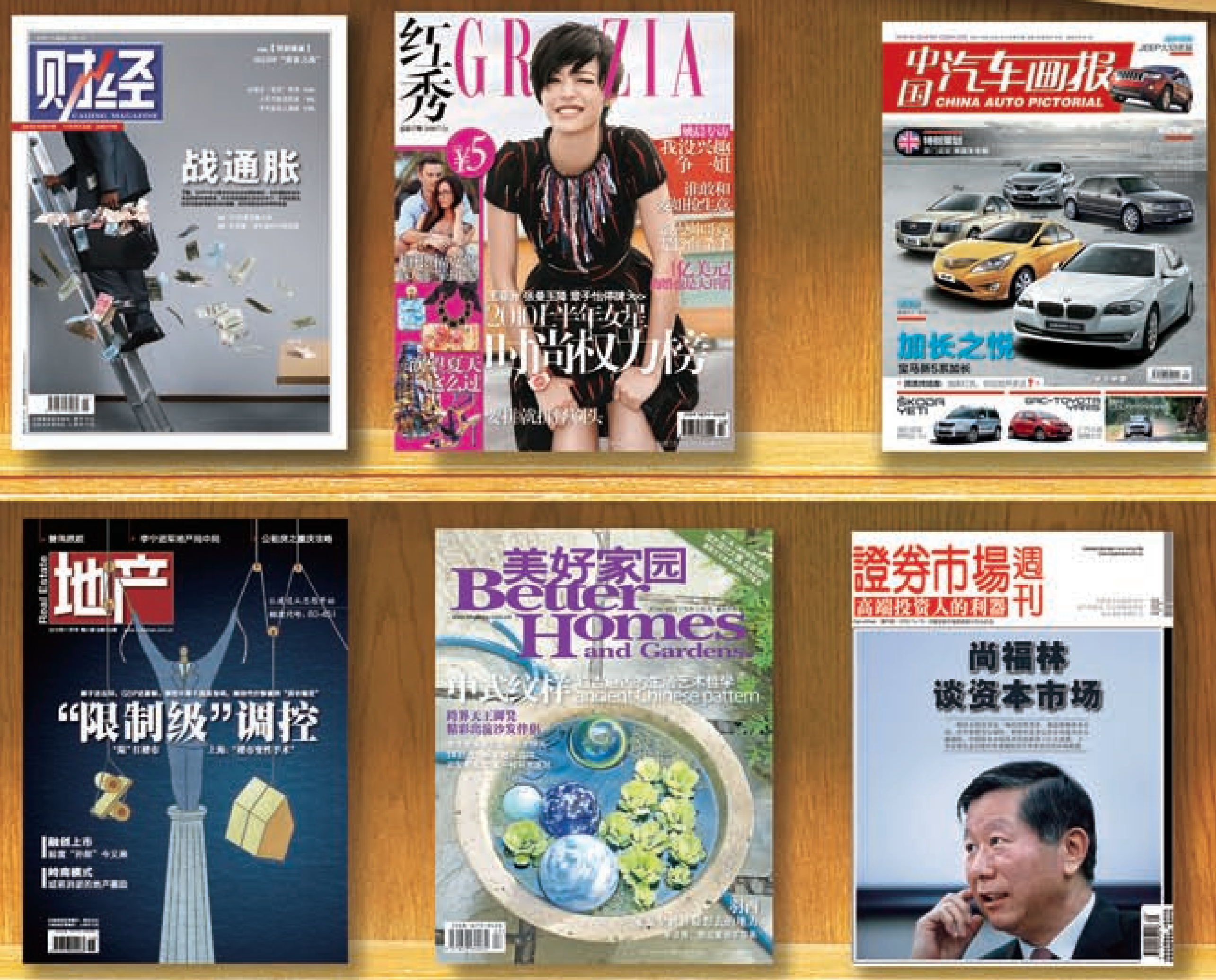
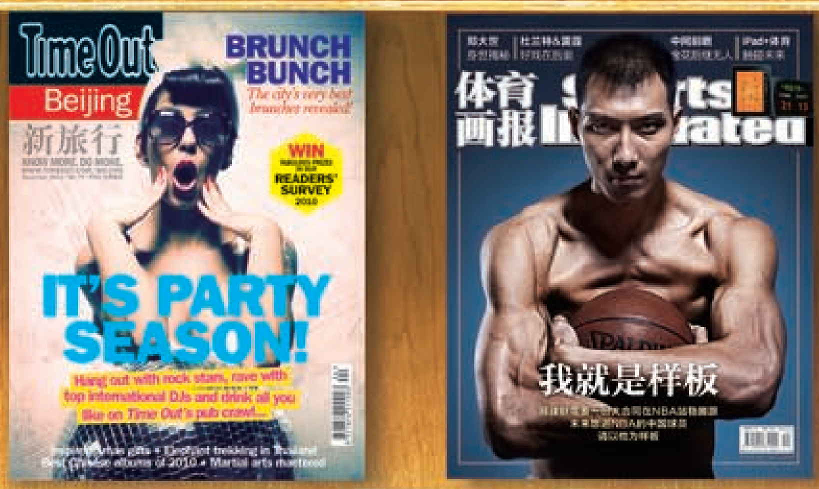
財訊傳媒集團有限公司
SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
(stock code 股份代號：205)





ANNUAL REPORT
年報
2010

Contents

Corporate Information

Board of Directors

Executive Directors:

Mr. Wang Boming *(Chairman)*
Mr. Dai Xiaojing
Mr. Li Shijie
Mr. Zhang Zhifang

Independent Non-executive Directors:

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

Company Secretary

Mr. Tseung Sheung Shun

Principal Place of Business

Unit 3203, Cosco Tower
Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

Registered Office

The Harbour Trust Company Limited
Windward 1
Regatta Office Park
West Bay Road
Grand Cayman
Cayman Islands

Principal Bankers

China Construction Bank (Asia) Corporation Limited
DBS Bank (Hong Kong) Limited
DBS Bank Limited
Hang Seng Bank Limited

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor One Pacific Place
88 Queensway
Hong Kong

Legal Advisers

So Keung Yip & Sin
2203-2205, 22/F
Wheelock House
No. 20 Pedder Street
Central
Hong Kong

Stevenson, Wong & Co.
4/F & 5/F
Central Tower
No. 28 Queen's Road Central
Hong Kong

Share Registrars and Transfer Office

Principal Share Registrar and Transfer Office
The Harbour Trust Company Limited
Windward 1
Regatta Office Park
West Bay Road
Grand Cayman
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office
Tricor Secretaries Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

Websites

www.irasia.com/listco/hk/seecmedia/index.htm
www.seec-media.com.hk

Stock Code

205

Chairman's Statement

On behalf of the board of directors (the "Board") of SEEC Media Group Limited (the "Company"), I am pleased to present to you the 2010 annual results for the Company and its subsidiaries (collectively referred to as the "Group".

Business Review

China's economy still maintained a stunning growth of approximately 10% in 2010 despite the complicated economic conditions worldwide. This benefited the Group to have realized an operating income of HK$352.4 million in 2010 with a growth rate of 28%, posting a record results of the Group since its strategic restructuring to printed media advertising agency business. That led to a profit of HK$7.2 million, as compared with a loss of HK$46.1 million last year. This highlighted that our recently launched magazines have survived their struggling infancy stage and are now phasing into the harvest one.

As the flagship magazine of the Group, "Caijing" rose to another historical height with a single issue of the magazine embracing the highest-ever advertising revenue in the second half of 2010. The overall operating income outperformed that for the corresponding period of 2009, bringing the total operating income for 2010 up to that for 2009. This convinced us that "Caijing" magazine has shrugged off the shadow of staff turnover in 2009, and resumed and consolidated its leading position in the industry.

Being an important publication of the Group in the financial sector, "CapitalWeek" continued to apply its expertise in the stock and securities markets, offering a mass of professional financial information and advice to investors. In return, the publication excelled in achieving a sharp increase of 198% in operating income.

"Grazia" is a fashion magazine specifically launched by the Group, and was well received by readers upon its debut. In 2010, it rose to a higher level by hoisting a series of large fashion and creativity campaigns, and its operating income increased significantly by 261%. Now it has established itself firmly as one of the mainstream fashion magazines in mainland China. "HisLife", which likewise belongs to a fashion magazine but targets at high-caliber male readers, also rendered a superior performance in 2010 with an increase of 149% in operating income as compared with 2009. "TimeOut", another trendy magazine focusing on leisure lifestyle, achieved a fast growth of 109% in operating income for 2010.

As a leader among China's auto magazines, "China Auto Pictorial" came off well in keeping the loyalty of its readers who especially enjoy the magazine's professional analysis, unique perspective and authoritative remarks, recording a remarkable increase of 47% in operating income. "Autocar", another regional auto magazine of the Group, recorded an increase of 120% in operating income for 2010. In view of the relocation of China's auto industry from first-tier cities to second-tier and third-tier cities, our auto magazines are expected to meet with a bright future.

In addition to the above publications, some of our magazines namely "Marketing China", "Real Estate" and "Sports Illustrated", also realized a growth in operating income of 92%, 3% and 51% respectively in 2010.

From the above, we note that almost all of the Group's magazines, being spearheaded by our flagship magazine "Caijing", have grasped a significant growth in advertising revenue, signifying that our magazines have greeted a season of harvest and helped us turnaround in 2010 from a loss situation in 2009 by scoring significant profit growth.

Chairman's Statement

Outlook and Prospect

As predicted by the State Information Centre, China's GDP will maintain a 9.5% growth in 2011, and we are rather optimistic about our operating results for the year. Leveraging on the solid leading position in the financial sector plus the rapid growth in fashionable lifestyle sector of our magazines, we have plenty of grounds to anticipate a brilliant performance surpassing that of last year.

Acknowledgement

On behalf of the Board, I would like to express my gratitude to our business partners, customers and shareholders for their support. In addition, I would like to take this opportunity to thank all our staff members for their continuous and valuable contribution to the Group during the year. We are committed to further consolidate our presence in the China advertising industry and maximize value for our shareholders in the long run.

Wang Boming
Chairman

Hong Kong, 31 March 2011

Management Discussion and Analysis

During the year of 2010, turnover of the Group was approximately HK$352.4 million as compared to approximately HK$275.3 million in 2009, representing an increase of approximately 28%. The advertising market in China was gradually recovered from the financial crisis. The Group's revenue was improved from the economy rebounce, the gross profit was slightly increased to approximately 66% in 2010 (2009: 63%).

The selling and distribution costs were increased by 16% from approximately HK$147.1 million to approximately HK$171.0 million, mainly due to the increase in revenue and also the selling and promotional effort for those magazines still in nurture stage. The administrative expenses was maintained stable for tightening cost measures despite the high inflationary pressure in China during the year.

The Group had a joint venture company, Mondadori-SEEC (Beijing) Advertising Co., Ltd., set up in 2008 together with Mondadori Group, an Italian magazines and publication group. The Chinese version of lifestyle fashion magazine, "Grazia", was launched in China but it was still in the nurture stage of a new start up. Despite that the operating environment of advertising business in the luxury merchandise market was improved in 2010, the entity has not yet achieved break even. The share of loss of a jointly controlled entity of HK$11.4 million (2009: HK$11.4 million) was wholly related to the normal operation of this magazine business.

The Group also had interest in another jointly controlled entity formed with Ziff Davis Media Inc and operated "PC Magazine" Chinese version in China. The demand of related advertisement for this magazine was weak over the years. Investment in this jointly controlled entity was fully provided in 2009 and the Group has discontinued its share of loss in this entity in 2010.

The Group maintained a prudent approach towards credit control. Even with an increase in turnover during the year, the allowance for bad and doubtful debts was reduced to approximately HK$2.6 million in this year as compared to approximately HK$6.1 million last year.

