—	(22)
Exchange differences	—	—	(2)	—	(1)	(3)
At 31 March 2009	2,048	6,876	7,513	2,915	1,894	21,246
Net book value:						
At 31 December 2006	—	3,469	5,844	644	2,035	11,992
At 31 December 2007	—	2,812	6,337	394	3,002	12,545
At 31 December 2008	37,765	12,604	8,474	2,106	6,093	67,042
At 31 March 2009	38,124	12,147	8,150	2,017	5,841	66,279

(b) The analysis of net book value of properties is as follows:

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Leasehold properties held outside Hong Kong				
- Medium-term leases (20-50 years)	—	—	37,765	38,124

(c) Pursuant to the sale and purchase agreement entered between Shenzhen Yage Zhimei Information Media Co., Ltd. ("Shenzhen Yage Zhimei"), a wholly-owned subsidiary of the Group and an independent third party, Beijing Shengce Real Estate Development Company Limited on 21 July 2007, Shenzhen Yage Zhimei acquired Unit 401 & 501, Block 1, China View, Jia No 2. Gong Ren Ti Yu Chang Road (E), Chaoyang District, Beijing City, the PRC for a consideration of RMB37,455,000.

At 31 December 2007, Shenzhen Yage Zhimei paid a deposit of RMB16,998,000 and the amount was included in "Prepaid deposits for properties". In November 2008, the Group commenced to use the properties and accordingly, the consideration payable for the properties including the stamp duty and the related costs totalled RMB39,338,000 was recorded as fixed assets at 31 December 2008.

Of the total consideration of RMB39,338,000, the Group has settled RMB27,884,000 and the remaining consideration of RMB11,454,000 was included in "Other payables" at 31 December 2008 (note 18(b)).

(d) Land and buildings held by a subsidiary with carrying value of RMB21,236,000 was pledged as security for a bank loan amounting to RMB10,418,000 as at 31 March 2009 (note 19).

12 **Interest in subsidiaries**

	As at 31 December		As at 31 March
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Unlisted shares, at cost	—	—	—
Current assets/(liabilities)			
Amounts due from subsidiaries	11,506	—	—
Amounts due to subsidiaries	(14,989)	(883)	(884)
	(3,483)	(883)	(884)

The particulars of the subsidiaries comprising the Group are disclosed in Section A.

Amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

13 **Interest in an associate**

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	—	3,512	4,373	4,316
Goodwill	—	5,087	5,087	5,087
	—	8,599	9,460	9,403

(a) In July 2007, the Group acquired a 20% equity interest in Tianjin Holiday Media Development Co., Ltd. (天津假日傳媒發展有限公司) ("Tianjin Holiday") from an independent third party for a consideration of RMB8,101,200.

Goodwill of RMB5,087,000 arose from the acquisition of Tianjin Holiday representing the difference between the consideration and the fair value of identifiable assets/liabilities acquired.

At 31 March 2009, the Group's interest in the associate is as follows:-

Name of associate	Place and date of incorporation/ registration and operations	Authorised share capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by a subsidiary	Principal activities
Tianjin Holiday Media Development Co., Ltd. (天津假日傳媒發展有限公司)	The PRC 28 June 2002	RMB25,128,200	20%	20%	Advertising production, retail and food beverages

(b) ***Summary financial information on associate — The Group's effective interest:***

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	—	6,796	8,704	8,490
Total liabilities	—	(3,284)	(4,331)	(4,174)
	—	3,512	4,373	4,316

	Years ended 31 December			Three months ended 31 March	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Revenue for the year/period	—	4,113	8,355	1,570	1,216
Profit/(loss) for the year/period	—	498	861	(654)	(57)

14 **Interest in a jointly controlled entity**

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	—	618	328	302
Amount due from a jointly controlled entity	—	417	—	—
	—	1,035	328	302

At 31 March 2009, the Group's interest in a jointly controlled entity is as follows:-

Name of jointly controlled entity	**Place and date of incorporation/ registration and operations**	**Authorised share capital**	**Proportion of ownership interest: The Group's effective interest**	**Proportion of ownership interest: Held by a subsidiary**	**Principal activities**
Sichuan Shangdu Media Co., Ltd. (四川尚都傳媒有限責任公司)	The PRC 20 April 2007	RMB2,000,000	50%	50%	Provision of business strategy consultancy, media agency and marketing services

On 10 April 2007, a subsidiary of the Group, Guangzhou Modern Information Media Co., Ltd. (廣州現代資訊傳播有限公司), entered into a joint venture agreement with an independent third party to establish a jointly controlled entity, Sichuan Shangdu Media Co., Ltd. (四川尚都傳媒有限責任公司) with a registered capital of RMB2,000,000.

