



財訊傳媒集團有限公司 SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(stock code 股份代號 : 205)



中期報告 2009 Interim Report 2009

The board of directors (the "Board") of SEEC Media Group Limited (the "Company") is pleased to present the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Notes	(Unaudited) Six months ended 30 June 2009 HK\$'000	2008 HK\$'000
Revenue		115,699	146,924
Cost of sales		<u>(46,852)</u>	<u>(53,193)</u>
Gross profit		68,847	93,731
Other income		575	840
Selling and distribution costs		(73,819)	(69,252)
Administrative expenses		(19,559)	(10,454)
Change in fair value of derivative financial instruments		(4,540)	1,841
Share of loss of a jointly controlled entity		(8,406)	-
Finance costs	3	<u>(4,121)</u>	<u>(5,733)</u>
(Loss) profit before tax	4	(41,023)	10,973
Taxation	5	<u>(90)</u>	<u>(6,124)</u>
(Loss) profit for the period attributable to the owners of the Company		(41,113)	4,849
Exchange differences arising on translation of foreign operations, representing other comprehensive income for the period		<u>98</u>	<u>13,703</u>
Total comprehensive (expense) income for the period attributable to the owners of the Company		<u>(41,015)</u>	<u>18,552</u>
(Loss) earnings per share (HK cents)			
Basic	7	<u>(2.36)</u>	<u>0.28</u>
Diluted		<u>(2.36)</u>	<u>0.28</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

		(Unaudited) As at 30 June 2009 HK\$'000	(Audited) (Restated) As at 31 December 2008 HK\$'000
Non-current assets			
Property, plant and equipment		51,185	51,005
Deposit for acquisition of property, plant and equipment		256	1,840
Sole agency rights		138,603	143,259
Goodwill		125,216	125,216
Interests in jointly controlled entities		3,021	11,427
Derivative financial instruments		–	3,305
		<u>318,281</u>	<u>336,052</u>
Current assets			
Inventories		2,335	2,222
Amounts due from jointly controlled entities		1,588	7,332
Trade receivables	8	103,634	109,120
Other receivables and prepayments		9,291	10,893
Amounts due from related companies		2,348	3,986
Pledged bank deposits	9	43,032	42,252
Bank balances and cash		36,634	55,863
		<u>198,862</u>	<u>231,668</u>
Current liabilities			
Trade payables	10	22,494	34,470
Other payables and accruals		43,423	52,257
Amount due to a jointly controlled entity		510	–
Amounts due to related companies		4,024	5,899
Bank borrowings		49,438	39,540
Tax payable		14,940	15,899
		<u>134,829</u>	<u>148,065</u>
Net current assets		<u>64,033</u>	<u>83,603</u>
Total assets less current liabilities		<u>382,314</u>	<u>419,655</u>
Non-current liabilities			
Convertible bond		87,298	85,917
Derivative financial instruments		8,822	7,587
		<u>96,120</u>	<u>93,504</u>
Net assets		<u>286,194</u>	<u>326,151</u>
Capital and reserves			
Share capital	11	173,956	173,956
Reserves		112,238	152,195
Total equity attributable to owners of the Company		<u>286,194</u>	<u>326,151</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Exchange translation reserve HK\$'000	Share option reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 January 2009 (audited)	<u>173,956</u>	<u>64,084</u>	<u>8,178</u>	<u>31,790</u>	<u>4,786</u>	<u>43,357</u>	<u>326,151</u>
Loss for the period	-	-	-	-	-	(41,113)	(41,113)
Exchange differences arising on translation of foreign operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>98</u>
Total comprehensive income (expense) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>98</u>	<u>-</u>	<u>(41,113)</u>	<u>(41,015)</u>
Recognition of equity-settled share-based payment	-	-	-	-	1,058	-	1,058
Transfer to reserve funds	<u>-</u>	<u>-</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>(27)</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>27</u>	<u>-</u>	<u>1,058</u>	<u>(27)</u>	<u>1,058</u>
At 30 June 2009 (unaudited)	<u>173,956</u>	<u>64,084</u>	<u>8,205</u>	<u>31,888</u>	<u>5,844</u>	<u>2,217</u>	<u>286,194</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2008