The Group recorded interest expense of approximately HK$7.1 million (2009: HK$8.2 million) in this year and from which the interest charge related to the convertible bond issued by the Company was approximately HK$5.2 million (2009: HK$5.6 million). The decrease was attributable to the early redemption of the bond in November 2010. For the year of 2010, there was a gain arising on changes of fair value of the components of the convertible bond of approximately HK$6.6 million (2009: a loss of HK$2.4 million). An overall gain of HK$0.9 million was recorded upon the early redemption of the convertible bond in November 2010.

As a result, the Group had turnaround, the profit attributable to shareholders for this year amounted to approximately HK$7.2 million, as compared to a loss of approximately HK$46.1 million last year.

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of a dividend for the year 2010 (2009: nil).

Liquidity and Financial Resources

The Group's daily operating activities were financed by internal resources. As at 31 December 2010, the Group's equity was approximately HK$310.4 million (2009: HK$282.5 million). The Group had non-current liabilities of approximately HK$85.4 million as at 31 December 2010 from a loan advanced by a substantial shareholder, United Home Limited, as compared to a convertible bond as at 31 December 2009 of approximately HK$88.7 million. As at 31 December 2010, the Group's gearing ratio was 15% representing the percentage of non-current liabilities over total assets (2009: 17%).

As at 31 December 2010 the Group had secured bank borrowings of approximately HK$23.5 million (2009: HK$49.5 million).

Management Discussion and Analysis

As at 31 December 2010, the Group had cash and bank balances amounted to approximately HK$99.3 million (2009: HK$74.4 million).

Charges on Assets

As at 31 December 2010, the Group had fixed deposit of approximately HK$0.8 million charged to a bank for banking facilities granted to the Group's companies (2009: HK$30.5 million).

As at 31 December 2010, the Group had pledged leasehold land and building in the PRC with a carrying amount of approximately HK$34.1 million (2009: HK$34.1 million) to secure bank borrowings granted to the Group.

Contingent Liabilities

On 6 August 2010, Chau Hoi Shuen, Solina Holly (the "Plaintiff") in a writ of summons filed claims against the Company for compensatory damages for distributing and publishing certain articles in the Issue No. 265 of Caijing Magazine containing words defamatory to the Plaintiff. In a defence filed by the Company on 13 October 2010, the Company denied the Plaintiff's claims. The Plaintiff and the Company have indicating their intentions to attempt mediation for resolving all disputes between parties, however, the parties are yet to agree on the terms and conditions of the mediation at the date of this report. The mediation proposal will be communicated between the Plaintiff and the Company in April 2011. As in the opinion of the legal advisor of the Company, it is not practical to assess the outcome of the case. Accordingly, no provision was made in the consolidated financial statements.

Commitments

As at 31 December 2010, the Group had the following commitments:

(a) Operating lease commitments

As lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments which fall due as follows:

	2010 **HK$'000**	2009 HK$'000
Within one year	**2,153**	2,674
In the second to fifth year inclusive	**439**	1,878
	2,592	4,552

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for a term ranging from nine months to 3 years.

(b) Capital commitments

	2010 **HK$'000**	2009 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**–**	350

Management Discussion and Analysis

(c) Other commitments

Pursuant to several agreements entered into between the Company and magazine publication companies, being independent third parties, the Company at the end of the reporting period had commitments to make payments to certain magazines publication companies for agency rights for advertising in their magazines which fall due as follows:

	2010	2009
	HK$'000	HK$'000
Within one year	**11,612**	1,316
In the second to fifth year inclusive	**82,127**	–
Over five years	**14,670**	–
	108,409	1,316

Foreign Currencies and Treasury Policy

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars or Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the year, apart from the amount due to a substantial shareholder and the bank borrowing, the Group did not have any fixed interest rate borrowings and had not engaged in any financial instruments for hedging or speculative activities.

Employees

As at 31 December 2010, the Group had 676 (2009: 634) employees in Hong Kong and the People's Republic of China (the "PRC"). Salaries, bonuses and benefits were decided in accordance with market conditions and performance of the respective employees.

Share Option Scheme

The Company's share option scheme was adopted on 26 August 2002. During the year, no (2009: 30,150,000) share option was granted to directors and employees of the Group. As at 31 December 2010, the number of share issuable under share options granted was 50,750,000 (2009: 53,700,000).

Corporate Governance Report

During the year under review, the Company has complied with all relevant provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except for the deviations stated below:

(1) Code Provision A.2.1

Code A.2.1 stipulates that the roles of chairman and managing director (or chief executive officer ("CEO")) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. The Company does not presently have any officer with the title of "CEO" or "Managing Director". At present, Mr. Wang Boming, being the Chairman and an Executive Director of the Company, is assuming the role of the CEO of the Company and is responsible for the strategic planning and corporate policy of the Group.

The Directors consider that Mr. Wang Boming is the most appropriate person to assume the role of the CEO because he has considerable knowledge and experience in the advertising and publication businesses in the PRC and has leadership and corporate expertise in the Group. The Directors believe that vesting the roles of the chairman and CEO in the same person provides consistent and sustainable development of the Group, strong and consistent leadership in the Company's decision making and operational efficiency.

(2) Code Provision A.4.1

Code A.4.1 stipulates that non-executive Directors should be appointed for a specific term and subject to re-election.

The term of office for non-executive Directors are the same as for all Directors (i.e. not appointed for a specific term but only subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Company's Articles of Association). At each annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years.

(3) Code Provision E.1.2

Code E.1.2 stipulates that the chairman of the board should attend the annual general meeting.

The chairman of the Board was absent from the annual general meeting held on 21 June 2010 due to his prior business engagement. Mr. Zhang Zhifang, an Executive Director and the elected chairman of that meeting, was available to answer questions in that meeting.

Directors' Securities Transactions

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

Corporate Governance Report

Having made specific enquiries by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2010.

Board of Directors

The Board collectively oversees the management of the business and affairs of the Group with the overriding objective of enhancing share value. The Board has delegated the day-to-day management power of the Group to the executive Directors and senior management of the Company. The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions, financial information, appointment of Directors, and other significant financial and operational matters.

The Board currently comprises four executive Directors who are Mr. Wang Boming, Mr. Dai Xiaojing, Mr. Li Shijie and Mr. Zhang Zhifang; and four independent non-executive Directors who are Mr. Ding Yu Cheng, Mr. Fu Fengxiang, Mr. Wang Xiangfei and Mr. Zhang Ke. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to the Listing Rules and the Company considers the independent non-executive Directors to be fully independent.

There is no financial, business, family, or other material/relevant relationship between the Directors. The Company considers that the Board has the necessary skills and experience appropriate for discharging their duties as Directors in the best interest of the Company and that the current size of the Board to be adequate for its present operations.

The Board held full board meetings at approximately quarterly intervals. The attendances of the Board meeting for the year ended 31 December 2010 are as follows:

Directors	Attendance
Mr. Wang Boming	2/4
Mr. Dai Xiaojing	4/4
Mr. Li Shijie	4/4
Mr. Zhang Zhifang	4/4
Mr. Ding Yu Cheng	4/4
Mr. Fu Fengxiang	4/4
Mr. Wang Xiangfei	3/4
Mr. Zhang Ke	4/4

Chairman and Chief Executive Officer

As mentioned above, Mr. Wang Boming performs both the roles of the Chairman and CEO. The Directors consider that vesting the roles of the Chairman and CEO in Mr. Wang Boming is presently the most beneficial structure and is in the best interests of the Company and the shareholders of the Company.

Corporate Governance Report

Remuneration of Directors

The emoluments of the Directors are determined by reference to the skill, knowledge and experience of the respective Directors and their involvement in the Company's affairs as well as the prevailing market conditions. Share options may also be granted to the Directors as long-term incentive or rewards for their continuous contributions to the Group.

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

The principal responsibilities of the Remuneration Committee include reviewing, considering and approving proposals as well as making recommendations to the Board on the Company's policy and structure relating to the remuneration of Directors and senior management.

The Remuneration Committee did not hold any meeting during the year under review.

Nomination of Directors

The Board is empowered under the Company's Articles of Association to appoint any person as a Director either to fill a casual vacancy on or as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience.

The Nomination Committee comprises two independent non-executive Directors, namely Mr. Ding Yu Cheng being chairman of the committee and Mr. Zhang Ke.

The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board regarding any proposed changes.

The Nomination Committee did not hold any meeting during the year under review.

Auditor's Remuneration

During the year, the fees paid or payable to the auditor of the Company, Messrs. Deloitte Touche Tohmatsu were approximately HK$720,000 (2009: HK$680,000) and HK$172,000 (2009: HK$73,000) for statutory audit services and non-audit services rendered to the Group respectively.

Audit Committee

The Audit Committee comprises three independent non-executive Directors. The Committee is chaired by Mr. Fu Fengxiang and comprising two other members, namely Mr. Wang Xiangfei and Mr. Zhang Ke.

The Audit Committee is responsible for the appointment of external auditor, review of the Group's financial information and oversight of the Group's financial and accounting practices, internal control and risk management. It is also responsible for reviewing the interim and financial results of the Group.

Corporate Governance Report

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

Members	Attendance
Mr. Fu Fengxiang	2/2
Mr. Wang Xiangfei	2/2
Mr. Zhang Ke	2/2

The Group's interim results for the six months ended 30 June 2010 and annual audited results for the year ended 31 December 2010 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

Internal Control

The Board has overall responsibilities for maintaining sound and effective internal control system of the Group. The Internal Audit function of the Group performed independent reviews and reported regularly the review results to the Board through the Audit Committee on the adequacy and effectiveness of the Group's internal control and risk management systems. The Board, through the Internal Audit function of the Group, has conducted annual review of the effectiveness of the system of internal control of the Group including the relevant financial, operational and compliance controls and risk management procedures. The Board has delegated to the senior management of the Group the implementation of such systems of internal controls. The management throughout the Group maintains and monitors the internal control system on an ongoing basis.

The Board also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the employees of the Group's accounting and financial reporting function, and their training programmes and budget.

Directors' Responsibility on the Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group for the year ended 31 December 2010, which were prepared in accordance with statutory requirements and applicable accounting standards.

Directors' Profile

Executive Directors

Mr. Wang Boming, aged 55, is the chairman of the Group and is also a director of Shanghai SEEC Investment Development Co., Ltd. He is also a director of the Government Bond Association, an editor in chief of Caijing Magazine and CapitalWeek, the vice-chairman of the China Securities Industry Institute and a director of Asia Securities Industry Institute. Mr. Wang was a leading participant in the initial formation of China's capital markets. He also played a pioneering role in creating the first underwriting syndicate of government bonds, which revolutionized the bond distribution system in China. Before his return to China, he worked as an economist at the research department of the New York Stock Exchange, responsible for macroeconomic studies and market movement analysis in the United States of America ("U.S.A.") Mr. Wang obtained his bachelor's degree at the City University of New York and his master of business administration degree at Columbia University majoring in international finance. Mr. Wang joined the Group in December 1998.

Mr. Zhang Zhifang, aged 57, is responsible for the Group's investment and business planning in the PRC. Mr. Zhang graduated from Peking University with a bachelor's degree in international relations and a master's degree in international law, in 1984 and 1986, respectively. He earned his second master's degree in international commercial law and politics from the Fletcher School of Law and Diplomacy in the U.S.A. in 1987. Mr. Zhang is also a director of Shanghai SEEC Investment Development Co., Ltd. Before he joined the Group in December 1997, he was employed as an investment consultant of Fair Field Maxwell Financial Services Corp. in the U.S.A. in 1987. He has served as an executive officer of the Executive Commission of Securities Trading Automated Quotations System of the PRC since 1989.

Mr. Dai Xiaojing, aged 51, joined the Group in December 1998. He graduated from Guangzhou Zhong Shan University with a bachelor's degree in science and a master's degree in laws, in 1981 and 1984, respectively. He was engaged in economic policy research at the Economic Development Research Institute of State Council of PRC from 1984 to 1989. He has been an editorial committee member of CapitalWeek since 1990 and is also the chairman of Shanghai SEEC Investment Development Co., Ltd.