Pursuant to the terms of the joint venture agreement, each of the joint venture parties agreed to contribute their respective shares of registered capital within 10 days from the date of the joint venture agreement.

The amount due from a jointly controlled entity is unsecured, interest-free and has no fixed terms of repayment.

Summary financial information on jointly controlled entity — The Group's effective interest:

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	—	86	68	—
Current assets	—	1,415	269	311
Current liabilities	—	(883)	(9)	(9)
Net assets	—	618	328	302

	Years ended 31 December			Three months ended 31 March	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Income	—	1,543	1,244	417	—
Expenses	—	(1,925)	(1,534)	(613)	(26)
Loss for the year/period	—	(382)	(290)	(196)	(26)

15 **Trade receivables**

The Group normally allows a credit period ranging from 30 to 150 days to its advertising and circulation customers. Further details on the Group's credit policy are set out in note 28(a).

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	75,748	72,571	94,795	73,411
Less: allowance for doubtful debts	(158)	(617)	(608)	(428)
	75,590	71,954	94,187	72,983

(a) ***Ageing analysis***

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

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	26,613	30,626	25,413	24,398
31 days to 90 days	28,618	25,083	41,075	26,998
91 days to 180 days	17,576	13,230	19,655	14,062
More than 180 days	2,941	3,632	8,652	7,953
	75,748	72,571	94,795	73,411
Less: allowance for doubtful debts	(158)	(617)	(608)	(428)
	75,590	71,954	94,187	72,983

All of the trade receivable are expected to be recovered within one year.

(b) ***Impairment of trade receivables***

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movements in allowances for doubtful debts during the Relevant Period are as follows:-

	Years ended 31 December			Three months ended 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	101	158	617	608
Exchange adjustments	(1)	(5)	(5)	—
Impairment loss recognised	92	690	428	364
Write-back of impairment loss recognised	—	—	(432)	(180)
Uncollectible amounts written off	(34)	(226)	—	(364)
At end of the year/period	158	617	608	428

As at 31 December 2006, 2007 and 2008 and 31 March 2009, the Group's trade receivables of RMB158,000, RMB617,000, RMB608,000 and RMB428,000 were individually determined to be impaired respectively. The individually impaired receivables related to customers which management assessed that only a portion of the receivables was expected to be recovered. Consequently, specific allowances for doubtful debts of RMB158,000, RMB617,000, RMB608,000 and RMB428,000 respectively were recognised.

The Group does not hold any collateral over these balances.

(c) ***Trade receivables that are not impaired***

Trade receivables are due within 30 to 150 days to its advertising and circulation customers from the date of billing. Further details on the Group's credit policy are set out in note 28(a).

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Neither past due nor impaired	53,227	54,582	62,657	44,976
Less than 1 month past due	8,503	7,621	11,645	12,749
1 to 3 months past due	10,242	7,012	10,765	7,055
Over 3 months past due	3,618	2,739	9,120	8,203
	22,363	17,372	31,530	28,007
	75,590	71,954	94,187	72,983

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

16 **Other receivables, deposits and prepayments**

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	2,731	7,700	4,099	4,395
Rental, utility and other deposits	1,847	3,851	3,507	3,046
Printing deposits	—	10,728	7,327	458
Advances to employees	663	1,252	3,058	3,013
Value-added tax recoverable	1,039	3,333	6,662	7,679
Other receivables	1,792	1,434	2,164	3,880
	8,072	28,298	26,817	22,471

As at 31 December 2006, 2007 and 2008 and 31 March 2009, the amount of the Group's other receivables, deposits and prepayments expected to be recovered or recognised as an expense after more than one year is RMB928,000, RMB1,803,000, RMB2,317,000 and RMB1,922,000 respectively.

