



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)



財經



Interim Report 2011 中期報告

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 2011 as follows:

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

		(Unaudited)	
		Six months	
		ended 30 June	
		2011	2010
	Notes	HK\$'000	HK\$'000
Revenue	2	206,447	146,136
Cost of sales		(61,620)	(50,175)
Gross profit		144,827	95,961
Other income		2,143	1,465
Other gains and losses		709	4,177
Selling and distribution costs		(101,939)	(77,691)
Administrative expenses		(20,806)	(15,812)
Share of loss of a jointly controlled entity		-	(3,948)
Finance costs	3	(1,554)	(4,535)
Profit (loss) before tax	4	23,380	(383)
Taxation	5	(9,841)	(1,778)
Profit (loss) for the period		13,539	(2,161)
Exchange differences arising on translation, representing other comprehensive income for the period		5,961	1,945
Total comprehensive income (expense) for the period		19,500	(216)
Profit (loss) for the period attributable to:			
Owners of the Company		14,135	(2,161)
Non-controlling interests		(596)	-
		13,539	(2,161)
Total comprehensive income (expense) attributable to:			
Owners of the Company		20,096	(216)
Non-controlling interests		(596)	-
		19,500	(216)
Earnings (loss) per share (HK cents)			
Basic	7	0.81	(0.12)
Diluted		0.81	(0.12)

Condensed Consolidated Statement of Financial Position

As at 30 June 2011

	Notes	(Unaudited) As at 30 June 2011 HK\$'000	(Audited) As at 31 December 2010 HK\$'000
Non-current assets			
Property, plant and equipment		49,061	47,555
Deposit for acquisition of property, plant and equipment		-	442
Sole agency rights		125,178	127,555
Goodwill		118,886	118,886
Amount due from a jointly controlled entity		31,240	30,562
		324,365	325,000
Current assets			
Trade receivables	8	163,736	130,798
Amounts due from related companies		7,442	5,670
Other receivables and prepayments		13,449	11,358
Pledged bank deposits	9	777	777
Bank balances and cash		83,114	99,252
		268,518	247,855
Current liabilities			
Trade payables	10	38,842	41,482
Other payables and accruals		79,302	77,745
Amounts due to related companies		12,579	14,680
Bank borrowings		24,050	23,505
Tax payable		21,402	19,628
		176,175	177,040
Net current assets		92,343	70,815
Total assets less current liabilities		416,708	395,815
Non-current liability			
Amount due to a substantial shareholder		86,257	85,438
Net assets		330,451	310,377
Capital and reserves			
Share capital	11	173,956	173,956
Reserves		156,662	135,992
Equity attributable to owners of the Company		330,618	309,948
Non-controlling interests		(167)	429
Total equity		330,451	310,377

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Attributable to owners of the Company						Subtotal HK\$'000	Attributable to non- controlling interests HK\$'000	Total HK\$'000
	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			
At 1 January 2011 (audited)	173,956	64,084	8,407	40,143	8,372	14,986	309,948	429	310,377
Profit (loss) for the period	-	-	-	-	-	14,135	14,135	(596)	13,539
Exchange differences on translation	-	-	-	5,961	-	-	5,961	-	5,961
Total comprehensive income (expense) for the period	-	-	-	5,961	-	14,135	20,096	(596)	19,500
Recognition of equity-settled share-based payment	-	-	-	-	574	-	574	-	574
At 30 June 2011 (unaudited)	173,956	64,084	8,407	46,104	8,946	29,121	330,618	(167)	330,451

Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2010

	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 losses HK\$'000	Total HK\$'000
At 1 January 2010 (audited)	173,956	64,084	8,407	32,116	6,913	(2,952)	282,524
Loss for the period	-	-	-	-	-	(2,161)	(2,161)
Exchange differences on translation	-	-	-	1,945	-	-	1,945
Total comprehensive income (expense) for the period	-	-	-	1,945	-	(2,161)	(216)
Recognition of equity-settled share-based payment	-	-	-	-	1,218	-	1,218
Transfer to reserve funds	-	-	150	-	-	(150)	-
	-	-	150	-	1,218	(150)	1,218
At 30 June 2010 (unaudited)	173,956	64,084	8,557	34,061	8,131	(5,263)	283,526