Mr. Li Shijie, aged 48, has many years of experience in the advertising, marketing and publishing industries. Mr. Li was the advertising manager of Securities Market Weekly (now known as CapitalWeek), a well-known financial magazine, for the period from February 1994 to March 2000 and was the general manager of Beijing Caixun Advertising Co., Ltd since March 2000. Mr Li has also been the Group's Advertising director since 2002. Mr. Li graduated from Capital Normal University in the PRC with a bachelor's degree in physics and taught physics in Beijing Automobile Industry School from 1985 to 1994. Mr. Li obtained his EMBA degree in BiMBA Center of Peking University. Mr. Li has been appointed as an executive Director since December 2002.

Directors' Profile

Independent Non-executive Directors

Mr. Fu Fengxiang, aged 81, has participated in the establishment and management of the securities market in the PRC. Mr. Fu holds a bachelor's degree and was the deputy chairman of China Securities Regulatory Commission, the vice-chairman of China Investment Institute, a part-time lecturer of the Guanghua School of Management of Peking University and an executive officer of Asia Securities Research Institute. Since December 1997, Mr. Fu has been appointed as an independent non-executive Director.

Mr. Wang Xiangfei, aged 59, graduated and obtained his bachelor's degree in economics from RENMIN University of China. He taught as associate professor in finance at the department of finance in RENMIN University. Mr. Wang has been qualified as a senior accountant in China. Mr. Wang has extensive business connection and rich experience in investment, industrial management, finance, accounting, trading and management of listed companies. From August 1983 to April 2006, Mr. Wang held several senior positions in China Everbright Holdings Company Limited in Hong Kong and China Everbright Group in China, including as a director and assistant general manager of China Everbright Holdings Company Limited and executive directors of its several listed subsidiaries in Hong Kong, chief executive officer of China Everbright International Limited and vice general manager of China Everbright International Trust & Investment Co.. He has served as a financial advisor to China SONANGOL International Holding Limited and vice chief financial officer of SONANGOL SINOPEC International Limited since April 2006. By the end of April 2010, Mr. Wang had also served as an independent non-executive director of Tianjin Capital Environmental Protection Co., Ltd. and Chongqing Iron & Steel Company Limited (which are both listed companies in Hong Kong and Shanghai) for a term of three years twice for each of the companies. Mr. Wang is an executive director of International Resources Enterprise Limited, formerly known as China Sonangol Resources Enterprise Limited, a listed company in Hong Kong and also presently serves as independent non-executive director of China CITIC Bank Corporation Limited and Shandong Chenming Paper Holdings Limited (which are listed companies in Hong Kong and Shanghai) and as an external supervisor of Shenzhen Rural Commercial Bank Corporation Limited. In June 2003, Mr. Wang was appointed as an independent non-executive Director.

Mr. Ding Yu Cheng, aged 45, has many years of experience in management. Mr. Ding holds a master of business administration degree from the University of Pittsburg and a doctor of philosophy degree in economics from Tsinghua University. Mr. Ding has been appointed as an independent non-executive Director since June 2005.

Mr. Zhang Ke, aged 57, has many years of experience in accounting, supervision of internal control and auditing. Mr. Zhang holds a Bachelor degree in Economics from Renmin University of China. Mr. Zhang is a certified public accountant of the Chinese Institute of Certified Public Accountants and is also a certified accountant with qualification in securities dealing in China. Mr. Zhang is the Chairman of the board of directors and the Chief partner of Shinewing Certified Public Accountants; Vice President of China Institute of Certified Public Accountants; Vice President of Beijing Association of Forensic Science; a member of CPA examination committee of the Ministry of Finance; director of China Mergers and Acquisitions Association; and was the Departmental Manager of China International Economic Consultants Inc. of CITIC Group; the Deputy Managing Director of CITIC Certified Public Accountant; Deputy Managing Partner of Coopers & Lybrand CIEC; a partner of Coopers & Lybrand International; Managing Partner of Coopers & Lybrand CIEC,Vice Executive Director of Coopers & Lybrand, China. And Mr. Zhang was elected as one of the Outstanding Accounting Professionals in the nation wide by the PRC Ministry of Finance in 2005. Mr. Zhang is also an independent non-executive director of three companies whose shares are listed on The Stock Exchange of Hong Kong Limited, namely Air China Limited (also listed on the Shanghai Stock Exchange), HC International Inc. and China Coal Energy Company Limited. Mr. Zhang has been appointed as an independent non-executive Director since February 2007.

Directors' Report

The directors have pleasure in presenting their annual report and the audited consolidated financial statements for the year ended 31 December 2010.

Principal Activities

The principal activity of the Company is investment holding. Its principal subsidiaries and jointly controlled entities are engaged in the provision of advertising agency services and distribution of books and magazines in the People's Republic of China and details are set out in notes 35 and 16 to the consolidated financial statements, respectively.

Results

The results of the Group for the year ended 31 December 2010 are set out in the consolidated statement of comprehensive income on page 22.

Summary of Financial Information

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 74.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

Share Capital and Convertible Bond

Details of movements in the Company's share capital and the convertible bond are set out in notes 27 and 25 to the consolidated financial statements, respectively.

Distributable Reserves of the Company

At 31 December 2010, the Company had no reserves available for distribution to shareholders.

Major Customers and Suppliers

For the year ended 31 December 2010, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together accounted for 40% and 57% respectively of the Group's total cost of sales for the year. The aggregate sales attributable to the Group's five largest customers taken together were less than 30% of the Group's total revenue for the year.

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

Directors' Report

Directors

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

Executive directors:

Mr. Wang Boming
Mr. Zhang Zhifang
Mr. Dai Xiaojing
Mr. Li Shijie

Independent non-executive directors:

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

In accordance with articles 119 and 120 of the Company's articles of association, Messrs. Wang Boming, Zhang Zhifang and Ding Yu Cheng shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' Service Contracts

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

The term of office of each non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

Directors' Interests in Contracts of Significance

Other than those disclosed in note 34 to the consolidated financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2010 or at any time during the year.

Directors' Report

Directors' Interests in Securities

At 31 December 2010, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Share options of the Company

Pursuant to the Company's share option scheme, the directors may, at their discretion, invite participants to take up options at a consideration of HK$10 per grant to subscribe for ordinary shares of the Company.

At 31 December 2010, details of the share options to subscribe for shares of HK$0.10 each in the Company granted to directors were as follows:

Name of Director	Capacity	Date of grant	Exercise price HK$	Exercisable period	Number of share options outstanding at 31.12.2010	Number of underlying shares
Li Shijie	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	1,000,000
		29.10.2008	0.268	29.10.2011 to 28.10.2016	1,700,000	1,700,000
		16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	1,000,000
Wang Boming	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Zhang Zhifang	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Dai Xiaojing	Beneficial owner	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	1,500,000
		16.12.2009	0.247	16.12.2012 to 15.12.2017	1,000,000	1,000,000

Interest in associated corporation

Name of associated corporation	Name of Director	Capacity	Per cent of total issued share capital of associated corporation at 31.12.2010
United Home Limited	Dai Xiaojing	Beneficial owner	6.67%
	Li Shijie	Beneficial owner	6.67%
	Wang Boming	Beneficial owner	6.67%
	Zhang Zhifang	Beneficial owner	6.67%

Note: Dai Xiaojing, Li Shijie, Wang Boming and Zhang Zhifang each hold 1 share in United Home Limited which has a total of 15 shares issued as at 31 December 2010.

Save as disclosed above, as at 31 December 2010, none of the directors, chief executives nor their associates had any long or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

Directors' Report

Share Option Scheme

Particulars of the Company's share option scheme and details of movements in the Company's share options during the year to subscribe for shares of HK$0.10 each in the Company are set out in note 32 to the consolidated financial statements.

Arrangements to Purchase Shares or Debentures

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

Substantial Shareholders

At 31 December 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of the relevant interests and short positions in the issued share capital of the Company:

Long positions

Name	Capacity	Number of shares beneficially held	Percentage of holding
United Home Limited	Beneficial owner and controlled corporation	845,843,824	48.62%
Carlet Investments Ltd.	Beneficial owner	172,644,210	9.92%

The 172,644,210 shares held by Carlet Investments Ltd. were indirectly owned by United Home Limited by virtue of its 100% ownership of Carlet Investments Ltd.. In addition to the 172,644,210 shares held by Carlet Investments Ltd., 673,199,614 shares which represents approximately 38.70% of the issued share capital of the Company, were directly owned by United Home Limited.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2010.

Appointment of Independent Non-Executive Directors

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange (the "Listing Rules"). The Company considers all of the independent non-executive directors are independent.

Directors' Report

Emolument Policy

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Board of Directors, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 32 to the consolidated financial statements.

Connected Transactions

On 1 April 2010, certain subsidiaries of the Company entered into lease agreements with Shanghai SEEC Investment and Development Corporation ("Shanghai SEEC"). During the year, the Group paid rental of approximately HK$3,600,000 to Shanghai SEEC, of which approximately HK$2,723,000 in relation to the aforesaid lease agreements and the remaining balance of approximately HK$877,000 in relation to leasing of certain premises where no written agreement had been entered into. All the lease agreements had expired by 31 December 2010.

Shanghai SEEC is owned as to 59% by Shenyang Lianya Industrial Development Corporation ("Shenyang Lianya"). Shenyang Lianya is owned equally by 50 of its staff, including three of the directors, namely Messrs. Wang Boming, Zhang Zhifang and Dai Xiaojing. Since Mr. Wang Boming controls the management of Shenyang Lianya which in turn controls Shanghai SEEC, Shanghai SEEC becomes an associate of Mr. Wang Boming under Rule 1.01 of the Listing Rules and hence a connected person of the Company under the Listing Rules.

The transaction is regarded as a related party transaction as set out in note 34 to the consolidated financial statements and connected transaction pursuant to Chapter 14A of the Listing Rules of the Stock Exchange.

Pursuant to Rule 14A.38 of the Listing Rules of the Stock Exchange, the board of directors engaged the auditor of the Company to perform certain procedures in respect of the continuing connected transactions of the Group. The auditor has reported the findings on these procedures to the board of directors. The independent non-executive directors confirm that the transaction has been entered into by the Group in the ordinary course of its business, on normal commercial terms in respect of the lease agreements entered on 1 April 2010, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 December 2010.