17 **Cash and cash equivalents**

(a) ***The Group***

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits with banks	—	2,977	—	—
Cash at bank	17,676	42,922	36,777	11,013
Cash in hand	139	480	514	597
Cash and cash equivalents in the combined balance sheets and combined cash flow statements	17,815	46,379	37,291	11,610

As at 31 December 2006, 2007 and 2008 and 31 March 2009, cash and cash equivalents of the Group included the amounts denominated in RMB of RMB15,281,000, RMB32,916,000, RMB34,899,000 and RMB10,700,000 respectively. Remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

(b) ***The Company***

	As at 31 December		As at 31 March
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Deposits with banks	2,977	—	—
Cash at bank	714	241	240
Cash and cash equivalents in the balance sheets of the Company	3,691	241	240

18 **Trade and other payables**

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables *(note (a))*	21,404	23,086	28,195	22,077
Other payables *(note (b))*	31,278	34,940	48,342	27,139
Accruals	4,760	6,438	8,038	6,389
Other payables and accruals	36,038	41,378	56,380	33,528

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

(a) ***An ageing analysis of trade payables of the Group is as follows:***

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	7,321	8,701	10,945	7,566
31 days to 90 days	5,946	12,582	15,471	13,691
91 days to 180 days	6,076	1,801	1,779	819
More than 180 days	2,061	2	—	1
	21,404	23,086	28,195	22,077

(b) ***An analysis of the other payables of the Group is analysed as follows:***

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits received in advance	7,181	5,385	3,682	2,776
Salaries, wages, bonus and benefits payable	13,864	19,290	15,548	10,017
Other tax payables	8,449	8,449	11,642	7,634
Other payables *(note)*	1,784	1,816	17,470	6,712
	31,278	34,940	48,342	27,139

Note: Other payables at 31 December 2008 included the remaining consideration payable of RMB11,454,000 for the acquisition of property in Beijing, the PRC (note 11(c)).

19 **Bank loan**

As at 31 March 2009, the bank loan was secured and repayable as follows:

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year or on demand	—	—	—	781
After 1 year but within 2 years	—	—	—	834
After 2 years but within 5 years	—	—	—	2,854
After 5 years	—	—	—	5,949
	—	—	—	9,637
	—	—	—	10,418

At 31 March 2009, the bank loan of a subsidiary was secured by a mortgage over the property in Beijing, the PRC, with a carrying value of RMB21,236,000 (note 11(d)). This bank loan is also secured by guarantees from Mr. Shao and Shanghai Gazhi Advertising Co., Ltd., a subsidiary of the Group. The personal guarantee from Mr. Shao will be replaced by a corporate guarantee from the Company on or prior to the listing of the shares of the Company on the Stock Exchange.

20 **Other loan**

At 31 December 2007 and 2008, the loan of RMB29,028,000 (equivalent to US$4,000,000) and RMB27,596,000 (equivalent to US$4,000,000) respectively was secured, interest-free and repayable on demand, except that in the event that the Group fails to repay, the interest will be charged at the rate of 9% per annum on the amount from the due date to the actual payment date.

At 31 December 2007 and 2008, the entire issued share capital of two of the wholly-owned subsidiaries of the Group, Modern Media Company Limited and City Howwhy Limited, were pledged to secure the other loan.

In February 2009, the Group entered into a supplementary agreement whereby the 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.

Mr. Shao provided a personal guarantee to the independent third party in respect of the other loan granted by the independent third party. The personal guarantee, together with the security of the share capital of the wholly-owned subsidiaries, will be replaced by corporate guarantee by the Group on or prior to the listing of the shares of the Company on the Stock Exchange.

21 **Amounts due from related parties**

(a) ***Amounts due from a director***

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

	As at 31 December			**As at 31 March**
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
SHAO Zhong	23,522	32,033	49,437	53,272
Maximum outstanding balance				
SHAO Zhong	23,522	32,033	49,437	53,272

The amounts due from a director at 31 December 2006, 2007 and 2008 and 31 March 2009 arose from the non-trading advance to the director.