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Exchange translation reserve HK\$'000	Share option reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 January 2008 (audited)	<u>172,472</u>	<u>59,369</u>	<u>8,178</u>	<u>19,222</u>	<u>2,643</u>	<u>57,711</u>	<u>319,595</u>
Profit for the period	-	-	-	-	-	4,849	4,849
Exchange differences arising on translation of foreign operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,703</u>	<u>-</u>	<u>-</u>	<u>13,703</u>
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,703</u>	<u>-</u>	<u>4,849</u>	<u>18,552</u>
Issue of shares upon exercise of share options	75	153	-	-	-	-	228
Issue of shares as part of the consideration for acquisition of a sole agency right	1,339	4,486	-	-	-	-	5,825
Recognition of equity-settled share-based payment	-	-	-	-	1,050	-	1,050
Transfer to reserve funds	<u>-</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
	<u>1,414</u>	<u>4,639</u>	<u>6</u>	<u>-</u>	<u>1,050</u>	<u>(6)</u>	<u>7,103</u>
At 30 June 2008 (unaudited)	<u>173,886</u>	<u>64,008</u>	<u>8,184</u>	<u>32,925</u>	<u>3,693</u>	<u>62,554</u>	<u>345,250</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	(Unaudited) Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
NET CASH USED IN OPERATING ACTIVITIES	<u>(39,398)</u>	<u>(29,700)</u>
NET CASH FROM (USED IN) INVESTING ACTIVITIES		
Settlement of other payables in respect of purchase of property, plant and equipment	–	(11,730)
Other investing cash flow	<u>12,971</u>	<u>(10,747)</u>
	<u>12,971</u>	<u>(22,477)</u>
NET CASH FROM FINANCING ACTIVITIES	<u>7,171</u>	<u>2,409</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,256)	(49,768)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	55,863	103,731
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>27</u>	<u>5,629</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD, represented by bank balances and cash	<u>36,634</u>	<u>59,592</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation and Principal Accounting Policies

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

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

In the current period, the Group has applied a number of new or revised standards, amendments and interpretations issued by the HKICPA, which are effective for the financial year beginning 1 January 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2008.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised 2007) has had no impact on the reported results or financial position of the Group.

HKAS 23 (Revised 2007) Borrowing costs

HKAS 23 (Revised 2007) removes the option available under the previous version of the standard to recognise all borrowing costs as expenses immediately and requires all such borrowing costs to be capitalised as part of the cost of the qualifying asset. The Group has applied the transitional requirements in HKAS 23 (Revised 2007) and applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. As the Group did not incur borrowing costs for the qualifying assets, the change has had no impact on amounts reported in prior and current accounting periods.

1. Basis of Preparation and Principal Accounting Policies (Continued)

Improvements to HKFRSs issued in 2008

HKAS 1 *Presentation of Financial Statements* has been amended to clarify whether derivatives that are classified as held for trading in accordance with HKAS 39 *Financial Instruments: Recognition and Measurement* should be presented as current or non-current. The amendment requires derivatives that are held primarily for trading purposes to be presented as current regardless of their maturity dates. In addition, the amendment requires derivatives that are not held for trading purposes to be classified as current or non-current on the basis of their settlement date. Prior to the amendment, the Group presented all derivative financial instruments that are financial assets or liabilities not classified as held for trading in accordance with HKAS 39. The amendment has had no impact on the Group's results for the reported periods. However, the amendment has resulted in derivative financial instruments with carrying amount of approximately HK\$3,305,000 and HK\$7,587,000, as at 31 December 2008, being reclassified from current assets and liabilities to non-current assets and liabilities respectively based on their maturity dates. As at 30 June 2009, all derivative financial instruments have been presented as non-current as they are due more than twelve months after the end of the reporting period.