Directors' Report

Purchase, Redemption or Sale of Listed Securities of the Company

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

Auditor

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

On behalf of the Board

Wang Boming
Director

Hong Kong, 31 March 2011

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF SEEC MEDIA GROUP LIMITED
財訊傳媒集團有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of SEEC Media Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 73, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 March 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Revenue	5	**352,404**	275,300
Cost of sales		**(120,695)**	(100,809)
Gross profit		**231,709**	174,491
Other income		**3,725**	2,071
Other gains and losses	7	**4,973**	(13,384)
Selling and distribution costs		**(171,039)**	(147,073)
Administrative expenses		**(35,706)**	(36,270)
Impairment loss recognised in respect of goodwill		**–**	(6,330)
Share of loss of a jointly controlled entity		**(11,436)**	(11,427)
Finance costs	8	**(7,094)**	(8,158)
Profit (loss) before taxation	9	**15,132**	(46,080)
Taxation	11	**(7,972)**	–
Profit (loss) for the year		**7,160**	(46,080)
Exchange differences arising on translation		**8,027**	326
Total comprehensive income (expense) for the year		**15,187**	(45,754)
Profit (loss) for the year attributable to:			
Owners of the Company		**7,201**	(46,080)
Non-controlling interests		**(41)**	–
		7,160	(46,080)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**15,228**	(45,754)
Non-controlling interests		**(41)**	–
		15,187	(45,754)
Earnings (loss) per share (HK cents)	12		
Basic		**0.41**	(2.65)
Diluted		**0.33**	(2.65)

Consolidated Statement of Financial Position

At 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	13	**47,555**	51,201
Deposit for acquisition of property, plant and equipment		**442**	1,043
Sole agency rights	14	**127,555**	133,309
Goodwill	15	**118,886**	118,886
Interests in jointly controlled entities	16	**–**	–
Amount due from a jointly controlled entity	20	**30,562**	8,658
		325,000	313,097
Current assets			
Inventories	17	**–**	1,161
Trade receivables	19	**130,798**	90,839
Amounts due from related companies	20	**5,670**	4,704
Other receivables and prepayments		**11,358**	10,288
Pledged bank deposits	21	**777**	30,467
Bank balances and cash	22	**99,252**	74,381
		247,855	211,840
Current liabilities			
Derivative financial instruments	18&25	**–**	6,654
Trade payables	23	**41,482**	32,876
Other payables and accruals		**77,745**	47,431
Amounts due to related companies	20	**14,680**	4,346
Bank borrowings	24	**23,505**	49,495
Tax payable		**19,628**	12,932
		177,040	153,734
Net current assets		**70,815**	58,106
Total assets less current liabilities		**395,815**	371,203
Non-current liabilities			
Convertible bond	25	**–**	88,679
Amount due to a substantial shareholder	26	**85,438**	–
		85,438	88,679
Net assets		**310,377**	282,524

Consolidated Statement of Financial Position

At 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
Capital and reserves			
Share capital	27	**173,956**	173,956
Reserves		**135,992**	108,568
Equity attributable to owners of the Company		**309,948**	282,524
Non-controlling interests		**429**	–
Total equity		**310,377**	282,524

The consolidated financial statements on pages 22 to 73 were approved and authorised for issue by the Board of Directors on 31 March 2011 and are signed on its behalf by:

Wang Boming
Director

Zhang Zhifang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to owners of the Company								
	Share capital HK$'000	**Share premium** HK$'000	**Statutory reserve** HK$'000 *(note)*	**Exchange translation reserve** HK$'000	**Share option reserve** HK$'000	**Accumulated profits** HK$'000	**Subtotal** HK$'000	**Attributable to non-controlling interests** HK$'000	**Total** HK$'000
At 1 January 2009	173,956	64,084	8,178	31,790	4,786	43,357	326,151	–	326,151
Loss for the year	–	–	–	–	–	(46,080)	(46,080)	–	(46,080)
Exchange differences arising on translation	–	–	–	326	–	–	326	–	326
Total comprehensive income (expense) for the year	–	–	–	326	–	(46,080)	(45,754)	–	(45,754)
Recognition of equity-settled share-based payment	–	–	–	–	2,127	–	2,127	–	2,127
Transfer to reserve funds	–	–	229	–	–	(229)	–	–	–
	–	–	229	–	2,127	(229)	2,127	–	2,127
At 31 December 2009	173,956	64,084	8,407	32,116	6,913	(2,952)	282,524	–	282,524
Profit for the year	–	–	–	–	–	7,201	7,201	(41)	7,160
Exchange differences arising on translation	–	–	–	8,027	–	–	8,027	–	8,027
Total comprehensive income (expense) for the year	–	–	–	8,027	–	7,201	15,228	(41)	15,187
Contributed from a joint venturer in respect of expenses previously taken up by the Company	–	–	–	–	–	10,737	10,737	–	10,737
Capital contributed from non-controlling interests	–	–	–	–	–	–	–	470	470
Recognition of equity-settled share-based payment	–	–	–	–	1,459	–	1,459	–	1,459
	–	–	–	–	1,459	10,737	12,196	470	12,666
At 31 December 2010	**173,956**	**64,084**	**8,407**	**40,143**	**8,372**	**14,986**	**309,948**	**429**	**310,377**

Note: According to the relevant laws and regulations in the People's Republic of China ("PRC") and the Articles of Association of the Company's subsidiaries in the PRC, those subsidiaries are required to set aside 10% of their profit after taxation to the statutory reserve (except where the reserve has reached 50% of the subsidiaries' registered capital). The profit after taxation is determined in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC. This reserve cannot be used for purposes other than those for which it is created and is not distributable as dividends without the prior approval by the owners under certain conditions.

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	2010	2009
	HK$'000	HK$'000
OPERATING ACTIVITIES		
Profit (loss) before taxation	**15,132**	(46,080)
Adjustments for:		
Change in fair value of derivative financial instruments	**(6,594)**	2,372
Allowance for bad and doubtful debts	**2,550**	6,080
Allowance for inventories obsolescence	**1,232**	1,162
Allowance for amounts due from jointly controlled entities	**–**	4,932
Impairment loss recognised in respect of goodwill	**–**	6,330
Interest income	**(2,226)**	(674)
Interest expense	**7,094**	8,158
Depreciation of property, plant and equipment	**8,021**	8,401
Amortisation of sole agency rights	**9,833**	10,153
Loss on disposal of property, plant and equipment	**58**	12
Gain on early redemption of convertible bond	**(929)**	–
Share-based payment expense	**1,459**	2,127
Share of loss of a jointly controlled entity	**11,436**	11,427
Operating cash flows before movements in working capital	**47,066**	14,400
Increase in inventories	**–**	(101)
(Increase) decrease in trade receivables	**(42,509)**	12,201
(Increase) decrease in other receivables and prepayments	**(1,070)**	605
Increase (decrease) in trade payables	**8,606**	(1,594)
Increase (decrease) in other payables and accruals	**31,284**	(4,826)
Cash from operations	**43,377**	20,685
Overseas tax paid	**(1,276)**	(2,967)
NET CASH FROM OPERATING ACTIVITIES	**42,101**	17,718
INVESTING ACTIVITIES		
Investment in a joint controlled entity	**(11,436)**	–
Advance to a jointly controlled entity	**(10,208)**	(6,258)
Purchase of property, plant and equipment	**(2,441)**	(6,693)
Advance to related companies	**(966)**	(718)
Deposit paid for acquisition of property, plant and equipment	**(442)**	(1,043)
Decrease in pledged bank deposits	**29,690**	11,785
Interest received	**1,267**	674
Sale proceeds from disposal of property, plant and equipment	**315**	6
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**5,779**	(2,247)

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
FINANCING ACTIVITIES		
Repayment for redemption of convertible bond	**(93,944)**	–
Repayment of bank loans	**(63,390)**	(77,784)
Interest paid	**(1,751)**	(5,396)
Advance from a substantial shareholder	**85,259**	–
New bank loans raised	**37,400**	87,739
Increase (decrease) in amounts due to related companies	**10,334**	(1,553)
Capital contribution from non-controlling interests	**470**	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(25,622)**	3,006
NET INCREASE IN CASH AND CASH EQUIVALENTS	**22,258**	18,477
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**74,381**	55,863
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**2,613**	41
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**99,252**	74,381

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

1. General

The Company is incorporated as an exempted company with limited liability in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed on page 2 to the annual report.

The functional currency of the Company and the respective group entities is Renminbi ("RMB"), the currency of the primary economic environment in which the Group operates. For the purpose of the consolidated financial statements and convenience of the financial statements users, the results and financial position of the Group are presented in Hong Kong dollars.

The Company acts as investment holding company. The Group is principally engaged in the provision of advertising agency services and distribution of books and magazines in the PRC.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

New and revised standards, amendments and interpretations applied in the current year

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Eligible hedged items
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners
HK – INT 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

The application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – transfers of Financial Assets[3]
HKFRS 9	Financial instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of underlying assets[5]
HKAS 24 (Revised)	Related party disclosures[6]
HKAS 32 (Amendments)	Classification of rights issues[7]
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 February 2010.

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial Instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The directors anticipate that application of HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 will not have a material impact on the Groups' financial assets and financial liabilities.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Significant Accounting Policies *(Continued)*

Basis of consolidation *(Continued)*

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries prior to 1 January 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the book value of the net assets of the subsidiaries attributable to the non-controlling interests was recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Significant Accounting Policies *(Continued)*

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group' consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Significant Accounting Policies *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Advertising agency fees are recognised upon the publication of the related advertisements.

Advertising income from conferences and events organised for magazines is recognised when the conferences and events are held.

Revenue from the sale of books and magazines is recognised for the date of delivery, net of an estimated allowance for unsold copies which may be returned.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Significant Accounting Policies *(Continued)*

Sole agency rights

On initial recognition, sole agency rights are recognised at cost. If sole agency rights are acquired in a business combinations the cost is its fair value at the acquisition date. After initial recognition, sole agency rights with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for sole agency rights with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of sole agency rights are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Impairment loss on tangible and intangible assets other than goodwill (see the accounting policy in respective of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as an income immediately.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Significant Accounting Policies *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables and derivative instruments.

Effective interest method

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

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

Financial assets at fair value through profit or loss ("FVTPL")

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

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amounts due from jointly controlled entities, trade receivables, other receivables, amounts due from related companies, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. (See accounting policy on impairment of loans and receivables below.)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, observable changes in national or local economic conditions that correlate with default on receivables and financial difficulties found in respective debts.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities at FVTPL

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

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

Financial liabilities other than the convertible bond (see accounting policy below), including trade payables, other payables, amounts due to related companies and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Convertible bond

Convertible bond issued by the Group that contain liability, conversion option and other embedded derivatives components are classified separately into respective items on initial recognition. A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, the liability, conversion option components and other embedded derivative components are recognised at fair value.

In subsequent periods, the liability component of the convertible bond is carried at amortised cost using the effective interest method. The conversion option and other embedded derivative components are measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bond are allocated to the liability, conversion option and other embedded derivative components in proportion to their relative fair values. Transaction costs relating to the conversion option and other embedded derivative components are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bond using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Warrants

Warrants issued by the Company that will be settled other than by a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a derivative financial instrument. At the date of issue, the warrant is recognised at fair value. In subsequent periods, the warrant is remeasured at fair value with changes in fair value recognised in profit or loss.

Derivative financial instruments

Derivatives (including embedded derivative which are redemption discretionary option and conversion option) are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Significant Accounting Policies *(Continued)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Significant Accounting Policies *(Continued)*

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Significant Accounting Policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange translation reserve).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a business before 1 January 2005 is treated as non-monetary foreign currency items of the acquirer and reported using the historical cost prevailing at the date of acquisition.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are charged as expenses when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Significant Accounting Policies *(Continued)*

Equity-settled share-based payment transactions

Share options granted to employees after 7 November 2002 and vested on or after 1 January 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to the share option reserve.

At the time when the share options are exercised, the amount previously recognised in the share option reserve will be transferred to share premium. When the share options are forfeited after vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will continued to be held in the share option reserve.

Share options granted to employees after 7 November 2002 and vested before 1 January 2005

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments and estimates that are not readily apparent from other sources and have a significant risk of causing a material adjustment within the next financial year.

Critical judgment in applying the entity's accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty *(Continued)*

License fee

Pursuant to an agreement entered into between the Company and a magazine publication company (the "Agreement"), the Company was committed to make license fee payments for an agency right of advertising in a magazine, namely Sports Illustrated, with a progressive increase in charges over the term. The term was fixed for four years and could be renegotiated in April 2010 for a further six years. The Company started negotiations with the counterparty for a reduction in license fee for the coming six years since the revenue contributed from Sports Illustrated was far below its budget prepared at inception of the Agreement. At the end of the reporting period, the negotiation was still underway and the charges for the period from April 2010 to March 2016 have not yet been fixed. In light of the negotiation not having been concluded, the directors recognised the license fee charge with reference to the progressive increasing charges set out in the Agreement and recognised an accrual for license fee expense in respect of the year ended 31 December 2010 of HK$12,603,000 which is estimated on straight-line basis in respect of Sports Illustrated.