The amounts due from the director will be 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***

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guangzhou Zhongde Consultation Co., Ltd. (廣州市眾德咨詢有限公司) *(note (i))*	9,168	10,346	14,184	15,152
Shanghai Senyin Information Technology Co., Ltd. (上海森音信息科技發展有限公司) *(note (ii))*	—	1,071	2,148	4,021
	9,168	11,417	16,332	19,173

Notes:

(i) Subsequent to 31 March 2009, Guangzhou Zhongde Consultation Co., Ltd. became an independent third party. The amount due from Guangzhou Zhongde Consultation Co., Ltd will be reclassified to other receivables.

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

During the Relevant Period, a major shareholder and director of the Company had equity interest in Guangzhou Zhongde Consultation Co., Ltd and Shanghai Senyin Information Technology Co., Ltd.

Amounts due from related companies represented the amounts advanced to support the working capital and business development of these related companies and amounts receivable for services rendered to these related companies as included in note 27.

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms, and in the ordinary course of business. The directors also confirm that the advance made to the related companies will not be continued in the future after the listing of the Company's shares on the Stock Exchange.

22 **Income tax in the combined balance sheets**

(a) ***Taxation (recoverable)/payable in the combined balance sheets***

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	3,213	7,774	12,739	23,647
Provision for the year/period:				
— PRC income tax	4,209	7,720	11,901	490
— Hong Kong Profits Tax	1,277	40	84	—
Tax paid				
— PRC income tax	(887)	(2,164)	(1,043)	(2,186)
	7,812	13,370	23,681	21,951
Exchange differences	(38)	(631)	(34)	(1)
At end of the year/period	7,774	12,739	23,647	21,950
Represented by:				
Taxation recoverable	—	(566)	(535)	(535)
Taxation payable	7,774	13,305	24,182	22,485
	7,774	12,739	23,647	21,950

(b) ***Deferred tax assets recognised:***

The component of deferred tax assets recognised in the combined balance sheet and the movement during the period is as follows:

Deferred tax asset arising from:

	Future benefit of tax losses
	RMB'000
At 1 January 2009	—
Credited to profit or loss	1,732
At 31 March 2009	1,732

(c) ***Deferred tax assets not recognised***

In accordance with the accounting policy set out in note 1(n), the Group has not recognised deferred tax assets in respect of accumulative tax losses of RMB3,066,000, RMB1,917,000, RMB3,665,000 and RMB11,452,000 at 31 December 2006, 2007 and 2008 and 31 March 2009 respectively as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses arising from Mainland China operations expire five years after the relevant accounting year/period end date.

23 **Share capital**

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

(a) The paid-in capital as at 31 December 2006 represented the aggregate amount of paid-in capital of the companies then comprising the Group, after elimination of investments in subsidiaries.

(b) The paid-in capital as at 31 December 2007 and 2008 and 31 March 2009 represented the aggregate amounts of paid-in capital of the Company and companies then comprising the Group, after elimination of investments in subsidiaries.

The movements in the authorised and issued share capital of the Company are set out as follows:-

The Company

	Note	**Ordinary shares**	
		No. of shares	*US$'000*
Authorised:			
On incorporation	(i)	50,000	50
Subdivision of shares into US$0.001 each	(ii)	49,950,000	—
At 31 December 2007, 1 January 2008, 31 December 2008, 1 January 2009 and 31 March 2009		50,000,000	50

	Note	**Ordinary shares**	
		No. of shares	*US$'000*
Issued and fully paid:			
Shares issued upon incorporation	(i)	1	—
Subdivision of shares into US$0.001 each	(ii)	999	—
Shares issued	(iii)	7,999,000	8
At 31 December 2007, 1 January 2008, 31 December 2008, 1 January 2009 and 31 March 2009		8,000,000	8

Notes:

(i) The Company was incorporated in the Cayman Islands on 8 March 2007 with an authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. 1 share of US$1 each was issued and allotted to the Controlling Shareholder, Mr. Shao.

The holders of shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Pursuant to the shareholders' resolution of the Company on 8 May 2007, by means of a sub-division of share capital, the par value to the shares of the Company was reduced from US$1 each to US$0.001 each, and every issued and unissued share of US$1 was subdivided into 1,000 shares (the "Subdivision"). Immediately after the Subdivision, the authorised share capital of the Company became US$50,000 divided into 50,000,000 shares of US$0.001 each.