The adoption of the other new and revised HKFRSs has had no material effect on the reported results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 27 (Revised 2008)	Consolidated and separate financial statements ¹
HKAS 39 (Amendment)	Eligible hedged items ¹
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters ³
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions ³
HKFRS 3 (Revised 2008)	Business combinations ¹
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners ¹
HK(IFRIC) – INT 18	Transfers of assets from customers ⁴

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

² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

³ Effective for annual periods beginning on or after 1 January 2010.

⁴ Effective for transfers on or after 1 July 2009.

1. Basis of Preparation and Principal Accounting Policies (Continued)

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. Segment Information

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess its performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's executive directors are the chief operating decision makers as they collectively make strategic decisions towards the Group's operations. The Group is principally engaged in two revenue streams – advertising income and sale of books and magazines and nearly all identifiable assets of the Group are located in the People's Republic of China ("PRC"). Information reported to the Group's management for the purpose of resources allocation and assessment of performance focuses on the type of revenue streams (e.g. advertising income and sale of books and magazines). The Group's reportable segments under HKFRS 8 are therefore as follows:

- (a) advertising income; and
- (b) sale of books and magazines.

2. Segment Information (Continued)

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

For the six months ended 30 June 2009

	Advertising income HK\$'000	Sale of books and magazines HK\$'000	Consolidation HK\$'000
REVENUE			
External sales	<u>94,542</u>	<u>21,157</u>	<u>115,699</u>
RESULT			
Segment result	<u>2,605</u>	<u>(7,577)</u>	<u>(4,972)</u>
Unallocated income			575
Unallocated corporate expenses			(19,559)
Change in fair value of derivative financial instruments			(4,540)
Share of loss of a jointly controlled entity			(8,406)
Finance costs			<u>(4,121)</u>
Loss before taxation			(41,023)
Taxation			<u>(90)</u>
Loss for the period			<u>(41,113)</u>

For the six months ended 30 June 2008

	Advertising income HK\$'000	Sale of books and magazines HK\$'000	Consolidation HK\$'000
REVENUE			
External sales	<u>128,488</u>	<u>18,436</u>	<u>146,924</u>
RESULT			
Segment result	<u>20,027</u>	<u>(1,638)</u>	18,389
Unallocated income			840
Unallocated corporate expenses			(4,364)
Change in fair value of derivative financial instruments			1,841
Finance costs			<u>(5,733)</u>
Profit before taxation			10,973
Taxation			<u>(6,124)</u>
Profit for the period			<u>4,849</u>

2. Segment Information (Continued)

All of the segment revenue reported above is from external customers. Segment result represents the profit/(loss) earned/suffered by each segment without allocation of interest and other income, administration expenses, change in fair value of derivative financial instruments, share of loss of a jointly controlled entity and finance costs. This is the measure reported to the Group's management for the purpose of resource allocation and performance assessment.

The following is an analysis of the Group's assets by operating segment, which is also the information available to the chief operating decision maker:

As at 30 June 2009

	Advertising income HK\$'000	Sale of books and magazines HK\$'000	Consolidation HK\$'000
ASSETS			
Segment assets	<u>413,190</u>	<u>12,618</u>	425,808
Unallocated corporate assets			<u>91,335</u>
Condensed consolidated total assets			<u>517,143</u>

As at 31 December 2008

	Advertising income HK\$'000	Sale of books and magazines HK\$'000	Consolidation HK\$'000
ASSETS			
Segment assets	<u>440,396</u>	<u>11,025</u>	451,421
Unallocated corporate assets			<u>116,299</u>
Condensed consolidated total assets			<u>567,720</u>

The unallocated assets are other receivables and prepayments, amounts due from related companies, pledged bank deposits and bank balances and cash which are commonly used between segments and corporate operation.

3. Finance Costs

	For the six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Interest on bank loan wholly repayable within five years	1,346	1,268
Effective interest charges on convertible bond	2,775	4,465
	<u>4,121</u>	<u>5,733</u>

4. (Loss) Profit Before Tax

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

	For the six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	3,531	1,547
Impairment loss recognised in respect of available-for-sales investments	–	331
Amortisation of intangible assets *	4,176	4,769
Loss on disposal of property, plant and equipment	5	–
Net exchange loss (gain)	247	(22)
Bank interest income	<u>(62)</u>	<u>(753)</u>

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

5. Taxation

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

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

6. Dividends

No dividends were paid, declared or proposal during the reported period. The directors do not recommend payment of an interim dividend (2008: Nil).

7. (Loss) Earnings per Share

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

	For the six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share		
– (Loss) profit for the period attributable to owners of the Company	<u>(41,113)</u>	<u>4,849</u>
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	1,739,565,172	1,727,260,576
Effect of dilutive potential ordinary share options assuming exercise of share options	<u>–</u>	<u>17,200,885</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<u>1,739,565,172</u>	<u>1,744,461,461</u>

For the six months ended 30 June 2009, the computation of diluted loss per share does not assume the exercise of share options, conversion of the convertible bond or exercise of warrants since their exercise or conversion would result in a decrease in loss per share.

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

8. Trade Receivables

The average credit period granted by the Group to the trade receivables is within three months from the date of recognition of the sale.

The ageing analysis of the Group's trade receivables is as follows:

	As at 30 June 2009		As at 31 December 2008	
	HK\$'000	Percentage	HK\$'000	Percentage
Within three months	57,312	55	59,547	55
Four months to six months	25,571	25	29,957	27
Seven months to one year	20,751	20	19,616	18
	<u>103,634</u>	<u>100</u>	<u>109,120</u>	<u>100</u>

9. Pledged Bank Deposits

Pledged bank deposits represent deposits pledged to a bank to secure short-term banking facilities granted to the Group and will be released upon the settlement of relevant bank borrowings.

10. Trade Payables

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

	As at 30 June 2009		As at 31 December 2008	
	HK\$'000	Percentage	HK\$'000	Percentage
Within three months	11,330	51	26,213	76
Four to six months	9,368	42	6,568	19
Seven months to one year	786	3	1,502	4
Over one year	1,010	4	187	1
	<u>22,494</u>	<u>100</u>	<u>34,470</u>	<u>100</u>

11. Share Capital

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2008, 31 December 2008, 1 January 2009 and 30 June 2009	3,000,000	300,000
Issued and fully paid:		
At 1 January 2008	1,724,725	172,472
Issue of shares	13,391	1,339
Exercise of share options	1,450	145
At 31 December 2008 and 30 June 2009	1,739,566	173,956

During the six months ended 30 June 2009, no share was issued and no share option was exercised.

12. Capital Commitments

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	–	1,092

13. Pledge of Assets

Apart from the pledged bank deposits as disclosed in note 9, the Group has pledged leasehold land and buildings having a carrying value of approximately HK\$34,630,000 at 30 June 2009 (2008: Nil) to secure the short term bank loans granted to the Group.

14. Related Party Transactions

Apart from certain balances with related parties as disclosed in the condensed consolidated statement of financial position, during each of the six months ended 30 June 2009 and 2008, the Group had not entered into any material related party transactions.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2009 (2008: Nil).

BUSINESS REVIEW

Today's economic headwinds have greatly impacted the global advertising industry and companies cut their advertising budgets to cope with the business slowdown. Since China's advertising industry has been more and more closely tied to the global economy, the advertising sector of print media in China was inevitably affected.

As a result, during the six months period ended 30 June 2009, the Group only achieved a turnover of approximately HK\$115.7 million, representing a decrease of 21.2% over the same period in 2008, which recorded a turnover of approximately HK\$146.9 million.

"Caijing" had generated revenue of approximately HK\$54.1 million for the first half of the year 2009, representing 16.9% decrease over HK\$65.1 million for the same period in 2008. "Caijing" has established its leadership position among Chinese financial print media. Its advertising client portfolio comprises of both well known domestic and international companies. As such, its client portfolio has been closely associated with and was greatly affected by the recent global economic downturn.

Among our established magazines, "Real Estate" and "Capital Week" experienced drop in their revenue of 47.3% and 66.1% respectively. "Real Estate" only recorded revenue of approximately HK\$12.0 million, largely due to slowdown in China's real estate market. "Capital Week" recorded revenue of approximately HK\$2.3 million, largely impacted by the retreat and weak sentiment of domestic and global stock markets.

Despite the adverse and challenging market environments our Group was facing, some of our newly established magazines managed generating remarkable increases in revenue. Among which, "Better Home and Garden", "His Life", and "TimeOut" recorded 12.8%, 258.3% and 39.5% revenue growth respectively. Even though the scales of these magazines are still relatively small, the growth trends are encouraging.

Overall, the Group continued its business strategy through developing its existing magazine portfolio as well as obtaining growth trajectory via new magazine titles. The Group integrated the operations over its different magazine business units and so the general sales and administrative expenses were increased significantly over the period. Although these had directly impacted our current earnings, the directors expect that the Group will benefit in long term, from enhanced synergies and efficiencies achieved through effective integration of the operations.

OUTLOOK AND PROSPECT

Looking into the second half of the year 2009, major economies, including China, will continue their efforts to cope with the worldwide economic downturn. No doubt, the advertising industry will have to face a lot of difficulties and challenges in the coming years. According to Zenith Optimedia, the total global advertising expenditure for the year of 2009 is forecasted with a decrease of 8.5%, while the estimated global advertising expenditure for magazine sector will be a decrease of 16.7% over those of the last year. Unless there is dramatic improvement in the economy and market conditions, the directors will hold a very cautious view over the economic outlook for the rest of the year. Moreover, the directors will continue to monitor closely on any new development in the market and adjust our strategy accordingly in these current times of uncertainty.

MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of the year of 2009, turnover of the Group was approximately HK\$115.7 million as compared to approximately HK\$146.9 million in same period of 2008, representing a decrease of approximately 21.2%. The decrease in turnover was mainly attributable to the effect of financial crisis continued in 2008 and the deferral and reduction of advertising spending of our customers. The gross profit for the first half of the year of 2009 was approximately 59.5% which was slightly reduced as compared to that of the same period in 2008 of 63.8%.

The Group had continued efforts to promote its magazines despite the difficult business environment during the period. The selling and advertising costs were incurred to step up promoting efforts for the Group's magazines, in particular, those magazines with advertising rights acquired in recent years. Accordingly, the selling and distribution costs and administrative expenses increased by approximately 6.5% to HK\$73.8 million and approximately 87% to HK\$19.6 million respectively. The loss attributable to shareholders was HK\$41.1 million for the first six-month period of 2009 as compared to a profit position of HK\$4.8 million in the same period of 2008.

To preserve financial resources for future expansion and operation of the Group, the Board did not recommend the payment of an interim dividend for the period (2008: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operation activities were financed by internal resources. The Group's equity as at 30 June 2009 was approximately HK\$286.2 million as compared to approximately HK\$326.2 million as at 31 December 2008.

The Group had convertible bond of approximately HK\$87.3 million as at 30 June 2009 and of approximately HK\$85.9 million as at 31 December 2008. The gearing ratio, which was computed by non-current liabilities over total assets was 18.6% as at 30 June 2009 as compared to 16.5% as at 31 December 2008.

As at 30 June 2009, the Group had secured bank borrowings of approximately HK\$49.4 million as compared to HK\$39.5 million as at 31 December 2008.

As at 30 June 2009, the Group had cash and time deposits amounted to approximately HK\$36.6 million as compared to approximately HK\$55.9 million as at 31 December 2008.

CHARGE ON ASSETS

As at 30 June 2009, the Company had fixed deposits of approximately HK\$43.0 million charged to a bank for banking facilities granted to the Group (2008: HK\$42.3 million). As at 30 June 2009, the Group had pledged its leasehold land and buildings in PRC having a carrying value of approximately HK\$34.6 million (2008: Nil) to secure short term bank loans granted to the Group.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liability as at 30 June 2009 (2008: Nil).

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars or Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the period, apart from the convertible bond and the bank borrowings, 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 30 June 2009, the Group had 567 (2008: 572) employees in Hong Kong and PRC. Salaries, bonus and benefits were decided in accordance with the market condition and performance of the respective employees.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2009, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies were as follows:

RIGHTS TO ACQUIRE SHARES

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

As at 30 June 2009, the share options to subscribe for shares of HK\$0.10 each in the Company granted to directors were as follows:

Name of Director	Capacity	Date of grant	Exercise Price HK\$	Exercisable period	Number of options Outstanding at 1 January 2009 and 30 June 2009	Number of underlying shares
Li Shijie	Beneficial owner	25.7.2003	0.21	25.7.2004 to 24.7.2009	6,900,000	6,900,000
Li Shijie	Beneficial owner	7.2.2008	0.33	7.2.2010 to 6.2.2015	1,000,000	1,000,000
Li Shijie	Beneficial owner	29.10.2008	0.268	29.10.2011 to 28.10.2016	1,700,000	1,700,000
Wang Boming	Beneficial owner	7.2.2008	0.33	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Zhang Zhifang	Beneficial owner	7.2.2008	0.33	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Dai Xiaojing	Beneficial owner	7.2.2007	0.33	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Wu Chuan Hui Daphne	Beneficial owner	25.2.2004	0.566	25.2.2005 to 24.2.2010	2,500,000	2,500,000
Wu Chuan Hui Daphne	Beneficial owner	7.2.2007	0.33	7.2.2010 to 6.2.2015	1,000,000	1,000,000
					17,600,000	17,600,000

Save as disclosed above, as at 30 June 2009, none of the directors, chief executives nor their associates had any long or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company:

LONG POSITIONS

Ordinary shares of HK\$0.10 each of the Company

Name	Capacity	Number of shares beneficially held/underlying shares	Percentage of holding
United Home Limited (Note 1)	Beneficial owner and controlled corporation	845,843,824	48.62%
Carlet Investments Ltd. (Note 1)	Beneficial owner	172,644,210	9.93%
Templeton Asset Management Limited (Note 2)	Investment manager	301,747,956	17.35%

Notes:

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

- (2) This referred to the nil-paid warrant and convertible bond issued to Templeton Strategic Emerging Markets Fund II, LDC, represented by its investment manager, Templeton Asset Management Limited, exercisable to subscribe for 79,947,009 shares and 221,800,947 shares of the Company upon full conversion of the warrant and the convertible bond respectively.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2009.

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

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

CORPORATE GOVERNANCE

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

CODE PROVISION A.2.1

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

The Company does not presently have any officer with the title of "CEO" or "Managing Director". At present, Mr. Wang Boming, being the Chairman and an Executive Director of the Company, is assuming the role of the CEO of the Company and is responsible for the strategic planning and corporate policy of the Group.

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

CODE PROVISION A.4.1

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

The term of office for non-executive directors are the same as for all directors (i.e. no specific term and subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Company's Articles of Association). At each annual general meeting, one-third of the directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every director shall be subject to retirement by rotation at least one every three years.

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 8 June 2009 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.

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors. The Committee is chaired by Mr. Fu Fengxiang and comprising two other members, namely Mr. Zhang Ke and Mr. Wang Xiangfei. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements for the six months ended 30 June 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company for the six months ended 30 June 2009.

MEMBERS OF THE BOARD OF DIRECTORS

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

Executive Directors:

Mr. Wang Boming (*Chairman*)

Mr. Zhang Zhifang

Mr. Dai Xiaojing

Mr. Li Shijie

Ms. Wu Chuan Hui Daphne

Independent Non-Executive Directors:

Mr. Fu Fengxiang

Mr. Wang Xiangfei

Mr. Zhang Ke

Mr. Ding Yu Cheng

By order of the Board

Wang Boming

Chairman

Hong Kong, 25 September 2009