Key sources of estimation uncertainty

On 6 August 2010, Chau Hoi Shuen, Solina Holly (the "Plaintiff") in a writ of summons filed claims against the Company for compensatory damages for distributing and publishing certain articles in a magazine called Caijing Magazine containing words defamatory to the Plaintiff. In a defence filed by the Company on 13 October 2010, the Company denied the Plaintiff's claims. The Plaintiff and the Company have indicating their intentions to attempt mediation for resolving all disputes. At the date of this report, both parties are yet to agree on the terms and conditions of the mediation. In the opinion of the legal advisor of the Company, it is not practical to assess the outcome of the case. Accordingly, no provision was made in the consolidated financial statements.

5. Revenue

Revenue represents the gross invoiced value of services rendered, sales of books and magazines, net of discounts, allowances for unsold copies of magazines and sales related taxes. An analysis of the Group's revenue is as follows:

	2010 **HK$'000**	2009 HK$'000
Advertising agency income	**296,737**	223,964
Advertising income from conferences and events	**17,689**	20,928
Sales of books and magazines	**37,978**	30,408
	352,404	275,300

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

6. Segment Information

Information reported to the Company's executive directors, being the chief operating decision makers, for the purpose of allocating resources to segments and assessing their performance are organised on the basis of the revenue streams. The Group's operating and reporting segments are (a) advertising income from provision of agency services and organizing conferences and events and (b) sale of books and magazines. This is also the basis upon which the Group is organised.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 December 2010

	Advertising income HK$'000	Sale of books and magazines HK$'000	Consolidated HK$'000
Revenue			
External sales	**314,426**	**37,978**	**352,404**
Result			
Segment profit (loss)	**89,937**	**(25,401)**	**64,536**
Unallocated income			**4,654**
Unallocated expenses			**(42,122)**
Change in fair value of derivative financial instruments			**6,594**
Share of loss of a jointly controlled entity			**(11,436)**
Finance costs			**(7,094)**
Profit before taxation			**15,132**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

6. Segment Information *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2009

	Advertising income HK$'000	Sale of books and magazines HK$'000	Consolidated HK$'000
Revenue			
External sales	244,892	30,408	275,300
Result			
Segment profit (loss)	37,637	(22,629)	15,008
Unallocated income			2,071
Unallocated expenses			(41,202)
Change in fair value of derivative financial instruments			(2,372)
Share of loss of a jointly controlled entity			(11,427)
Finance costs			(8,158)
Loss before taxation			(46,080)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned by/loss from each segment without allocation of central administration costs, directors' salaries, share of loss of a jointly controlled entity, change in fair value of derivative financial instruments, investment income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment. Furthermore, as the assets and liabilities for reportable segments are not provided to the chief operating decision maker for the purposes of resources allocation and performance assessment, no segment assets and liabilities are presented accordingly.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

6. Segment Information *(Continued)*

Other segment information

For the year ended 31 December 2010

	Advertising income HK$'000	**Sale of books and magazines HK$'000**	**Unallocated HK$'000**	**Consolidated HK$'000**
Depreciation of property, plant and equipment	**7,737**	**151**	**133**	**8,021**
Amortisation of sole agency rights	**9,833**	**–**	**–**	**9,833**
Allowance for inventories obsolescence	**–**	**1,232**	**–**	**1,232**
(Reversal of) allowance for bad and doubtful debts	**(1,199)**	**3,749**	**–**	**2,550**
Loss on disposal of property, plant and equipment	**58**	**–**	**–**	**58**

For the year ended 31 December 2009

	Advertising income HK$'000	Sale of books and magazines HK$'000	Unallocated HK$'000	Consolidated HK$'000
Depreciation of property, plant and equipment	8,177	92	132	8,401
Amortisation of sole agency rights	10,153	–	–	10,153
Allowance for inventories obsolescence	–	1,162	–	1,162
Allowance for bad and doubtful debts	6,080	–	–	6,080
Loss on disposal of property, plant and equipment	12	–	–	12
Impairment loss recognised in respect of goodwill	6,330	–	–	6,330

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

6. Segment Information *(Continued)*

Geographical information

The Group's operations and assets are located in the PRC. All revenue is derived from customers located in the PRC. Accordingly, no analysis of revenue and non-current assets by geographical location is presented.

Information about major customers

There is no customer from either the advertising income segment or the sales of books and magazines segment which contributed over 10% of the total revenue of the Group.

7. Other Gains and Losses

	2010	2009
	HK$'000	HK$'000
Change in fair value of derivative financial instruments	**6,594**	(2,372)
Gain on early redemption of convertible bond	**929**	–
Allowance for amounts due from jointly controlled entities	**–**	(4,932)
Allowance for bad and doubtful debts	**(2,550)**	(6,080)
	4,973	(13,384)

8. Finance Costs

	2010	2009
	HK$'000	HK$'000
Interest on bank loan wholly repayable within five years	**1,751**	2,589
Interest on advance from a substantial shareholder	**179**	–
Effective interest charge on convertible bond	**5,164**	5,569
	7,094	8,158

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

9. Profit (Loss) Before Taxation

	2010	2009
	HK$'000	HK$'000
Profit (loss) before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**720**	680
Allowance for inventories obsolescence	**1,232**	1,162
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	**51,496**	48,915
Contributions to retirement benefits schemes	**9,379**	8,150
Share option benefits	**1,459**	2,127
	62,334	59,192
Depreciation of property, plant and equipment	**8,021**	8,401
Amortisation of sole agency rights (included in cost of sales)	**9,833**	10,153
Total depreciation and amortisation	**17,854**	18,554
Cost of inventories recognised as cost of sales	**41,733**	43,868
Minimum lease payments under operating leases in respect of rented premises	**10,582**	13,335
Loss on disposal of property, plant and equipment	**58**	12
Investment income earned on loans and receivables		
– bank interest income	**(1,267)**	(674)
– amount due from a jointly controlled entity	**(959)**	–
Exchange gain, net	**(1,127)**	(258)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

10. Directors' and Employees' Emoluments

The emoluments paid or payable to each of the 8 (2009: 9) directors were as follows:

2010	**Wang Boming HK$'000**	**Zhang Zhifang HK$'000**	**Dai Xiaojing HK$'000**	**Li Shijie HK$'000**	**Fu Fengxiang HK$'000**	**Wang Xiangfei HK$'000**	**Ding Yu Cheng HK$'000**	**Zhang Ke HK$'000**	**Total 2010 HK$'000**
Fees	**-**	**-**	**-**	**-**	**96**	**72**	**180**	**60**	**408**
Other emoluments									
Salaries and other benefits	**111**	**-**	**409**	**254**	**-**	**-**	**-**	**-**	**774**
Contributions to retirement benefits schemes	**65**	**-**	**65**	**65**	**-**	**-**	**-**	**-**	**195**
Share option benefits	**247**	**247**	**364**	**470**	**-**	**-**	**-**	**-**	**1,328**
Total emoluments	**423**	**247**	**838**	**789**	**96**	**72**	**180**	**60**	**2,705**

2009	Wang Boming HK$'000	Zhang Zhifang HK$'000	Dai Xiaojing HK$'000	Li Shijie HK$'000	Wu Chuan Hui Daphne HK$'000	Fu Fengxiang HK$'000	Wang Xiangfei HK$'000	Ding Yu Cheng HK$'000	Zhang Ke HK$'000	Total 2009 HK$'000
Fees	–	–	–	–	–	96	72	180	60	408
Other emoluments										
Salaries and other benefits	108	–	200	251	752	–	–	–	–	1,311
Contributions to retirement benefits schemes	65	–	65	65	9	–	–	–	–	204
Share option benefits	247	247	252	357	144	–	–	–	–	1,247
Total emoluments	420	247	517	673	905	96	72	180	60	3,170

During the year ended 31 December 2009, Ms. Wu Chuan Hui Daphne resigned as director of the Company.

10. Directors' and Employees' Emoluments *(Continued)*

Two (2009: one) of the five highest paid individuals were directors, whose emoluments are included above. The emoluments of the other three (2009: four) highest paid individuals were as follows:

	2010	2009
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,681**	3,446
Contributions to retirement benefits scheme	**142**	182
Share option benefits	**22**	198
	1,845	3,826

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

No emoluments were paid by the Group to the directors or the five highest paid individuals as compensation for loss of office or as a discretionary bonus or an inducement to join or upon joining the Group. None of the directors or the five highest paid individuals has waived any emoluments in both years.

11. Taxation

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

No provision for Hong Kong Profits Tax has been made for both years because the relevant group entity incurred a tax loss in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards, excepted for the PRC subsidiaries established in Shenzhen and Hainan's Special Economic Zones which are subjected to the PRC Enterprise Income Tax rate of 22% (2009: 20%). The tax rate of Shenzhen and Hainan's Special Economic Zones is increasing from 18% to 25% progressively from 2008 to 2012 pursuant to 國務院關於實施企業所得稅過渡優惠政策.

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

	2010	2009
	HK$'000	HK$'000
Profit (loss) before taxation	**15,132**	(46,080)
Tax at PRC income tax rate of 25%	**3,783**	(11,520)
Effect of tax relief granted to certain PRC subsidiaries	**(1,065)**	(85)
Tax effect of tax losses not recognised	**4,117**	7,850
Utilisation of tax losses previously not recognised	**(1,539)**	(676)
Tax effect of expenses not deductible for tax purposes	**4,400**	7,615
Tax effect of income not taxable for tax purposes	**(1,662)**	(2,792)
Others	**(62)**	(392)
Taxation for the year	**7,972**	–

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11. Taxation *(Continued)*

At the end of the reporting period, the Group had estimated unused tax losses of HK$180,547,000 (2009: HK$164,447,000) available for offset against future assessable profits. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future assessable profit streams. The estimated tax losses may be carried forward indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of a PRC subsidiary amounting to approximately HK$49,656,000 (2009: HK$23,363,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

12. Earnings (Loss) Per Share

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

	2010 **HK$'000**	2009 HK$'000
Earnings (loss)		
Earnings (loss) for the purposes of basic earnings (loss) per share	**7,201**	(46,080)
Effect of dilutive potential ordinary shares:		
Interest on convertible bond	**5,164**	–
Change in fair value of conversion option embedded to convertible bond	**(5,035)**	–
Gain on early redemption of convertible bond	**(929)**	–
Earnings (loss) for the purposes of diluted earnings (loss) per share	**6,401**	(46,080)
Number of shares		
Number of ordinary shares for the purpose of basic earnings (loss) per share	**1,739,565,172**	1,739,565,172
Effect of dilutive potential ordinary shares:		
Convertible bond	**193,812,894**	–
Number of ordinary shares for the purpose of diluted earnings (loss) per share	**1,933,378,066**	1,739,565,172

The computation of diluted earnings per share does not assume the exercise of the Company's options and warrants because the exercise prices of those options and warrants was higher than the average market price for shares during the year ended 31 December 2010.

For the year ended 31 December 2009, the computation of diluted loss per share did not assume the exercise of share options, conversion of the convertible bond or exercise of warrants since their exercise or conversion would result in a decrease in loss per share.

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13. Property, Plant and Equipment

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture, fixtures and fittings HK$'000	Computer and office equipment HK$'000	Total HK$'000
COST						
At 1 January 2009	36,340	8,580	5,115	32	9,682	59,749
Exchange realignment	58	15	11	–	19	103
Additions	–	2,644	2,899	296	2,694	8,533
Disposals	–	–	–	–	(71)	(71)
At 31 December 2009	36,398	11,239	8,025	328	12,324	68,314
Exchange realignment	1,266	883	313	–	447	2,909
Additions	–	90	1,456	–	1,938	3,484
Disposals	–	(504)	–	–	(1,115)	(1,619)
At 31 December 2010	37,664	11,708	9,794	328	13,594	73,088
ACCUMULATED DEPRECIATION						
At 1 January 2009	1,151	2,201	2,148	32	3,212	8,744
Exchange realignment	3	7	4	–	7	21
Provided for the year	1,152	4,277	940	98	1,934	8,401
Eliminated on disposal	–	–	–	–	(53)	(53)
At 31 December 2009	2,306	6,485	3,092	130	5,100	17,113
Exchange realignment	107	921	140	–	477	1,645
Provided for the year	1,165	3,285	1,369	99	2,103	8,021
Eliminated on disposal	–	(504)	–	–	(742)	(1,246)
At 31 December 2010	3,578	10,187	4,601	229	6,938	25,533
CARRYING VALUES						
At 31 December 2010	34,086	1,521	5,193	99	6,656	47,555
At 31 December 2009	34,092	4,754	4,933	198	7,224	51,201

The leasehold land and building is held under medium-term lease and situated outside Hong Kong.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and building	Over the shorter of lease term of land and 30 years
Leasehold improvements	Over the shorter of 3 years and the lease term
Motor vehicles	4 to 5 years
Furniture, fixtures and fittings	Over the shorter of 10 years and the lease term
Computer and office equipment	3 to $6\frac{2}{3}$ years

The Group has pledged leasehold land and building with a carrying amount of HK$34,086,000 (2009: HK$34,092,000) to secure bank borrowings granted to the Group.