(iii) Pursuant to the directors' resolution of the Company on 8 May 2007, the Company issued and allotted 7,999,000 new shares of the Company, credited as fully paid, to the Controlling Shareholder, in consideration of cash of US$7,999.

24 **Reserves and dividends**

(a) ***Movements in components of equity***

The reconciliation between the opening and closing balances of each component of the Group's combined equity is set out in the combined statement of changes in equity.

(b) ***Dividends***

No dividends were declared and distributed during the Relevant Period.

(c) ***Nature and purpose of reserves***

(i) *PRC statutory reserves*

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Transfers to the reserves were approved by the respective boards of directors.

- Statutory surplus reserve

The companies comprising the Group which are incorporated in the PRC are required to appropriate 10% of their profits after taxation (after offsetting prior year losses), as determined under the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the respective registered capital. The amounts allocated to this reserve are determined by the respective boards of directors and must be made before distribution of a dividend to equity holders.

For the entity concerned, the statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into paid-up capital by issuing additional capital to the equity holders in proportion to the equity holders' existing equity holdings, provided that the balance after such conversion is not less than 25% of the registered capital.

- Statutory public welfare reserve

Prior to 1 January 2006, certain companies comprising the Group which are domestic companies with limited liabilities in the PRC are required to transfer 5% to 10% of their after-tax profit, as determined under the PRC accounting rules and regulations, to the statutory public welfare fund. This fund can only be utilised on capital items for the collective benefits of the employees of those entities. This fund is non-distributable other than on liquidation. The transfer to this fund must be made before distribution of a dividend to equity holders.

According to the revised Company Law of the PRC effective from 1 January 2006, these PRC domestic companies were no longer required to make appropriation to the statutory public welfare fund since 1 January 2006. The balance of the statutory public welfare fund was then transferred to the statutory surplus reserve.

- Statutory general reserve

Modern Media (Zhuhai) Technology Co., Ltd. (現代傳播(珠海)科技有限公司) and Yazhimei Information Consultation (Shenzhen) Co., Ltd. (雅致美信息咨詢(深圳)有限公司) are wholly foreign-owned enterprises in the PRC which are required to transfer at least 10% of their after tax profits, as determined under the PRC accounting rules and regulations, to statutory general reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders.

Statutory general reserve can be used to make good previous year's losses, if any, and may be converted into paid-up capital by issuing additional capital to the equity holders in proportion to their existing equity interests provided that the balance after such issue is not less than 25% of the registered capital.

(ii) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the PRC which are dealt with in accordance with the accounting policy as set out in note 1(q).

(d) ***Distributable reserves***

The Company was incorporated on 8 March 2007 and has not carried on any business since the date of its incorporation. Accordingly, there was no reserve available for distribution to shareholders as at 31 December 2007 and 2008 and 31 March 2009.

On the basis set out in section A, the aggregate amounts of distributable reserves as at 31 December 2006, 2007 and 2008 and 31 March 2009 of the companies comprising the Group were RMB71,784,000, RMB113,584,000, RMB158,602,000 and RMB148,885,000 respectively.

(e) ***Capital management***

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a gearing ratio, being the total borrowings divided by the total assets. As at 31 December 2006, 2007 and 2008 and 31 March 2009, the gearing ratios of the Group were Nil, 12.6%, 13.0% and 9.4% respectively.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

25 **Operating lease commitments**

At 31 December 2006, 2007 and 2008 and 31 March 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Leases expiring:				
Within 1 year	8,095	10,662	12,436	13,139
After 1 year but within 5 years	2,567	11,450	8,454	5,607
	10,662	22,112	20,890	18,746

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

26 **Contingent liabilities**

At 31 December 2006, 2007 and 2008 and 31 March 2009, the Group had no material contingent liabilities.

27 **Material related party transactions**

During the Relevant Period, transactions with the following parties are considered as related party transactions.