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

	(Unaudited) Six months ended 30 June 2011 HK\$'000	2010 HK\$'000
NET CASH USED IN OPERATING ACTIVITIES	(10,993)	(28,092)
Purchase of property, plant and equipment	(3,757)	(1,696)
(Increase) decrease in amounts due from related companies	(1,904)	1,767
Advance to a jointly controlled entity	(1,387)	(8,769)
Decrease in pledged bank deposit	-	12,392
Investment in a jointly controlled entity	-	(11,463)
Other investing cash flows	872	1,231
NET CASH USED IN INVESTING ACTIVITIES	(6,176)	(6,538)
New bank loans raised	-	13,436
Repayment of bank loans	(39)	(49,664)
(Decrease) increase in amount due to related companies	(1,760)	20,940
Other financing cash flows	(696)	(1,670)
NET CASH USED IN FINANCING ACTIVITIES	(2,495)	(16,958)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,664)	(51,588)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	99,252	74,381
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES	3,526	1,028
CASH AND CASH EQUIVALENTS AT END OF PERIOD, represented by bank balances and cash	83,114	23,821

Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The 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 Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial statements have been prepared on the historical cost basis. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied, for the first time, the following revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised in 2009)	Related party disclosures
HKAS 32 (Amendments)	Classification of rights issues
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments

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

The Group has not early applied the following new or revised standards and amendments that have issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorized for issuance and are not yet effective:

HKFRS 10	Consolidated financial statements ¹
HKFRS 11	Joint arrangements ¹
HKFRS 12	Disclosures of interests in other entities ¹
HKFRS 13	Fair value measurement ¹
HKAS 1 (Amendments)	Presentation of items of other comprehensive income ²
HKAS 19 (Revised in 2011)	Employee benefits ¹
HKAS 27 (Revised in 2011)	Separate financial statements ¹
HKAS 28 (Revised in 2011)	Investments in associates and joint ventures ¹

¹ Effective for annual periods beginning on or after 1 January 2013.

² Effective for annual periods beginning on or after 1 July 2012.

The directors of the Company anticipate that the application of these eight new or revised standards will have no material impact on the results and the financial position of the Group.

2. 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 organized 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 organized.

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

Six months ended 30 June 2011

	Advertising income HK\$'000	Sale of books and magazines HK\$'000	Consolidation HK\$'000
REVENUE			
External sales	189,952	16,495	206,447
RESULT			
Segment profit (loss)	55,771	(12,883)	42,888
Unallocated income			2,143
Unallocated expenses			(20,806)
Other gains and losses			709
Finance costs			(1,554)
Profit before taxation			23,380

Six months ended 30 June 2010

	Advertising income HK\$'000	Sale of books and magazines HK\$'000	Consolidation HK\$'000
REVENUE			
External sales	128,915	17,221	146,136
RESULT			
Segment profit (loss)	24,168	(5,898)	18,270
Unallocated income			1,465
Unallocated expenses			(15,812)
Other gains and losses			4,177
Share of loss of a jointly controlled entity			(3,948)
Finance costs			(4,535)
Loss before taxation			(383)

Segment profit (loss) 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, other gains and losses and finance costs. This is the measure reported to the Group's executive directors for the purpose of resource allocation and performance assessment.

3. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Interest on bank loan wholly repayable within five years	696	1,670
Interest on advance from a substantial shareholder	858	-
Effective interest charges on convertible bond	-	2,865
	1,554	4,535

4. PROFIT (LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	3,971	4,192
Amortization of sole agency rights (included in costs of sales)	5,085	4,883
Loss on disposal of property, plant and equipment	20	22
Net exchange gain	(657)	(310)
Bank interest income	(863)	(617)
(Reversal of) allowance for bad and doubtful debts	(709)	2,417

5. TAXATION

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

The tax charge for the periods represented the People's Republic of China (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 proposed during the reported period. The directors do not recommend the payment of an interim dividend (2010: Nil).

7. 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:

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share		
– Profit (loss) for the period attributable to owners of the Company	14,135	(2,161)

Number of shares

Number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	1,739,565,174	1,739,565,174
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For the six months ended 30 June 2011, the computation of diluted earnings per share does not assume the exercise of the Company's share option because the exercise prices of those options was higher than the average market price for shares during the six months period ended 30 June 2011.

For the six months ended 30 June 2010, 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.

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 2011		As at 31 December 2010	
	HK\$'000	Percentage	HK\$'000	Percentage
Within three months	106,754	65	82,814	63
Months four to six	41,893	26	28,159	22
Months seven to one year	15,089	9	19,825	15
	163,736	100	130,798	100

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 2011		As at 31 December 2010	
	HK\$'000	Percentage	HK\$'000	Percentage
Within three months	28,170	72	29,773	72
Months four to six	8,598	22	10,762	26
Months seven to one year	1,797	5	385	1
Over one year	277	1	562	1
	38,842	100	41,482	100

11. SHARE CAPITAL

	Number of shares <i>'000</i>	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorized:		
At 1 January 2010, 31 December 2010, and 30 June 2011	3,000,000	300,000
Issued and fully paid:		
At 1 January 2010, 31 December 2010, and 30 June 2011	1,739,566	173,956

During the six months ended 30 June 2011, no share was issued and no share option was exercised.

12. SHARE OPTIONS

Details of the movements in the number of share options under the Company's share options scheme during the period were as follows:

	Date of grant	Exercise Price HK\$	Exercisable period	Outstanding at 1.1.2010	Number of share options			
					Forfeited during the year	Outstanding at 31.12.2010	Forfeited during the period	Outstanding at 30.6.2011
Executive Director								
Li Shijie	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
Wang Boming	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	-	1,500,000	-	1,500,000
Zhang Zhifang	7.2.2007	0.330	7.2.2010 to 6.2.2015	1,500,000	-	1,500,000	-	1,500,000
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
Other employees in aggregate	7.2.2007	0.330	7.2.2010 to 25.6.2015	16,050,000	(300,000)	15,750,000	(700,000)	15,050,000
	29.10.2008	0.268	29.10.2011 to 28.10.2016	300,000	-	300,000	-	300,000
	16.12.2009	0.247	16.12.2012 to 15.12.2017	28,150,000	(2,650,000)	25,500,000	(1,500,000)	24,000,000
				53,700,000	(2,950,000)	50,750,000	(2,200,000)	48,550,000

13. 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 2011 and 2010, the Group paid and payable compensation to key management personnel, which includes short-term benefit (i.e. fees and salaries and other benefits) of HK\$644,000 (six months ended 30.6.2010: HK\$485,000), post-employment benefits (i.e. contribution to retirement benefits schemes) of HK\$116,000 (six months ended 30.6.2010: HK\$101,000) and share-based payments (i.e. share option benefits) of HK\$70,000 (six months ended 30.6.2010: HK\$96,000).

During the six months ended 30 June 2011, the Group paid/payable interest expenses of approximately HK\$858,000 (six months ended 30.6.2010: nil) to a substantial shareholder.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2011 (2010: Nil).

Business Review

The first half of 2011 saw a sustained stable growth in the PRC economy. The gross domestic product of China grew at a rate of 9.6% as compared to the same period of last year, showing a continual recovery in the economy. This benefited the Group to have maintained a steady and fast growth as well. Revenue for the first half of 2011 totaled HK\$206.4 million with 41% higher than that of the corresponding period in last year, hitting a new record. The profit for the first half of 2011 tallied HK\$14.1 million. That marked a turnaround from a loss situation in the same period of 2010, double its profit for the whole year of 2010. Such strong growth in operating results was mainly driven by the increase in advertising income from the magazines which the Group holds exclusive advertising rights.

“Caijing”, as the flagship magazine of the Group, rose to another historical height with an increase of 60% of its revenue in the first half of the year over that for the corresponding period of 2010. That manifested its unshakable leading position amongst the peer magazines in the financial sector of mainland China, and displayed the magazine team’s top-notch professional quality and proficiency that convinced the sector. The Group is optimistic that “Caijing” can reach a record high in terms of revenue for the year 2011.

“China Auto Pictorial” is the largest amongst a variety of automobile magazines in China. In the first half of 2011, it attained a revenue rise of 22% over that of the same period last year, which further secured its leadership among the automobile magazines in China. And its sister magazine “Autocar” also achieved rapid growth in its revenue, an astonishing increase of 97%.

According to Sohu, China has leaped to the second largest consumer market for luxury goods in 2011, with her consumption taking 25% of the global total. Our “Grazia” is the right high-end fashion magazine that caters for such trend. Although a new rising magazine, “Grazia” shortly captured its presence in the mainland China’s fashion magazine sector. The magazine recorded a strong increase of 132% in its operating income for the first half of 2011. The Group’s two other lifestyle oriented magazines also came off well. “TimeOut” was widely sought by readers owing to its accurate information and unique remarks, and its revenue for the first half of 2011 grew by 28%. The other one, “HisLife” also grasped an operating income rise of 16%. “Real Estate” and “Better Homes and Gardens”, which likewise belong to lifestyle magazines but target at real estate and homes sectors, also rendered superior performances with an increase of 37% and 33% in operating income respectively. In the first half of 2011, more high-calibers increasingly pursued life style and tastes along with the rapid economic growth in China. The culture of tasting grape wine has accordingly been cultivated and well received by those expanding high-end consumers in China. In this respect, the Group has joined the efforts with Groupe Marie Claire, which publishes La Revue du Vin de France, the world’s most prominent wine magazine enjoying a fame of Grape Wine Bible, in launching its Chinese version of this professional wine magazine in China. The Chinese version of La Revue du Vin de France made its official debut on 28 May 2011, which introduces the original French grape wine culture to China’s high-calibers.

“CapitalWeek” is one of the Group’s long-established magazines. It targets readers in financial sector such as areas in securities investments and finance by offering professional information and authoritative analysis and reports. The operating income of “CapitalWeek” realized a stunning growth of over 50% in the first half of 2011. “V-Marketing China”, the Group’s magazine focusing on marketing, also achieved an increase of 61% in operating income.

Outlook and Prospect

As stated in our 2010 annual report, all the Group’s magazines have greeted a season of harvest, and new heights of income and operating profitability are round the corner, which will in turn greatly benefit our shareholders. The operating income for the first half of 2011 grew sharply and outperformed that for the whole year of 2010. Total income of the Group for 2011 is expected to meet with a new record. We will maintain such high growth in existing magazines, and keep expanding to new media and all media fields, as we are devoted to become a media giant that would march toward the new media and multimedia platforms.

The board will constantly review and monitor the Group’s expansion strategy in view of the current volatile market and economic situations, and will capture promising opportunities and sustainable development for the Group’s business.

Management Discussion and Analysis

During the first half of the year of 2011, revenue of the Group was approximately HK\$206.4 million as compared to approximately HK\$146.1 million in same period of 2010, representing an increase of 41.3%. The gross profit for the first half of the year of 2011 was 70.2% which was improved as compared to that of the same period in 2010 of 65.7%.

The measures implemented by the Group for tightening costs and reducing expenditure were continued from last year. Accordingly, the selling and distribution cost and the administrative expense only increased slightly by 31.2% to HK\$101.9 million and by 31.6% to HK\$20.8 million respectively.

The other gain in the current period was solely the reversal of bad debt provision of HK\$0.71 million. The other gains in the last period were mainly the fair value gains of the derivative financial instruments related to the convertible bond of the Company.

There was no share of loss of a jointly controlled entity in the period since the entity was still in loss position and the investment by the Group in the entity was reduced to zero and no contractual obligation for the Group to contribute and share the loss of the entity. The share of loss of a jointly controlled entity was HK\$3.9 million in the same period of 2010. This was wholly related to normal operation of a joint venture company, Mondadori-SEEC (Beijing) Advertising Co., Ltd., which was set up together with Mondadori Group, an Italian magazines and publication group, for the Chinese version of a lifestyle fashion magazine, Grazia, in China.

The profit attributable to the shareholders of the Company was approximately HK\$14.1 million for the first six-month period of 2011, while the loss attributable to the shareholders of the Company was approximately HK\$2.2 million in the same period of last year. The turnaround position to profit was mainly attributable to economy recovery in China and increases in revenue and operating profit of the Group’s business.

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 (2010: Nil).

Liquidity and Financial Resources

The Group's daily operation activities were financed by internal resources. The Group's equity as at 30 June 2011 was approximately HK\$330.5 million as compared to approximately HK\$310.4 million as at 31 December 2010.

The Group had non-current liability of approximately HK\$86.3 million as at 30 June 2011 and of HK\$85.4 million as at 31 December 2010 from a loan advanced by a substantial shareholder, United Home Limited. The gearing ratio, which was computed by total liabilities over total assets was 44.3% as at 30 June 2011 as compared to 45.8% as at 31 December 2010.

As at 30 June 2011, the Group had secured bank borrowings of approximately HK\$24.1 million as compared to HK\$23.5 million as at 31 December 2010.

As at 30 June 2011, the Group had cash and time deposits amounted to approximately HK\$83.1 million as compared to approximately HK\$99.3 million as at 31 December 2010.

Charge on Assets

As at 30 June 2011 and 31 December 2010, the Company had fixed deposits of approximately HK\$0.8 million charged to a bank for banking facilities granted to the Group.

As at 30 June 2011, the Group had pledged leasehold land and building in the PRC with a carrying amount of approximately HK\$34.9 million to secure bank borrowings granted to the Group as compared to approximately HK\$34.1 million as at 31 December 2010.

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. The Plaintiff and the Company attempted mediation for resolving all disputes between parties in April 2011. The mediation proposals were communicated between the parties, however, the mediation was not successful and both parties did not agree on the terms for settling the disputes or any part of it. In the opinion of the directors 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

(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:

	As at 30 June 2011 HK\$'000	As at 31 December 2010 HK\$'000
Within one year	7,063	2,153
In the second to fifth year inclusive	4,405	439
	11,468	2,592

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) 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:

	As at 30 June 2011 HK\$'000	As at 31 December 2010 HK\$'000
Within one year	14,796	11,612
In the second to fifth year inclusive	85,349	82,127
Over five years	8,190	14,670
	108,335	108,409

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 loan from a substantial shareholder 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 2011, the Group had 678 (31.12.2010: 676) employees in Hong Kong and the PRC. Salaries, bonus and benefits were decided in accordance with the market conditions and performance of the respective employees.

Directors' Interests in shares and underlying shares

As at 30 June 2011, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(I) Share options of the Company

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

At 30 June 2011, 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 1.1.2011 and 30.6.2011	Number of underlying shares
Dai Xiaojing	Beneficial owner	7.2.2007	0.33	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
Li Shijie	Beneficial owner	7.2.2007	0.33	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	0.33	7.2.2010 to 6.2.2015	1,500,000	1,500,000
Zhang Zhifang	Beneficial owner	7.2.2007	0.33	7.2.2010 to 6.2.2015	1,500,000	1,500,000
					9,200,000	9,200,000

(II) Interests in associated corporation

Name of associated corporation	Name of Director	Capacity	Number of shares of the associated corporation (Personal interests) <i>(note)</i>	Per cent of total issued share capital of associated corporation at 30.6.2011
United Home Limited	Dai Xiaojing	Beneficial owner	1	6.67%
	Li Shijie	Beneficial owner	1	6.67%
	Wang Boming	Beneficial owner	1	6.67%
	Zhang Zhifang	Beneficial owner	1	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 30 June 2011.

Save as disclosed above, as at 30 June 2011, 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 2011, 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	Percentage of holding
United Home Limited	Beneficial owner and controlled corporation	988,788,699	56.84%
Carlet Investments Ltd.	Beneficial owner	172,644,210	9.93%

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., 816,144,489 shares which represents approximately 46.91% 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 30 June 2011.

Purchase, Redemption or Sale of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, redeemed or sold 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 13 June 2011 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 Remuneration Committee comprises of two independent non-executive directors, namely Mr. Zhang Ke, being the Chairman of the Remuneration Committee and Mr. Ding Yu Cheng.

Audit Committee

The Audit Committee comprises three independent non-executive directors. The Audit Committee is chaired by Mr. Fu Fengxiang and comprising two other members, namely Mr. Wang Xiangfei and Mr. Zhang Ke. 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 2011.

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 2011.

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. Dai Xiaojing
Mr. Li Shijie
Mr. Zhang Zhifang

Independent Non-Executive Directors:

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

By Order of the Board
Wang Boming
Chairman

Hong Kong, 25 August 2011

Unit 3203, Cosco Tower,
Grand Millennium Plaza,
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Hong Kong