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14. Sole Agency Rights

	HK$'000
COST	
At 1 January 2009	161,943
Exchange realignment	203
At 31 December 2009	162,146
Exchange realignment	4,079
At 31 December 2010	166,225
ACCUMULATED AMORTISATION	
At 1 January 2009	18,684
Provided for the year	10,153
At 31 December 2009	28,837
Provided for the year	9,833
At 31 December 2010	38,670
CARRYING VALUES	
At 31 December 2010	127,555
At 31 December 2009	133,309

The intangible assets relate to sole agency rights of advertising on certain magazines which are amortised over their contractual lives ranging from 12 to 20 years.

15. Goodwill

	HK$'000
COST AND IMPAIRMENT	
At 1 January 2009	125,216
Impairment loss recognised during the year	(6,330)
At 31 December 2009 and 31 December 2010	118,886

Goodwill is entirely related to the provision of advertising agency services on certain magazines of certain subsidiaries which share common cost and resulted from business combinations in 2002 and 2005 (the "CGU").

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15. Goodwill *(Continued)*

The recoverable amount has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and at a discount rate of 15% (2009: 15%). The cash flows beyond the 5-year period are extrapolated using a constant growth rate of 5%. This growth rate is based on the relevant industry growth forecasts in the PRC. Key assumptions for the value in use calculations are the budgeted growth rate and budgeted gross margin, which are determined based on past performance, management's expectations for the market development and market growth forecasts. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

During the year ended 31 December 2009, the Group recognised an impairment loss of HK$6,330,000 in respect of goodwill as the recoverable amount of the CGU was in excess of its carrying amount.

16. Interests in Jointly Controlled Entities

	2010	2009
	HK$'000	HK$'000
Cost of unlisted investments in jointly controlled entities	**22,863**	11,427
Share of losses	**(22,863)**	(11,427)
	–	–

As at 31 December 2010 and 2009, the Group had interests in the following significant jointly controlled entities:

Name of entity	**Form of business structure**	**Place/ country of incorporation/ registration**	**Principal place of operation**	**Class of share held**	**Proportion of nominal value of issued capital/ registered capital held by the Group**		**Proportion of voting power held**		**Principal activity**
					2010	2009	**2010**	2009	
SEEC/Ziff Davis Media Group (China) Ltd.	Incorporated	British Virgin Islands	PRC	Ordinary shares	**50%**	50%	**50%**	50%	Investment holding
SEEC/Ziff Davis Media Consulting (Beijing) Co. Ltd.	Incorporated	PRC	PRC	Registered capital	**50%**	50%	**50%**	50%	Consulting, advertising and publishing-related activities
Mondadori – SEEC (Beijing) Advertising Co., Ltd.	Incorporated	PRC	PRC	Registered capital	**50%**	50%	**50%**	50%	Advertising agent

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For the year ended 31 December 2010

16. Interests in Jointly Controlled Entities *(Continued)*

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

	2010 **HK$'000**	2009 HK$'000
Total assets	**28,345**	15,622
Total liabilities	**(30,722)**	(23,373)
Net liabilities	**(2,377)**	(7,751)
Revenue	**17,725**	8,067
Loss for the year	**(5,936)**	(18,396)
Group's share of losses of jointly controlled entities for the year	**(11,436)**	(11,427)

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

	2010 **HK$'000**	2009 HK$'000
Unrecognised share of losses of jointly controlled entities for the year	**–**	6,969
Accumulated unrecognised share of losses of these jointly controlled entities	**2,668**	8,168

17. Inventories

	2010 **HK$'000**	2009 HK$'000
Finished goods	**–**	1,161

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For the year ended 31 December 2010

18. Derivative Financial Instruments

	2010 **HK$'000**	2009 HK$'000
Derivative financial asset:		
Redemption discretionary option *(note 25)*	**–**	–
Derivative financial liabilities:		
Conversion option *(note 25)*	**–**	5,079
Nil-paid warrant *(note 25)*	**–**	1,575
	–	6,654

At 31 December 2009, the amounts were stated at fair value. The fair values were determined by an independent party, Ascent Partners Transaction Service Limited.

The fair value of redemption discretionary option was calculated using the lognormal model. The inputs into the lognormal model were as follows:

	2009
Option life	1.38 years
Volatility of interest rate	0.874%
Strike	93.51% to 100%
Mean reversion constant	5%

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

	2009
Stock price	HK$0.25
Volatility	51.2%
Dividend	0%
Option life	1.34 years
Risk-free rate	0.33%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1.38 years.

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For the year ended 31 December 2010

19. Trade Receivables

Credit periods granted by the Group to customers are not more than three months from the date of recognition of the sale.

The ageing analysis of the Group's trade receivables net of allowance for doubtful debts presented based on the invoice date is as follows:

	2010		2009	
	HK$'000	**%**	HK$'000	%
Within three months	**82,814**	**63**	57,073	63
Months four to six	**28,159**	**22**	21,935	24
Months seven to one year	**19,825**	**15**	11,831	13
	130,798	**100**	90,839	100

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit ratings attributed to customers are reviewed regularly. The management considers the customers neither past due nor impaired are of good credit quality based on repayment history of respective customers.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$47,984,000 (2009: HK$33,766,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 183 days (2009: 173 days).

Ageing of trade receivables which are past due but not impaired

	2010	2009
	HK$'000	HK$'000
Months four to six	**28,159**	21,935
Months seven to one year	**19,825**	11,831
Total	**47,984**	33,766

The Group has provided fully for all receivables over 1 year because historical experience is such that receivables that are past due beyond 1 year are generally not recoverable.

Movement in the allowance for bad and doubtful debts

	2010	2009
	HK$'000	HK$'000
Balance at beginning of the year	**11,903**	6,402
Impairment losses recognised on trade receivables	**6,417**	6,080
Amount recovered during the year	**(3,867)**	–
Amounts written off as uncollectible	**(164)**	(593)
Exchange realignment	**599**	14
Balance at end of the year	**14,888**	11,903

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20. Amounts due from/to Related Parties

	Notes	**2010 HK$'000**	2009 HK$'000
Non trading in nature:			
Amounts due from related companies	*(i)*	**5,670**	4,704
Amount due from a jointly controlled entity	*(ii)*	**30,562**	8,658
Amounts due to related companies	*(i)*	**14,680**	4,346

Notes:

(i) The related companies are companies in which certain key management personnel of the Company have significant influences over as a group. The amounts due from/to related companies are unsecured, non-interest bearing and repayable on demand. The maximum outstanding amount due from related companies during the year was HK$5,670,000 (2009: HK$4,704,000).

(ii) Included in amount due from a jointly controlled entity was an amount of HK$19,502,000 (2009: HK$8,658,000) which carries interest at 10 basis points over the lending rate promulgated by the People's Bank of China and the remaining balances are interest-free. The entire balances of amounts due from jointly controlled entities are unsecured and repayable on demand. At the end of the reporting period, the amount is expected to be recovered after twelve months at the end of reporting period and therefore classified as non-current asset.

21. Pledged Bank Deposits

Pledged bank deposits represent deposits pledged to a bank to secure short-term banking facilities granted to Group and will be released upon the settlement of relevant bank borrowings. The pledged deposits carry fixed interest rate of 0.24% (2009: 0.58%) per annum.

22. Bank Balances and Cash

Bank balances carry interest at market rates which range from 0.01% to 1.39% (2009: 0.01% to 1.35%) per annum.

23. Trade Payables

The ageing analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	2010 HK$'000	**%**	2009 HK$'000	%
Within three months	**29,773**	**72**	25,163	77
Months four to six	**10,762**	**26**	7,303	22
Months six to one year	**385**	**1**	127	–
Over one year	**562**	**1**	283	1
	41,482	**100**	32,876	100

The average credit period granted by trade payables is 90 days. The Group has financial risk management policies in place to ensure that all payables within the credit time frame.

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24. Bank Borrowings

	2010 **HK$'000**	2009 HK$'000
Secured bank loans repayable within one year	**23,505**	49,495

At the end of the reporting period, bank borrowings carry floating lending rate promulgated by the People's Bank of China less ten basis points at 5.84% (2009: range from 5.31% to 5.35%) per annum.

The bank loans are secured by a bank deposit of HK$777,000 (2009: HK$30,467,000) and the leasehold land and building of HK$34,085,000 (2009: HK$34,092,000).

25. Convertible Bond

Pursuant to an agreement dated 20 April 2006, the Company issued a convertible bond ("2006 Bond") amounting to US$10 million (equivalent to HK$78 million) and a nil-paid warrant ("Nil-paid warrant") to an independent third party, Templeton Strategic Emerging Markets Fund II, LDC, represented by Templeton Asset Management Limited (collectively referred to "Templeton"), on 19 May 2006.

The Nil-paid warrant, which was granted for no consideration and detachable from the 2006 Bond, carried the right to subscribe for up to 79,947,009 shares of the Company at exercise price of HK$0.422 per share during the period from 19 May 2006 to 18 May 2011.

Pursuant to the supplemental deed to the 2006 Bond dated 4 March 2009 entered between the Company and Templeton (the "Supplementary Deed"), which took effect as from 31 December 2008, Templeton surrendered to the Company, and the Company cancelled, the 2006 Bond (and treated its outstanding principal amount as fully redeemed in accordance with the terms set out in the bond instrument) in substitution for which the Company issued a new convertible bond ("2008 Bond") of an aggregate amount of US$12,000,000 to Templeton.

The 2008 Bond bore interest from 31 December 2008 at the rate of 3% per annum of the principal amount of the 2008 Bond. Interest was payable annually in arrears on 31 December each year with the first payment commencing on 31 December 2009.

The Company was able at any time having given not less than 30 days' notice and not more than 60 days' notice (the "Early Redemption Notice") to Templeton, to redeem all or some of the 2008 Bond before 18 May 2011 at a discount on the principal amount. The discount rate reduced gradually from 11.5% to 0%. Templeton had the right to opt to convert all or only some of the 2008 Bond at HK$0.422 per share instead of accepting the Early Redemption Notice.

Templeton had the right to convert all or some of the 2008 Bond into the Company's shares at any time during the period beginning on and after 31 December 2008 up to the close of business on 4 May 2011 at HK$0.422 per share, subject to adjustment.

Unless previously redeemed, converted or purchased and cancelled, the Company was to redeem the 2008 Bond at the full outstanding principal amount plus accrued interest on 18 May 2011.

On 18 November 2010, the Company entered into a deed with Templeton pursuant to which the Company agreed with Templeton to early redeem the 2008 Bond; and on payment of US$12,044,000 (equivalent to HK$93,944,000) by the Company, Templeton agreed to relinquish all its rights under the Nil-paid warrant and the 2008 Bond and cancel the Nil-paid warrant and the 2008 Bond within 3 business days of such payment.

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25. Convertible Bond *(Continued)*

The 2008 Bond and Nil-paid warrant contained the following components that were separately accounted for:

(i) The liability component for the convertible bond representing the present value of the contractually determined stream of future cash flows discounted at the rate of interest at initial issue date. The effective interest rate of the liability component was 6.46% per annum for 2008 Bond.

(ii) The conversion option of the convertible bond accounted for as a separate financial liability represented the fair value of the option to convert the liability into equity of the Company.

(iii) The redemption discretionary option represented the Company's option to early redeem all or part of convertible bond.

(iv) The Nil-paid warrant represented the right to subscribe the Company's own equity.

The movements of different components of the convertible bond during 2009 and 2010 are set out below:

	Liability		**Nil-paid warrant**		**Conversion option**		**Redemption discretionary option**		**Total**	
	US$'000	equivalent as HK$'000 *(Note)*	US$'000	equivalent as HK$'000	US$'000	equivalent as HK$'000	US$'000	equivalent as HK$'000	US$'000	equivalent as HK$'000
At 1 January 2009	11,208	86,887	259	2,010	719	5,577	(426)	(3,305)	11,760	91,169
Interest charged	718	5,569	–	–	–	–	–	–	718	5,569
Interest paid	(362)	(2,807)	–	–	–	–	–	–	(362)	(2,807)
(Gain) loss arising on changes of fair value	–	–	(56)	(435)	(64)	(498)	426	3,305	306	2,372
At 31 December 2009	**11,564**	**89,649**	**203**	**1,575**	**655**	**5,079**	**-**	**-**	**12,422**	**96,303**
Interest charged	**662**	**5,164**	**-**	**-**	**-**	**-**	**-**	**-**	**662**	**5,164**
Gain arising on changes of fair value	**-**	**-**	**(200)**	**(1,559)**	**(645)**	**(5,035)**	**-**	**-**	**(845)**	**(6,594)**
Early redemption	**(12,226)**	**(94,813)**	**(3)**	**(16)**	**(10)**	**(44)**	**-**	**-**	**(12,239)**	**(94,873)**
At 31 December 2010	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note: At 31 December 2009, the amounts of HK$88,679,000 and HK$970,000 were included in convertible bond and other payables and accruals, respectively.

At 31 December 2009, the fair value of the liability component of convertible bond was approximately HK$85,085,752 which was determined assuming redemption on 18 May 2011, using an interest rate of 9.82% per annum.

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26. Amount due to a Substantial Shareholder

On 18 November 2010, the Company entered into a loan agreement with United Home Limited, a substantial shareholder of the Company, for the principal amount of US$11 million (equivalent to approximately HK$85,259,000) (the "Shareholder Loan"). The Shareholder Loan bears interest at 2% per annum, is unsecured and is for a term of 24 months.

27. Share Capital

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2009, 31 December 2009 and 31 December 2010	3,000,000	300,000
Issued and fully paid:		
At 1 January 2009, 31 December 2009 and 31 December 2010	1,739,566	173,956

All the issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

28. Capital Risk Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debt, which includes bank borrowings, convertible bond and Shareholder Loan disclosed in notes 24, 25 and 26, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Notes to the Consolidated Financial Statements

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29. Financial Instruments

Categories of financial instruments

	2010	2009
	HK$'000	HK$'000
Financial assets		
Loans and receivables	**277,467**	216,701
Financial liabilities		
FVTPL – Derivative financial instruments	**–**	6,654
Amortised cost	**197,454**	190,829

Financial risk management objectives and policies

The Group's major financial instruments include amount due from a jointly controlled entity, amounts due from and to related companies, other receivables, trade receivables, pledged bank deposits, bank balances and cash, trade payables, other payables, bank borrowings, convertible bond and amount due to a substantial shareholder. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		**Assets**	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**421**	284	**2,605**	4,514
United States dollar	**100,198**	91,888	**5,748**	33,800

Sensitivity analysis

The Group is mainly exposed to the Hong Kong dollar and the United States dollar. The following table details the Group's sensitivity to a 5% change in Hong Kong dollars and United States dollars against the RMB. 5% (2009: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2009: 5%) change in foreign currency rates. The sensitivity analysis includes those financial assets and financial liabilities denominated in currency other than the RMB. A positive number below indicates an increase in post-tax profit (2009: a decrease in post-tax loss) where the RMB strengthen 5% (2009: 5%) against the relevant currency, and vice versa. For a 5% (2009: 5%) weakening of the RMB against the relevant currency, there would be an equal and opposite impact on the profit or loss.

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For the year ended 31 December 2010

29. Financial Instruments *(Continued)*

Financial risk management objectives and policies *(Continued)*

Currency risk (Continued)

Sensitivity analysis (Continued)

	Hong Kong dollar impact		United States dollar impact	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Profit and loss	**(109)**	(212)	**4,722**	2,904

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

Fair value interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Shareholder Loan and pledged bank deposits. In 2009, the Group was exposed to the convertible bond issued by the Group (see note 25 for details of the convertible bond) as well as pledged bank deposits.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Cash flow interest rate risk

The Group's cash flow interest rate risk relates to the amount due from a jointly controlled entity, as well as variable-rate bank borrowings (see notes 20 and 24 for details). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of the lending rate promulgated by the People's Bank of China. The Group's cash flow interest rate risk relating to bank balances is insignificant due to low interest rates.

The Group currently does not have interest rate hedging policy. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined assuming the amount due from a jointly controlled entity as well as bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates in both years.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post tax profit for the year ended 31 December 2010 would decrease/increase by HK$15,000 (2009: post-tax loss would increase/decrease by HK$153,000).

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For the year ended 31 December 2010

29. Financial Instruments *(Continued)*

Financial risk management objectives and policies *(Continued)*

Price risk

The Group's derivative financial instruments exposed the Group to a potential loss in market value if there was an adverse change in the share price of the Company.

Sensitivity analysis

The sensitivity analyses below has been determined based on the exposure to equity price risks on the derivative financial instruments at 31 December 2009.

If the prices of the Company's share had been 4% higher/lower, post-tax loss for the year ended 31 December 2009 would increase/decrease by HK$1,841,000 for the Group as a result of change in fair value of derivative financial instruments.

Credit risk

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

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Except for concentration of credit risk on amounts due from jointly controlled entities and related parties, the Group has no significant concentration of credit risk on trade receivables by customer with exposure spread over a number of counter-parties and customers. However, the Group has concentration of credit risk in the PRC.

The Group's pledged bank deposit and bank balances are deposited with banks with high credit ratings and the Group has limited exposure to any single financial institution.

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29. Financial Instruments *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest (based on interest rate at the end of the reporting period) and principal cash flows.

	Weighted average interest rate %	Less than 3 months HK$'000	4 - 6 months HK$'000	7 months to 1 year HK$'000	Over 1 year to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2010 HK$'000
2010							
Non-derivative financial liabilities							
Trade payables	-	41,482	-	-	-	41,482	41,482
Other payables	-	32,349	-	-	-	32,349	32,349
Amounts due to related companies	-	14,680	-	-	-	14,680	14,680
Variable rate bank borrowings	5.84	-	-	24,878	-	24,878	23,505
Shareholder Loan	2	-	-	-	89,266	89,266	85,438
		88,511	-	24,878	89,266	202,655	197,454

	Weighted average interest rate %	Less than 3 months HK$'000	4 – 6 months HK$'000	7 months to 1 year HK$'000	Over 1 year to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2009 HK$'000
2009							
Non-derivative financial liabilities							
Trade payables	–	32,876	–	–	–	32,876	32,876
Other payables	–	15,433	–	–	–	15,433	15,433
Amounts due to related companies	–	4,346	–	–	–	4,346	4,346
Variable rate bank borrowings	5.35	–	51,734	–	–	51,734	49,495
Convertible bond *(Note)*	3	–	–	2,790	94,646	97,436	88,679
		52,655	51,734	2,790	94,646	201,825	190,829

Note: The undiscounted cash flow was presented on the assumption that there would be no conversion of convertible bond into share of the Company prior its maturity date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

29. Financial Instruments *(Continued)*

Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. For the option-based derivative, the fair value was estimated using an option pricing model.

The Group's financial instruments that are measured subsequent to initial recognition at fair value include derivative financial instruments grouped into level 3, which were derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The reconciliations from the beginning balances to the ending balances of the level 3 financial instruments are disclosed in note 25.

Except for the liability component of the convertible bond as set out in note 25, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values.

30. Contingent Liabilities

On 6 August 2010, the Plaintiff in a writ of summons filed claims against the Company for compensatory damages for distributing and publishing certain articles in the Issue No. 265 of Caijing Magazine containing words defamatory to the Plaintiff. In a defence filed by the Company on 13 October 2010, the Company denied the Plaintiff's claims. The Plaintiff and the Company have indicating their intentions to attempt mediation for resolving all disputes between parties, however, the parties are yet to agree on the terms and conditions of the mediation at the date of this report. The mediation proposal will be communicated between the Plaintiff and the Company in April 2011. As, in the opinion of the legal advisor of the Company, it is not practical to assess the outcome of the case at this stage, accordingly, no provision was made in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

31. Commitments

(a) Operating lease commitments

As lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments which fall due as follows:

	2010 **HK$'000**	2009 HK$'000
Within one year	**2,153**	2,674
In the second to fifth year inclusive	**439**	1,878
	2,592	4,552

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for a term ranging from nine months to 3 years.

(b) Capital commitments

	2010 **HK$'000**	2009 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**–**	350

(c) Other commitments

The amount recognised as license expenses (included in cost of sales) in the year was HK$16,118,000 (2009: HK$4,847,000).

Pursuant to several agreements entered into between the Company and magazine publication companies, being independent third parties, the Company at the end of the reporting period had commitments to make payments to certain magazines publication companies for agency rights for advertising in their magazines which fall due as follows:

	2010 **HK$'000**	2009 HK$'000
Within one year	**11,612**	1,316
In the second to fifth year inclusive	**82,127**	–
Over five years	**14,670**	–
	108,409	1,316

The license fee of the Agreement highlighted as a critical judgment in note 4 has been included above with reference to existing term set out in the Agreement.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

32. Share Option Scheme

Equity-settled share option scheme

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

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the Company's shares in issue at any time. At the end of the reporting period, the number of shares issuable under share options granted under the Share Option Scheme was 50,750,000 (2009: 53,700,000), which represented approximately 2.92% (2009: 3.09%) of the Company's shares in issue as at that date. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$10 in total by the grantee. An option may be exercised under the Share Option Scheme at any time from the vested date to the tenth anniversary from the grant date of the option.

The exercise price of the share options is determinable by the directors, but must not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of an ordinary share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

32. Share Option Scheme *(Continued)*

Equity-settled share option scheme *(Continued)*

The following table discloses details of the Company's share options held by the directors and the employees of the Group and movements in such holdings during the year:

Grantee	Date of grant	Exercise price HK$	Exercisable period	Number of share options: Outstanding at 1.1.2009	Granted during the year	Forfeited during the year	Expired during the year	Outstanding at 31.12.2009	Forfeited during the year	Outstanding at 31.12.2010
Executive director:										
Mr. Li Shijie	25.7.2003	0.210	25.7.2004 to 24.7.2009	6,900,000	–	–	(6,900,000)	–	–	–
	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	–	–	–	1,000,000	–	1,000,000
	29.10.2008	0.268	29.10.2011 to 28.10.2016	1,700,000	–	–	–	1,700,000	–	1,700,000
	16.12.2009	0.247	16.12.2012 to 15.12.2017	–	1,000,000	–	–	1,000,000	–	1,000,000
Mr. Wang Boming	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	–	–	–	1,500,000	–	1,500,000
Mr. Zhang Zhifang	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	–	–	–	1,500,000	–	1,500,000
Mr. Dai Xiaojing	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	–	–	–	1,500,000	–	1,500,000
	16.12.2009	0.247	16.12.2012 to 15.12.2017	–	1,000,000	–	–	1,000,000	–	1,000,000
Ms. Wu Chuan Hui Daphne	25.2.2004	0.566	25.2.2005 to 24.2.2010	2,500,000	–	(2,500,000)	–	–	–	–
	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,000,000	–	(1,000,000)	–	–	–	–
Other employee in aggregate	25.7.2003	0.210	25.7.2004 to 24.7.2009	15,050,000	–	–	(15,050,000)	–	–	–
	7.2.2007	0.330	7.2.2010 to 25.6.2015	27,350,000	–	(11,300,000)	–	16,050,000	(300,000)	15,750,000
	29.10.2008	0.268	29.10.2011 to 28.10.2016	5,300,000	–	(5,000,000)	–	300,000	–	300,000
	16.12.2009	0.247	16.12.2012 to 15.12.2017	–	28,150,000	–	–	28,150,000	(2,650,000)	25,500,000
				65,300,000	30,150,000	(19,800,000)	(21,950,000)	53,700,000	(2,950,000)	50,750,000

Notes:

(1) The options granted on 25 July 2003, 25 February 2004, 7 February 2007, 29 October 2008, 16 December 2009 fully vest on 25 July 2004, 25 February 2005, 7 February 2010, 29 October 2011 and 16 December 2012, respectively.