Name of parties	**Relationship with the Group**
Mr. Shao	Founder/shareholder/director of the Group
Guangzhou Zhongde Consultation Co., Ltd.	A company owned by Mr. Shao and became an independent third party subsequent to the Relevant Period upon disposal
Shanghai Senyin Information Technology Co., Ltd.	A company owned by Mr. Shao
Sichuan Shangdu Media Co., Ltd.	A jointly controlled entity of the Group and became an independent third party subsequent to the Relevant Period upon disposal

In addition to the transactions and balances disclosed in notes 8, 9 and 21 to the Financial Information, the Group entered into the following related party transactions during the Relevant Period.

	Years ended 31 December			Three months ended 31 March	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Non-recurring					
Advertising rights fee *(note (i))*	—	3,234	2,406	764	—
Technology support fee *(note (ii))*	—	3,500	—	—	—
Acquisition of motor vehicles *(note (iii))*	—	—	930	—	—
Management fee income *(note (iv))*	—	—	3,000	750	575
Recurring					
Service fee income *(note (v))*	—	—	1,000	250	250

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) This represented fee paid for electronic platform support services provided by Guangzhou Zhongde Consultation Co., Ltd. which was then wholly owned by the major shareholder and director of the Group. It is charged at a pre-determined amount mutually agreed, which is based on the market rates of the related services provided.

(iii) During the year ended 31 December 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.

(iv) 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.

(v) This represented service fee income receivable from Guangzhou Zhongde Consultation Co., Ltd. of which the major shareholder and director of the Company then had equity interests for a period of two years from 1 January 2008 to 31 December 2009. It is charged at the greater of a pre-determined percentage of this company's revenue for the year or a minimum fee of RMB1 million per annum.

Mr. Shao provided personal guarantee to an independent third party in respect of other loan (note 20) granted by the independent third party. The personal guarantee will be replaced by corporate guarantee by the Group on or prior to the listing of the shares of the Company on the Stock Exchange.

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business. The directors have confirmed that the recurring related party transactions will continue in the future after the listing of the Company's shares.

Details of the amounts due from a director and amounts due from related parties are set out in note 21(a) and (b) to the Financial Information.

Key management personnel receive compensation in the form of salaries, wages, housing and other allowances, benefits in kind and contributions to defined contribution plan. Details of key management personnel emoluments are disclosed in notes 8 and 9. Total remuneration is included in "Staff costs" as disclosed in note 4(b).

28 **Financial risk management**

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) ***Credit risk***

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group normally allows a credit period of 30 to 150 days to its advertising and circulation customers (including the related party). 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 obtain collateral from its customers.

The Group has a certain concentration of credit risk and the details are as follow:

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
From the Group's largest customer	11%	11%	12%	11%
From the Group's five largest customers	32%	41%	35%	40%

The Group's major customers are well-known advertising agencies and the Group believes that they are reliable and of high credit quality. Credit risks and exposure are closely controlled and monitored on an on-going basis by management of the Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the combined balance sheets. The Group does not provide any guarantees which would expose the Group or the Company to credit risk.

The Group's cash and cash equivalents are placed with major financial institutions in Hong Kong and the PRC that are high-credit quality and meet the established credit rating or other criteria.

(b) ***Liquidity risk***

The Group's policy is to regularly monitor its current and expected liquidity requirements, to ensure that it maintains adequate cash inflows from operations and sufficient reserves of cash to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With regards to its future capital commitments and other financing requirements, the Group has obtained mortgage facilities with the bank up to an amount of RMB10.5 million in January 2009, an entire of which has been utilised.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay:

The Group

	As at 31 December 2006					
	Carrying amount	**Total contractual undiscounted cash flow**	**Repayable within 1 year or on demand**	**Repayable more than 1 year but less than 2 years**	**Repayable more than 2 years but less than 5 years**	**Repayable more than 5 years**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	21,404	21,404	21,404	—	—	—
Other payables and accruals	36,038	36,038	36,038	—	—	—
	57,442	57,442	57,442	—	—	—

	As at 31 December 2007					
	Carrying amount	**Total contractual undiscounted cash flow**	**Repayable within 1 year or on demand**	**Repayable more than 1 year but less than 2 years**	**Repayable more than 2 years but less than 5 years**	**Reapyable more than 5 years**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	23,086	23,086	23,086	—	—	—
Other payables and accruals	41,378	41,378	41,378	—	—	—
Other loan	29,028	29,028	29,028	—	—	—
	93,492	93,492	93,492	—	—	—