(2) At the end of the reporting period, the number of share option exercisable under the share option scheme was 21,250,000 (2009: nil).

(3) Share options are forfeited upon staff resignation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

32. Share Option Scheme *(Continued)*

Equity-settled share option scheme *(Continued)*

The estimated fair value of the options granted during the year ended 31 December 2009 was HK$3,540,000. The fair value was calculated using the binominal model. The inputs into the model were as follows:

Share price	HK$0.24
Exercise price	HK$0.247
Expected volatility	50.71%
Expected life	8 years
Risk-free rate	1.8048%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimates. The value of an option varies with different variables of certain subjective assumptions.

The Company recognised the total expense of HK$1,459,000 (2009: HK$2,127,000) in relation to share options during the year ended 31 December 2010.

33. Retirement Benefits Schemes

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in independently administrated funds. The Group has followed the minimum statutory contribution requirements of 5% of eligible employees' relevant aggregate income.

The employees of the subsidiaries in the PRC are members of the pension schemes operated by the PRC government. The relevant PRC subsidiaries are required to contribute a certain percentage of the relevant portion of these employees' basic salaries to the pension to fund the benefits. The only obligations of the relevant PRC subsidiaries with respect of the pension scheme is the required contributions under the pension scheme.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

34. Related Party Transactions

Apart from balances with related parties and related terms are disclosed in consolidated statement of financial position and notes 20 and 26 respectively, during the year, the Group had following related party transactions:

	Notes	**2010 HK$'000**	2009 HK$'000
Office rental expenses paid to Shanghai SEEC Investment and Development Corporation ("Shanghai SEEC")	*(i)*	**3,600**	3,506
Agency fee paid to 北京聯辦傳媒廣告有限公司 ("北京聯辦")	*(ii)*	**–**	136
Agency fee paid to 北京市融聯信息傳播有限公司 ("北京融聯")	*(ii)*	**–**	3,404
Agency fee paid to 北京市東方融燕書刊發行責任有限公司("東方融燕")	*(ii)*	**–**	3,574
Allowance for amounts due from jointly controlled entities		**–**	4,932
Interest income received from a jointly controlled entity		**959**	–
Magazine registration number charges received from a jointly controlled entity		**919**	–
Interest expenses paid to a substantial shareholder		**179**	–

Notes:

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

(ii) 北京聯辦, 北京融聯 and 東方融燕 are related to the Group since the Company's key management personnel has managerial duties and significant influence in the financial and operating policy in 北京聯辦, 北京融聯 and 東方融燕.

In addition, compensation of key management personnel, which includes short-term benefit (i.e. fees and salaries and other benefits), post-employment benefits (i.e. contributions to retirement benefits schemes) and share-based payments (i.e. share option benefits), represents directors' remuneration as set out in note 10. The directors' remuneration is determined by the Board having regard to the performance, responsibilities and experiences of individuals and market trends.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

35. Particulars of the Principal Subsidiaries of the Company

Particulars of the Company's principal subsidiaries at 31 December 2010 are as follows:

Name	Country of incorporation or registration/ operations	Proportion of nominal value of issued share capital/ registered capital held by the Company	Issued and fully paid ordinary share capital/ registered capital and form of business structure	Proportion of nominal value of issued share capital/ registered capital held by the Company Directly %	Indirectly %	Principal activities
Beijing Cai Lian Advertising Co., Ltd.	PRC	RMB5,000,000 Limited liability company	Ordinary shares	100	–	Advertising agent
Beijing Caixun Advertising Co., Ltd.	PRC	RMB5,000,000 Limited liability company	Ordinary shares	–	100	Advertising agent
Beijing Caixun Century Advertising Co., Ltd	PRC	RMB10,000,000 Limited liability company	Ordinary shares	100	–	Advertising agent
Beijing Caixun Century Infotech Co., Ltd.	PRC	RMB4,000,000 Limited liability company	Ordinary shares	–	100	Investment holding
Beijing Jingzheng Ronglian Advertising Company Limited	PRC	RMB2,000,000 Limited liability company	Ordinary shares	–	100	Advertising agent and books and magazines distributor
Beijing SEEC Book and Press Distribution Co., Ltd.	PRC	RMB5,000,000 Limited liability company	Ordinary shares	–	100	Books and magazines distributor
Hainan Caixun Infomedia Co., Ltd.	PRC	RMB9,000,000 Limited liability company	Ordinary shares	–	100	Investment holding
Shenzhen Caixun Advertising Co., Ltd.	PRC	RMB1,000,000 Limited liability company	Ordinary shares	–	100	Advertising agent
Shanghai Caixun Media Conference Exhibition Limited	PRC	HK$10,000,000 Limited liability company	Ordinary shares	100	–	Investment holding
Superfort Management Corp.	British Virgin Islands/ Hong Kong	US$100 Limited company	Ordinary shares	100	–	Investment holding
北京樂華久坊廣告有限公司	PRC	RMB2,000,000 Limited liability company	Ordinary shares	80	N/A	Advertising agent

北京樂華久坊廣告有限公司 was incorporated during the year ended 31 December 2010.

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list contains only the subsidiaries which principally affect the results or assets and liabilities of the Group.

None of the subsidiaries had any debt securities outstanding during the year or at the end of the year.

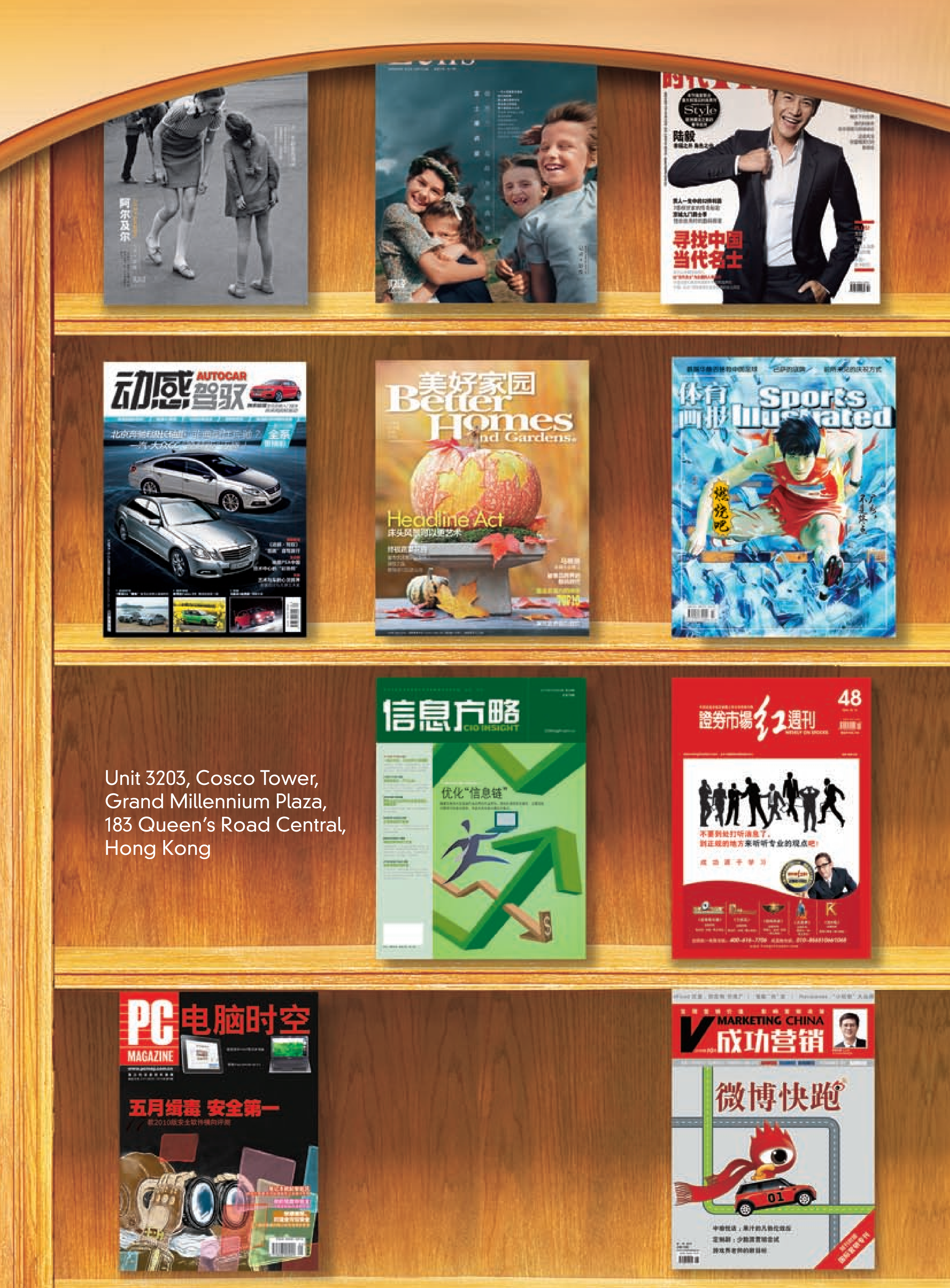
Financial Summary

Results

	Year ended 31 December				
	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010 HK$'000**
REVENUE	99,098	186,491	307,176	275,300	**352,404**
(LOSS) PROFIT FROM OPERATING ACTIVITIES	(14,955)	24,907	5,060	(37,922)	**22,226**
FINANCE COSTS	(5,100)	(9,245)	(12,115)	(8,158)	**(7,094)**
(LOSS) PROFIT BEFORE TAXATION	(20,055)	15,662	(7,055)	(46,080)	**15,132**
TAXATION	(6,266)	(9,521)	(7,299)	–	**(7,972)**
(LOSS) PROFIT FOR THE YEAR	(26,321)	6,141	(14,354)	(46,080)	**7,160**
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	(29,001)	6,141	(14,354)	(46,080)	**7,201**
NON-CONTROLLING INTEREST	2,680	–	–	–	**(41)**
	(26,321)	6,141	(14,354)	(46,080)	**7,160**

Assets and Liabilities

	At 31 December				
	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010 HK$'000**
TOTAL ASSETS	382,854	542,377	567,720	524,937	**572,855**
TOTAL LIABILITIES	(140,376)	(222,782)	(241,569)	(242,413)	**(262,478)**
	242,478	319,595	326,151	282,524	**310,377**



动感驾驭
AUTOCAR
美好家园
Better Homes and Gardens
Headline Act
体育画报
Sports Illustrated
信息方略
CIO INSIGHT
优化"信息链"
證劵市場红週刊
48
Unit 3203, Cosco Tower,
Grand Millennium Plaza,
183 Queen's Road Central,
Hong Kong
PC MAGAZINE
电脑时空
五月缉毒 安全第一
MARKETING CHINA
成功营销
微博快跑