	As at 31 December 2008					
	Carrying amount	**Total contractual undiscounted cash flow**	**Repayable within 1 year or on demand**	**Repayable more than 1 year but less than 2 years**	**Repayable more than 2 years but less than 5 years**	**Repayable more than 5 years**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	28,195	28,195	28,195	—	—	—
Other payables and accruals	56,380	56,380	56,380	—	—	—
Other loan	27,596	27,596	27,596	—	—	—
	112,171	112,171	112,171	—	—	—

As at 31 March 2009

	Carrying amount	Total contractual undiscounted cash flow	Repayable within 1 year or on demand	Repayable more than 1 year but less than 2 years	Repayable more than 2 years but less than 5 years	Repayable more than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	22,077	22,077	22,077	—	—	—
Other payables and accruals	33,528	33,528	33,528	—	—	—
Bank loan	10,418	14,148	1,439	1,439	4,316	6,954
Other loan	13,779	13,779	13,779	—	—	—
	79,802	83,532	70,823	1,439	4,316	6,954

The Company

As at 31 December 2007

	Carrying amount	Total contractual undiscounted cash flow	Repayable within 1 year or on demand	Repayable more than 1 year but less than 2 years	Repayable more than 2 years but less than 5 years	Repayable more than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Payables and accruals	749	749	749	—	—	—
Amounts due to subsidiaries	14,989	14,989	14,989	—	—	—
	15,738	15,738	15,738	—	—	—

As at 31 December 2008

	Carrying amount	Total contractual undiscounted cash flow	Repayable within 1 year or on demand	Repayable more than 1 year but less than 2 years	Repayable more than 2 years but less than 5 years	Repayable more than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Payables and accruals	177	177	177	—	—	—
Amounts due to subsidiaries	883	883	883	—	—	—
	1,060	1,060	1,060	—	—	—

	As at 31 March 2009					
	Carrying amount	Total contractual undiscounted cash flow	Repayable within 1 year or on demand	Repayable more than 1 year but less than 2 years	Repayable more than 2 years but less than 5 years	Repayable more than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Payables and accruals	177	177	177	—	—	—
Amounts due to subsidiaries	884	884	884	—	—	—
	1,061	1,061	1,061	—	—	—

(c) ***Interest rate risk***

(i) *Interest rate profile*

The Group's interest rate risk arises primarily from bank loan and cash and cash equivalents.

The following table details the interest rate profile of the Group's interest-generating financial assets and interest-bearing financial liabilities at the balance sheet date:

	As at 31 December						As at 31 March	
	2006		2007		2008		2009	
The Group	**Effective interest rate**		**Effective interest rate**		**Effective interest rate**		**Effective Interest rate**	
	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*
Variable rate borrowing								
Bank loan	—	—	—	—	—	—	6.534%	10,418
Variable rate deposits								
Cash and cash equivalents	0.22%	17,676	0.74%	45,899	0.27%	36,777	0.37%	11,013

(ii) *Sensitivity analysis*

A reasonably possible change of 100 basis points in interest rates would have no material impact on the Group's profit or loss for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009 and there is no impact on the Group's equity.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the Relevant Period.

(d) ***Foreign currency risk***

(i) *Transactions*

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 has not entered into any financial instruments for hedging purpose.

(ii) *Exposure to currency risk*

The following table details the Group's exposure at the balance sheet date to currency risk arising from forecast transactions or recognised assets/(liabilities) denominated in a currency other than the functional currency of the entity to which they relate.

	As at 31 December 2007	
	United States dollars	**Hong Kong dollars**
	USD'000	*HKD'000*
Cash at bank and in hand	483	6,607
Other loan	(4,000)	—
	(3,517)	6,607

	As at 31 December 2008	
	United States dollars	**Hong Kong dollars**
	USD'000	*HKD'000*
Cash at bank and in hand	—	15
Other loan	(4,000)	—
	(4,000)	15

	As at 31 March 2009	
	United States dollars	**Hong Kong dollars**
	USD'000	*HKD'000*
Cash at bank and in hand	—	15
Other loan	(2,000)	—
	(2,000)	15

(iii) *Sensitivity analysis*

The following table indicates the approximate change in the Group's profit/(loss) after tax (and retained profits) in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date. The sensitivity analysis includes balances between group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower.

	Years ended 31 December						Three months ended 31 March	
	2006		2007		2008		2009	
The Group	**Increase/ (decrease) in foreign exchange rates**	**Effect on profit after tax and retained profits**	**Increase/ (decrease) in foreign exchange rates**	**Effect on profit after tax and retained profits**	**Increase/ (decrease) in foreign exchange rates**	**Effect on profit after tax and retained profits**	**Increase/ (decrease) in foreign exchange rates**	**Effect on loss after tax and retained profits**
	%	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*
United States dollars	5%	—	5%	(1,627)	5%	(1,380)	5%	(737)
	(5)%	—	(5)%	1,627	(5)%	1,380	(5)%	737
Hong Kong dollars	5%	—	5%	309	5%	6	5%	1
	(5)%	—	(5)%	(309)	(5)%	(6)	(5)%	(1)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' profit after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for the Relevant Period.

(e) ***Fair values***

The carrying amounts of significant financial assets and liabilities approximate to their respective fair values as at 31 December 2006, 2007 and 2008 and 31 March 2009.

The carrying values of trade and other receivables, cash and cash equivalents, payables and accruals, amounts due from related parties, and short term interest-bearing borrowings are estimated to approximate their fair values based on the nature or short-term maturity of these instruments.

29 Significant accounting estimates and judgements

Key sources of estimation uncertainty

Note 28 contains information about the assumptions and their risk relating to financial instruments. Other key sources of estimation uncertainty are as follows:

(i) *Impairment of trade receivables*

The Group estimates impairment losses for bad and doubtful debts resulting from inability of the customers to make the required payments. The Group bases the estimates on the ageing of the trade receivable balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimated.

(ii) *Assessment of impairment of non-current assets*

The Directors assess the recoverable amount of non-current assets based on their value in use or on their net selling price (by reference to market prices), taking into account the anticipated future plans for the non-current assets. Estimating the value in the use of an asset involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to these future cash flows. Cash flow projections for the remaining useful life of the asset and the most recent financial budgets/forecasts are approved by management.

(iii) *Depreciation*

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during the Relevant Period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(iv) *Income taxes*

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

30 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Period

Up to the date of issue of the Financial Information, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective in respect of the financial periods included in the Relevant Period and which have not been adopted in the Financial Information:

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.

D SUBSEQUENT EVENTS

The following significant transactions took place subsequent to 31 March 2009 and up to the date of this report:

1. Group reorganisation

The Group completed the Reorganisation in preparation for a listing of shares of the Company on the Stock Exchange, details of which are set out in the section headed "Statutory and General Information" in Appendix V to the Document.

2. Share option scheme

Pursuant to the written resolutions of the shareholders of the Company passed on [●], 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 Document.

3. Valuation of properties

For the purpose of the listing of the Company's shares on Main Board of the Stock Exchange, the Group's properties were revalued by CB Richard Ellis, an independent firm of surveyors.

The valuation gave rise to a revaluation surplus of approximately RMB7,558,000 from the carrying amount of the relevant assets at that date. Such revaluation surplus will not be incorporated in the financial statements subsequently prepared for the year ending 31 December 2009. Details of the valuation are set out in Appendix III to the Document.

4. **New bank facility**

In April 2009, a subsidiary of the Group was advanced a bank loan of RMB8,184,000 which was secured, interest-bearing at a floating rate and repayable by 120 instalments over a term of 10 years. The bank loan was secured by a mortgage over the property in Beijing, the PRC, with a carrying value of RMB16,817,000 at 30 April 2009. This bank loan is also secured by guarantees from Mr. Shao and Shanghai Gezhi Advertising Co., Ltd., a subsidiary of the Group. The personal guarantee from Mr. Shao will be replaced by a corporate guarantee from the Company prior to the listing of the Company's shares on the Stock Exchange.

5. **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 was approved. 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.

6. **Disposal of a jointly controlled entity and an associate**

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.

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.

7. Declaration of interim dividend

Subsequent to 31 March 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 of the shares of the Company on the Stock Exchange.

E SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any period subsequent to 31 March 2009.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong