

Report and Financial Statements Under IFRS

(International Financial Reporting Standards)

For the Year Ended December 31, 2006



Report and Financial Statements under IFRS

FOR THE YEAR ENDED DECEMBER 31, 2006

INDEPENDENT AUDITORS' REPORT

Deloitte.

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TO THE DIRECTORS OF XINHUA FINANCE LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the accompanying financial statements of Xinhua Finance Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise of the consolidated balance sheet and balance sheet as at December 31, 2006, and the consolidated income statement and income statement, consolidated statement of changes in equity and statement of changes in equity and consolidated cash flow statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, 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 as to whether the financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at December 31, 2006 and of the profit and cash flows of the Company and of the Group for the year then ended in accordance with International Financial Reporting Standards.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

February 15, 2007

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INCOME STATEMENTS

	Notes	The Group		The Company	
		2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000
Revenues		174,963	110,010	9,371	8,186
Cost of revenues		(81,123)	(47,869)	(6,785)	(4,796)
Gross profit		93,840	62,141	2,586	3,390
Other income		4,094	2,811	123	158
Marketing and promotional expenses		(8,239)	(4,189)	—	—
Administrative expenses		(66,665)	(39,446)	(11,197)	(3,531)
Depreciation and amortisation		(7,082)	(6,604)	—	—
Finance costs	7	(7,354)	(741)	(3,049)	(35)
Gain on deemed disposal/partial disposal of subsidiaries		16,037	—	—	—
Net fair value gain on derivative financial instrument, convertible loan and redeemable convertible preferred shares of a subsidiary designated at fair value through profit or loss		300	—	48	—
Impairment loss on intangible assets		—	(83)	—	—
Reversal of impairment loss on investments in subsidiaries		—	—	—	1,400
Share of profits of associates		196	—	—	—
Profit (loss) before taxation	8	25,127	13,889	(11,489)	1,382
Taxation	9	(2,855)	(2,942)	—	—
Profit (loss) for the year		22,272	10,947	(11,489)	1,382
Attributable to:					
Equity holders of the Company		18,731	10,270		
Minority interests		3,541	677		
		22,272	10,947		
Earnings per share					
— Basic	10	US\$21.29	US\$15.51		
— Diluted		US\$20.14	US\$15.23		

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FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED BALANCE SHEET

AT DECEMBER 31, 2006

	Notes	2006 US\$'000	2005 US\$'000
Non-current assets			
Property, plant and equipment	11	15,136	6,270
License agreements	13	85,870	—
Operating agreement	14	49,837	—
Capitalised content production costs	15	1,397	—
Other intangible assets	16	13,248	700
Goodwill	17	332,103	209,470
Interests in associates	18	535	223
Debt securities	19	640	618
Available-for-sale investments	20	34,534	24,233
Deposits for content production		4,457	—
Deposits for acquisition of subsidiaries		—	29,000
Deposits for acquisition of property, plant and equipment		—	2,806
Deposits for acquisition of intangible assets		2,561	—
Deferred tax assets	21	560	776
Other long-term deposits		247	—
		541,125	274,096
Current assets			
Trade and other receivables		63,333	25,913
Promissory note receivables		13,360	—
Promissory note receivable from a related company		7,900	—
Derivative financial instrument	30	4,911	—
Deposits for program advertising right		1,507	—
Prepaid advertising program space and airtime		3,420	—
Amount due from a related company		—	1,732
Amount due from a director		—	182
Amount due from a joint alliance partner		—	48
Amount due from a minority shareholder of a subsidiary		60	—
Taxation recoverable		359	816
Pledged bank deposits	23	35,141	—
Bank balances and cash	23	96,999	81,636
		226,990	110,327

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FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED BALANCE SHEET (continued)

AT DECEMBER 31, 2006

	Notes	2006 US\$'000	2005 US\$'000
Current liabilities			
Trade and other payables		27,624	16,626
Subscriptions received in advance		16,727	15,576
Consideration payable for acquisition due within one year	25	41,238	26,135
Obligations under an onerous contract due within one year	26	375	375
Obligations under finance leases due within one year	27	8,964	29
Amount due to a minority shareholder of a subsidiary		281	301
Amount due to a shareholder		23	100
Amount due to a director		182	—
Taxation payable		4,111	2,802
Current portion of long-term bank loans	28	—	21,341
Short-term bank loans		25,459	1,125
		124,984	84,410
Net current assets		102,006	25,917
Total assets less current liabilities		643,131	300,013
Non-current liabilities			
Consideration payable for acquisition due after one year	25	41,094	28,798
Obligations under an onerous contract due after one year	26	250	625
Obligations under finance leases due after one year	27	65,028	25
Long-term bank loans	28	—	16
Advance from a shareholder		700	700
Amount due to minority shareholders		1,947	—
Convertible loan	29 (a)	12,445	—
Senior notes	30	100,053	—
Other long-term payables		622	1,300
Deferred tax liabilities	21	3,996	—
		226,135	31,464
Net assets		416,996	268,549
Capital and reserves			
Share capital	31	2,389	2,091
Reserves		335,210	263,832
Equity attributable to equity holders of the Company		337,599	265,923
Option and warrant reserve of a subsidiary		3,021	—
Minority interests		76,376	2,626
Total equity		416,996	268,549

The financial statements on pages 79 to 132 were approved and authorised for issue by the Board of Directors on February 15, 2007 and are signed on its behalf by:

FREDY BUSH
DIRECTOR

SHELLY SINGHAL
DIRECTOR

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FOR THE YEAR ENDED DECEMBER 31, 2006

BALANCE SHEET

AT DECEMBER 31, 2006

	Notes	2006 US\$'000	2005 US\$'000
Non-current assets			
Investments in subsidiaries	12	219,223	207,189
Amount due from a subsidiary		2,414	1,556
Available-for-sale investments	20	10,512	—
		232,149	208,745
Current assets			
Accounts receivables		19	5
Promissory note receivables		3,587	—
Amounts due from subsidiaries		234,823	100,677
Derivative financial instrument	30	4,911	—
Bank balances		144	13
		243,484	100,695
Current liabilities			
Accounts payables		2,401	63
Consideration payable for acquisition due within one year	25	35,871	24,885
Amounts due to subsidiaries		312	303
Amount due to a director		186	144
		38,770	25,395
Net current assets		204,714	75,300
Total assets less current liabilities		436,863	284,045
Non-current liabilities			
Consideration payable for acquisition due after one year	25	41,094	28,798
Senior notes	30	100,053	—
		141,147	28,798
Net assets		295,716	255,247
Capital and reserves			
Share capital	31	2,389	2,091
Reserves		293,327	253,156
Total equity		295,716	255,247

FREDY BUSH
DIRECTOR

SHELLY SINGHAL
DIRECTOR

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FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Option and warrant reserve	Contributed surplus	Special reserve	Investment revaluation reserve	Translation reserve	Retained profit (deficit)	Attributable to equity holders of the Company	Option and warrant reserve of a subsidiary	Minority interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(note 1)	(note 2)							
THE GROUP												
At January 1, 2005	522	126,439	—	44,531	2,604	—	(142)	(21,713)	152,241	—	(180)	152,061
Exchange differences arising from translation of financial statements of overseas operations, representing net income directly recognised in equity	—	—	—	—	—	—	12	—	12	—	—	12
Profit for the year	—	—	—	—	—	—	—	10,270	10,270	—	677	10,947
Total recognised income for the year	—	—	—	—	—	—	12	10,270	10,282	—	677	10,959
Issue of shares	443	107,009	—	—	—	—	—	—	107,452	—	—	107,452
Bonus issue of shares	1,126	(1,126)	—	—	—	—	—	—	—	—	—	—
Expenses incurred in connection with the issue of shares	—	(17,149)	—	—	12,705	—	—	—	(4,444)	—	—	(4,444)
Acquisition of non wholly-owned subsidiaries	—	—	—	—	—	—	—	—	—	—	2,356	2,356
Capital contribution by a minority shareholder of a subsidiary	—	—	—	—	—	—	—	—	—	—	60	60
Recognition of share based payments as compensation to directors and staff	—	—	223	—	—	—	—	—	223	—	—	223
Share options granted upon acquisition of available-for-sale investments	—	—	169	—	—	—	—	—	169	—	—	169
Distribution of results to a joint alliance partner	—	—	—	—	—	—	—	—	—	—	(287)	(287)
	1,569	88,734	392	—	12,705	—	—	—	103,400	—	2,129	105,529
At December 31, 2005	2,091	215,173	392	44,531	15,309	—	(130)	(11,443)	265,923	—	2,626	268,549

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Share capital	Share premium	Option and warrant reserve	Contributed surplus	Special reserve	Investment revaluation reserve	Translation reserve	Retained profit (deficit)	Attributable to equity holders of the Company	Option and warrant reserve of a subsidiary	Minority interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000 (note 1)	US\$'000 (note 2)	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At January 1, 2006	2,091	215,173	392	44,531	15,309	—	(130)	(11,443)	265,923	—	2,626	268,549
Exchange differences arising from translation of financial statements of overseas operations	—	—	—	—	—	—	943	—	943	—	129	1,072
Gain on fair value change of available-for-sale investments	—	—	—	—	—	44	—	—	44	—	—	44
Net income directly recognised in equity	—	—	—	—	—	44	943	—	987	—	129	1,116
Profit for the year	—	—	—	—	—	—	—	18,731	18,731	—	3,541	22,272
Total recognised income and expense for the year	—	—	—	—	—	44	943	18,731	19,718	—	3,670	23,388
Issue of shares	298	61,274	—	—	(12,705)	—	—	—	48,867	—	—	48,867
Expenses incurred in connection with the issue of shares	—	(103)	—	—	—	—	—	—	(103)	—	—	(103)
Shares issued upon acquisition of subsidiaries	—	—	—	—	(2,604)	—	—	—	(2,604)	—	—	(2,604)
Acquisition of non wholly-owned subsidiaries/acquisition of additional interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	245	245
Changes in minority interests on deemed disposal/partial disposal of interests in a subsidiary	—	—	—	—	—	—	—	—	—	—	13,050	13,050
Capital contribution by a minority shareholder of a subsidiary	—	—	—	—	—	—	—	—	—	—	58,703	58,703
Recognition of share based payments as compensation to directors and staff	—	—	5,798	—	—	—	—	—	5,798	2,293	—	8,091
Recognition of share based payments as compensation to consultants	—	—	—	—	—	—	—	—	—	125	—	125
Warrants granted upon acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	603	—	603
Dividends paid to minority shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	(1,918)	(1,918)
	298	61,171	5,798	—	(15,309)	—	—	—	51,958	3,021	70,080	125,059
At December 31, 2006	2,389	276,344	6,190	44,531	—	44	813	7,288	337,599	3,021	76,376	416,996

Notes:

- The contributed surplus of the Group represents the difference between the nominal amount of the shares issued by the Company and the aggregate amount of the share capital and share premium of the subsidiary acquired pursuant to a group reorganisation in March 2004.
- The special reserve of the Group represents the shares of the Company issuable but not yet issued at the balance sheet date.

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STATEMENT OF CHANGES IN EQUITY

	Share capital US\$'000	Share premium US\$'000	Option and warrant reserve US\$'000	Contributed surplus US\$'000 (note 1)	Special reserve US\$'000 (note 2)	Deficit US\$'000	Total US\$'000
THE COMPANY							
At January 1, 2005	522	126,439	—	23,654	2,604	(2,754)	150,465
Issue of shares	443	107,009	—	—	—	—	107,452
Bonus issue of shares	1,126	(1,126)	—	—	—	—	—
Expenses incurred in connection with the issue of shares	—	(17,149)	—	—	12,705	—	(4,444)
Recognition of share based payments as compensation to directors and staff	—	—	223	—	—	—	223
Share options granted upon acquisition of available-for-sale investments	—	—	169	—	—	—	169
	1,569	88,734	392	—	12,705	—	103,400
Profit for the year, representing total recognised income for the year	—	—	—	—	—	1,382	1,382
At December 31, 2005	2,091	215,173	392	23,654	15,309	(1,372)	255,247
Issue of shares	298	61,274	—	—	(12,705)	—	48,867
Expenses incurred in connection with the issue of shares	—	(103)	—	—	—	—	(103)
Shares issued upon acquisition of subsidiaries	—	—	—	—	(2,604)	—	(2,604)
Recognition of share based payments as compensation to directors and staff	—	—	5,798	—	—	—	5,798
	298	61,171	5,798	—	(15,309)	—	51,958
Loss for the year, representing total recognised expense for the year	—	—	—	—	—	(11,489)	(11,489)
At December 31, 2006	2,389	276,344	6,190	23,654	—	(12,861)	295,716

Notes:

1. The contributed surplus of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company under a group reorganisation in March 2004 and the nominal amount of the Company's shares issued for the acquisition.
2. The special reserve of Company represents the shares of the Company issuable but not yet issued at the balance sheet date.

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CONSOLIDATED CASH FLOW STATEMENT

	2006 US\$'000	2005 US\$'000
Operating activities		
Profit before taxation	25,127	13,889
Adjustments for:		
Interest income	(3,396)	(1,061)
Interest expenses	6,398	741
Depreciation and amortisation	8,636	6,604
Loss on disposal of property, plant and equipment	10	45
Gain on disposal of available-for-sale investments	(245)	—
Share based payments	8,242	223
Financial assets received for services	(10,565)	(11,531)
Gain on disposal of intangible assets	—	(453)
Gain on deemed disposal/partial disposal of subsidiaries	(16,037)	—
Net fair value gain on derivative financial instrument, convertible loan and redeemable convertible preferred shares of a subsidiary designated at fair value through profit or loss	(300)	—
Fair value gain on financial assets at fair value through profit or loss	—	(107)
Impairment loss on intangible assets	—	83
Share of profits of associates	(196)	—
Effect of foreign exchange rate changes on inter-company balances	719	98
Operating cash flows before movements in working capital	18,393	8,531
Increase in other long-term deposits	(247)	—
Increase in trade and other receivables	(21,290)	(5,080)
Increase in deposit for program advertising right	(1,507)	—
Decrease (increase) in amount due from a related company	3,202	(1,732)
Decrease (increase) in amount due from a director	182	(182)
Decrease (increase) in amount due from a joint alliance partner	48	(191)
Increase in amount due from a minority shareholder of subsidiary	(61)	—
Decrease in amount due from a shareholder	—	458
Increase (decrease) in trade and other payables	5,532	(6,244)
Increase (decrease) in subscriptions received in advance	540	(172)
Decrease in obligations under an onerous contract	(375)	(374)
Increase (decrease) in amount due to a minority shareholder of a subsidiary	1,927	(537)
Decrease in amount due to a shareholder	(77)	(100)
Increase (decrease) in amounts due to a director	132	(86)
Decrease in amount due to a related company	—	(30)
Cash from (used in) operations	6,399	(5,739)
Taxation paid	(2,064)	(1,793)
Net cash from (used in) operating activities	4,335	(7,532)

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CONSOLIDATED CASH FLOW STATEMENT (continued)

	Note	2006 US\$'000	2005 US\$'000
Investing activities			
Interest received		3,396	1,061
Purchase of property, plant and equipment		(6,096)	(3,568)
Proceeds from disposal of property, plant and equipment		39	37
Purchase of subsidiaries (net of cash and cash equivalents acquired)	35	(22,095)	(30,168)
Acquisition of additional interests in subsidiaries		(6,823)	—
Additional consideration paid for acquisition of subsidiaries		(9,916)	(391)
Proceeds from partial disposal of a subsidiary		1,000	—
Acquisition of license agreements		(14,992)	—
Acquisition of operating agreement		(6,887)	—
Prepaid capitalised content production cost		(2,951)	—
Proceeds from disposal of intangible assets		—	6,514
Acquisition of an associate		(48)	—
Purchase of available-for-sale investments		(11,155)	(4)
Proceeds from disposal of available-for-sale investment		1,152	25
Deposits paid for content production		(4,457)	—
Deposits paid for acquisition of subsidiaries		—	(29,000)
Deposits paid for acquisition of property, plant and equipment		—	(132)
Deposits paid for acquisition of intangible assets		(4,226)	—
Increase in promissory note receivables		(2,795)	—
Increase in promissory note receivable from a related company		(7,900)	—
Advertising program space and airtime prepaid		(2,337)	—
Repayments made to related companies		(9,616)	—
Increase on pledged bank deposits		(32,008)	—
Net cash used in investing activities		(138,715)	(55,626)
Financing activities			
Interest paid		(5,601)	(741)
Proceeds from issue of shares		1,507	83,191
Proceeds from exercise of warrants		—	5,000
Expenses incurred in connection with the issue of shares		(103)	(4,444)
Advance to third parties		(7,591)	—
Proceeds from issue of convertible loan and convertible preferred shares of a subsidiary		70,000	—
Net proceeds from issue of senior notes		95,192	—
Capital contribution by a minority shareholder of a subsidiary		1,401	60
Repayment of obligations under finance leases		(73)	(40)
Repayment to a shareholder		—	(23)
Dividends paid to minority shareholders of subsidiaries		(1,918)	—
Bank loans raised		54,388	24,745
Repayment of bank loans		(56,992)	(2,478)
Other long-term payables repaid		(678)	(836)
Net cash from financing activities		149,532	104,434
Net increase in cash and cash equivalents		15,152	41,276
Cash and cash equivalents at January 1		81,636	40,449
Effect of foreign exchange rate changes		211	(89)
Cash and cash equivalents at December 31		96,999	81,636
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		96,999	81,636

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CASH FLOW STATEMENT

	2006 US\$'000	2005 US\$'000
Operating activities		
(Loss) profit before taxation	(11,489)	1,382
Adjustments for:		
Interest income	(123)	(158)
Interest expenses	3,049	35
Share-based payments	5,824	223
Reversal of impairment loss on investments in subsidiaries	—	(1,400)
Financial assets received for services	(3,587)	—
Fair value gain on derivative financial instrument	(48)	—
Operating cash flows before movements in working capital	(6,374)	82
Increase in accounts receivables	(14)	(5)
Increase in accounts payables	2,338	—
Increase in amounts due to subsidiaries	9	26
Increase in amount due to a director	42	79
Net cash (used in) from operating activities	(3,999)	182
Investing activities		
Interest received	26	158
Purchase of subsidiaries	(6,837)	(29,476)
Advance to subsidiaries	(71,062)	(54,563)
Purchase of available-for-sale investments	(10,512)	—
Net cash used in investing activities	(88,385)	(83,881)
Financing activities		
Interest paid	(3,051)	(35)
Proceeds from issue of shares	477	83,191
Proceeds from exercise of warrants	—	5,000
Expenses on issue of shares	(103)	(4,444)
Proceeds from issue of senior notes	95,192	—
Bank loans raised	34,376	—
Repayment of bank loans	(34,376)	—
Net cash from financing activities	92,515	83,712
Net increase in cash and cash equivalents	131	13
Cash and cash equivalents at January 1	13	—
Cash and cash equivalents at December 31	144	13
Analysis of the balances of cash and cash equivalents		
Bank balances	144	13

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Mothers Board of the Tokyo Stock Exchange. It acts as an investment holding company with its subsidiaries engaged in the provision of China-specific indices, financial news feeds, credit ratings, investor relations services, financial publishing in books and magazines, television consulting and distribution and other media and advertising related businesses.

The address of the registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2618GT, George Town, Grand Cayman, British West Indies, while the principal place of business of the Company is at Suite 2003-5, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group and the Company has adopted all of the new and revised applicable International Accounting Standards (“IAS”), interpretations and International Financial Reporting Standards (“IFRS”) (hereinafter collectively referred to as “new IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and the International Financing Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on December 1, 2005 or January 1, 2006. The adoption of these new IFRSs has had no material effect on how the results and the financial position for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group and the Company has not early applied the following new standards, interpretations and amendment that were issued but not yet effective:

IAS 1 (Amendment)	Capital disclosures ¹
IFRS 7	Financial instruments: Disclosures ¹
IFRS 8	Operating segments ⁸
IFRIC 7	Applying the restatement approach under IAS 29 Financial Reporting in Hyperinflationary Economies ²
IFRIC 8	Scope of IFRS 2 ³
IFRIC 9	Reassessment of embedded derivatives ⁴
IFRIC 10	Interim financial reporting and impairment ⁵
IFRIC 11	IFRS 2: Group and treasury share transactions ⁶
IFRIC 12	Service concession arrangements ⁷

1 Effective for annual periods beginning on or after January 1, 2007.

2 Effective for annual periods beginning on or after March 1, 2006.

3 Effective for annual periods beginning on or after May 1, 2006.

4 Effective for annual periods beginning on or after June 1, 2006.

5 Effective for annual periods beginning on or after November 1, 2006.

6 Effective for annual periods beginning on or after March 1, 2007.

7 Effective for annual periods beginning on or after January 1, 2008.

8 Effective for annual periods beginning on or after January 1, 2009.

The directors anticipate that the adoption of these new standards, interpretations or amendment in the future periods will have no material impact on the results and financial position of the Group.

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3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with IFRSs. The principal accounting policies adopted are as follows:

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (the "Group") made up to December 31 each year. 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 income statement 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 significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

On acquisition of additional interest in subsidiaries, the difference between the consideration paid and the goodwill and the carrying values of the underlying assets and liabilities attributable to the additional interests in subsidiaries are debited to a equity reserve. On subsequent disposal of a subsidiary, the attributable equity reserve is transferred to retained profits.

BUSINESS COMBINATIONS

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business combinations" are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

GOODWILL

For goodwill arising on an acquisition of a subsidiary for which the agreement date is before January 1, 2005 which represents the excess of the cost of the acquisition over the Group's interest in the fair value of identifiable assets and liabilities of a subsidiary at the date of acquisition, the Group has discontinued amortisation from January 1, 2005 onwards, and such goodwill is tested for impairment annually.

Goodwill arising on acquisitions for which the agreement date is on or after January 1, 2005 represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Consolidated capitalised goodwill arising on the acquisition of subsidiaries is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, 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 the income statement. An impairment loss for goodwill is not reversed in the subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost less any identified impairment loss in the Company's financial statements.

INVESTMENT IN AN ASSOCIATE

The results and assets and liabilities of associates are incorporated in consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

REVENUE RECOGNITION

Revenue from subscription based real-time and historical information services is recognised on a straight line basis over the period of the subscription.

Service and solutions is recognised when the services are provided.

Advertising sales revenues are recognised when advertisements are published net of provisions for estimated rate adjustments and discounts. Payments received in advance are deferred until earned and such amounts are reported as deferred revenue included in other payables.

Publishing services revenues include management and information consulting fees relating to magazine subscriptions and sale of magazines. Magazine subscription revenues are recognised over the subscription period. Single copy sales of magazines through distributors or retail outlets such as newsstands, supermarkets, and convenience stores are recognised when they are sold to the customers. Revenue from book sales is recognised when books are sold to end customers.

Advertising services include revenues from event organisation and advertising agency services and are generally recognised as services are provided. Revenues from event organisation include ticketing revenue recognised upon the delivery of tickets and admission to the events. Revenues from sponsorship at events are generally recorded over the period of the applicable agreements commencing from the operating of the related event.

Content production revenues include revenues from producing television programs, animations, visual effects and post-production for television commercials and broadcast design. Episodic television series are produced or acquired for distribution to the television market. Revenues are recognised when the master tape of the program is available for first airing under the terms of the related licensing agreement.

Revenue for the production of the logos and trailers are recognised upon delivery of the products and customer acceptance.

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Revenue for image and branding consultations are recognised as the services are provided.

Advertising transactions with television and radio stations with third parties are recorded at either gross or net basis depending on whether the Company is acting as the principal or as an agent in the transaction. The Company is considered as the principal in transactions where it purchases blocks of advertising time and attempts to sell the time to advertisers and it has substantial risks and rewards of ownership, accordingly, records revenue on a gross basis. For those transactions in which the Company finds advertising space for advertisers and it does not have substantial risks and rewards of ownership, the Company is considered an agent in the transaction and, accordingly, records revenue on a net basis.

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.

LEASES

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.

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of inception or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the period of the respective leases. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, leasehold land which title is not expected to pass to the lessee by the end of the lease term is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continue use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

The cost of land and buildings is depreciated over 20 years using the straight line method or over the remaining period of the relevant lease, whichever is shorter.

The cost of leasehold improvements is depreciated over three years using the straight line method or over the remaining period of the relevant lease, whichever is shorter.

Depreciation is provided to write off the cost of other property, plant and equipment, using the straight line method, over the following estimated useful lives:

Billboards and lampposts	10 years
Computer equipment and network	1 – 7 years
Furniture, fixtures and equipment	4 – 10 years
Motor vehicles	5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

INTANGIBLE ASSETS (INCLUDING LICENSE AGREEMENTS, OPERATING AGREEMENT, CAPITALISED CONTENT PRODUCTION COSTS AND OTHER INTANGIBLE ASSETS)

Capitalised content production costs

Capitalised content production costs consisted of direct production costs, production overhead, development, and pre-production costs, and are stated at cost, less accumulated amortisation and impairment. Capitalised content production costs recognised as cost of revenues for a given program are determined using the program forecast method. Under this method, the amount of capitalised costs recognised as expense is based on the proportion of the program's revenues recognised for such period to the program's estimated remaining ultimate revenues.

Similarly, the recognition of such expenses are recognised based on the proportion of the program's revenues recognised for such period to the program's estimated remaining ultimate revenues. These estimates are revised periodically and losses, if any, are provided in full.

Capitalised content production costs are recognised only if it is anticipated that the production costs incurred on a clearly-defined program will be recovered through future commercial activity.

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses below).

Impairment

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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.

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired (see the accounting policies in respect of impairment losses for tangible and intangible assets below).

ONEROUS CONTRACT

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The present obligation under the contract shall be recognised and measured as a provision.

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FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the balance sheet 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 and 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 one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value 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. At each balance sheet date subsequent to initial recognition, loans and receivables (including debt securities, trade and other receivables, promissory note receivables, amount due from a related company, amount due from a director, amount due from a joint alliance partner, amount due from a minority shareholder of a subsidiary, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. 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. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction 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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss.

Impairment losses on available-for-sale equity investments will not reverse in profit or loss in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity 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 accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Convertible loan

Convertible loan comprised the host debt instrument and embedded derivatives (including the conversion option which does not meet the equity classification under IAS 32) issued by the Group are designated as financial liabilities at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, the entire convertible loan is measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Transaction cost that are directly attributable to the issue of the convertible loan designated financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Senior notes

Senior notes issued by the Group that contains both liability and early redemption option components are classified separately into respective items on initial recognition. Early redemption option with exercise price not approximating to the amortised cost of the liability component on each exercise date is considered as not closely related to the host contract and is treated as separate derivative, an early redemption option derivative. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option derivative is measured at fair value with changes in fair value recognised in profit or loss.

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Transaction costs that relate to the issue of the senior notes are allocated to the liability and the early redemption option components in proportion to the allocation of the proceeds. Transaction costs relating to the early redemption option derivative is 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 senior notes using the effective interest method.

Other financial liabilities

Other financial liabilities including bank loans, trade and other payables, amount due to a minority shareholder of a subsidiary, amount due to a shareholder, amount due to a director and other long-term payables are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 "Provisions, contingent liabilities and contingent assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 "Revenue".

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, the difference between the asset's carrying amount and the sum of the consideration received or any new asset obtained and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when they are removed from the balance sheet (i.e. 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 including other liabilities assumed is recognised in profit or loss.

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

IMPAIRMENT (OTHER THAN GOODWILL AND INTANGIBLE ASSETS)

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. 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, but so 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 income immediately.

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 net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income statement 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 balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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 its 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 each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into United States Dollars ("US\$"), which is the functional currency of the Company, at the rate of exchange prevailing at the balance sheet date, 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 as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Goodwill and fair value adjustments arising on acquisitions of foreign operations prior to January 1, 2005 are treated as non-monetary foreign currency items of the acquirer and reported using the historical exchange rate prevailing at the date of the acquisition.

SHARE BASED PAYMENT TRANSACTIONS

Share options granted to employees

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 each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

Share options granted to suppliers/consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received. The fair values of the goods or services received are recognised immediately as expenses, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share option reserve).

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3 above, management had made the following key estimates that have the most significant effect on the amounts recognised in the financial statements.

ESTIMATED IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Details of the recoverable amount calculation are disclosed in note 17.

ESTIMATION OF CONTINGENT CONSIDERATION PROVISION

The Group and the Company has entered into contingent consideration contracts for acquisition of certain of its subsidiaries and businesses. The Group and the Company based on profit forecasts and other estimates determines the provision to be made in respect of such contingent consideration. As the process requires input of subjective assumptions, any changes to the assumptions can materially affect the provision made. As at December 31, 2006, total provision made in respect of contingent consideration by the Group and the Company amounts to US\$82,332,000 and US\$76,965,000, respectively, and is included in consideration payable for acquisition.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investments, trade and other receivables, promissory note receivables, promissory note receivables from a related company, derivative financial instrument, bank balances and cash, trade payables, bank loans, convertible loans and senior notes. The Company's major financial instruments comprise amounts due from subsidiaries, available-for-sale investments, promissory note receivables and derivative financial instrument. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and 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 on a timely and effective manner.

CURRENCY RISK

Several subsidiaries of the Company have foreign currency sales and certain trade receivables of the Group are denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. In order to mitigate the foreign currency risk, management closely monitors such risks and will consider hedging significant foreign currency exposure should the need arises.

CREDIT RISK

The Group's and the Company's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at December 31, 2006 in relation to each class of recognised financial assets is the carrying amount of these assets as stated in the consolidated balance sheet and balance sheet, respectively.

In order to minimise the credit risk in relation to trade receivables, 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 each balance sheet date 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. The amounts presented in the balance sheet are net of allowances for doubtful receivables, if any, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk for its trade receivables, with exposure spread over a large number of counterparties and customers.

FAIR VALUE INTEREST RATE RISK

The Group's and the Company's fair value interest rate risk relates primarily to fixed-rate senior notes (see note 30). The management of the Group monitors the related interest rate risk exposure closely and will consider hedging significant interest rate risk exposure should the need arises.

CASH FLOW INTEREST RATE RISK

The Group's cash flow interest rate risk relates primarily to variable-rate bank deposits (see note 23) and short-term bank loans (see note 24). The management of the Group monitors the related interest rate risk exposure closely and will consider hedging significant interest rate risk exposure should the need arises.

6. SEGMENT INFORMATION

BUSINESS SEGMENTS

For management purposes, the Group is currently organised into three main operating divisions, namely provision of news and financial information, provision of service and solutions and the media and advertising business. These divisions are the basis on which the Group reports its primary segment information.

An analysis of the Group's revenue and results by business segments is as follows:

	2006 US\$'000		2005 US\$'000	
	Revenues	Results	Revenues	Results
Business segments				
— provision of news and financial information	70,756	13,809	64,144	8,550
— provision of service and solutions	44,634	7,939	40,150	9,187
— media and advertising business	59,573	9,048	5,716	2,752
	174,963	30,796	110,010	20,489
Interest income		3,396		1,061
Gain on deemed disposal/partial disposal of subsidiaries		16,037		—
Net fair value gain on derivative financial instrument, convertible loan and redeemable convertible preferred shares of a subsidiary designated at fair value through profit or loss		300		—
Share of profits of associates		196		—
Finance costs		(7,354)		(741)
Unallocated corporate expenses		(18,244)		(6,920)
Profit before taxation		25,127		13,889
Taxation		(2,855)		(2,942)
Profit for the year		22,272		10,947

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An analysis of the Group's balance sheet by business segments is as follows:

	2006 US\$'000	2005 US\$'000
Assets		
Segment assets		
— provision of news and financial information	139,199	137,450
— provision of service and solutions	135,454	107,525
— media and advertising business	355,399	32,853
Unallocated corporate assets	138,063	106,595
	768,115	384,423
Liabilities		
Segment liabilities		
— provision of news and financial information	17,687	18,350
— provision of service and solutions	17,006	12,891
— media and advertising business	82,287	2,227
Unallocated corporate liabilities	234,139	82,406
	351,119	115,874
Other information		
Capital additions		
— provision of news and financial information	2,299	54,801
— provision of service and solutions	6,897	34,302
— media and advertising business	287,822	4,884
	297,018	93,987
Depreciation and amortisation		
— provision of news and financial information	1,504	4,856
— provision of service and solutions	1,182	1,712
— media and advertising business	5,950	36
	8,636	6,604

GEOGRAPHICAL SEGMENTS

The Group's operations are located in Asia, United States of America ("US") and Europe. The Group's news and financial information business is carried out in Asia and US. The service and solutions business is carried out in Asia, US and Europe. The media and advertising business is carried out in Asia.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the services:

	Revenues	
	2006 US\$'000	2005 US\$'000
Asia (excluding Japan)	74,430	17,381
US	73,608	64,912
Japan	5,405	7,894
Europe	19,631	18,718
Others	1,889	1,105
	174,963	110,010

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The following is an analysis of the Group's carrying amount of segment assets and capital additions to property, plant and equipment and intangible assets analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000
Asia (excluding Japan)	564,193	209,305	198,707	14,849
US	58,392	60,223	72,586	55,456
Japan	2,022	1,848	5,164	6,745
Europe	4,881	5,950	18,757	15,992
Others	564	502	1,804	945
	630,052	277,828	297,018	93,987

The Company's revenue for the year represents service fee received and receivable from group companies and outsiders. The group service fee income was charged to group companies as the Company performed certain administrative services for the group companies being an appropriate allocation of costs incurred by the Company plus a certain percentage of mark up.

7. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000
Interest on				
— bank and other borrowings wholly repayable within five years	(3,865)	(732)	(997)	(35)
— finance leases	(799)	(9)	—	—
— convertible loan	(638)	—	—	—
— senior notes	(1,096)	—	(1,096)	—
	(6,398)	(741)	(2,093)	(35)
Upfront fee on bank loan	(956)	—	(956)	—
	(7,354)	(741)	(3,049)	(35)

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8. PROFIT (LOSS) BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000
Profit (loss) before taxation has been arrived at after charging:				
Directors' remuneration				
— fees	1,026	900	1,026	900
— share based payments	1,666	—	—	—
— retirement benefits scheme contributions	2	3	2	3
— other emoluments	1,147	59	1,147	59
	3,841	962	2,175	962
Other staff's share based payments	6,451	223	5,824	223
Other staff's retirement benefits scheme contributions	273	527	3	3
Other staff costs	29,024	37,160	454	391
Total staff costs	39,589	38,872	8,456	1,579
Amortisation of				
— license agreements	241	—	—	—
— operating agreement	659	—	—	—
— capitalised content production cost (included in cost of revenues)	1,554	—	—	—
— other intangible assets	3,136	4,664	—	—
Depreciation of property, plant and equipment				
— owned by the Group	3,041	1,904	—	—
— held under finance leases	5	36	—	—
Loss on disposal of property, plant and equipment	10	45	—	—
Operating lease rentals in respect of rented premises	5,490	3,703	—	—
and after crediting:				
Fair value gain on convertible loan and redeemable convertible preferred shares	252	—	—	—
Fair value gain on derivative financial instrument	48	—	48	—
Fair value gain on financial asset designated at fair value through profit or loss	—	107	—	—
Gain on disposal of available-for-sale investments	245	—	—	—
Gain on disposal of intangible assets	—	453	—	—
Interest income	3,396	1,061	123	158

9. TAXATION

	THE GROUP		THE COMPANY	
	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000
Hong Kong Profits Tax calculated at 17.5% on the estimated assessable profit for the year	(516)	(106)	—	—
PRC income tax	(1,966)	(662)	—	—
Overseas taxation	(1,621)	(2,434)	—	—
Overprovision of PRC income tax and overseas taxation in prior years	680	—	—	—
	(3,423)	(3,202)	—	—
Deferred taxation	568	260	—	—
	(2,855)	(2,942)	—	—

Mainland China (the "PRC") income tax is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

Taxation for the year is reconciled to the profit (loss) before taxation as follows:

	THE GROUP				THE COMPANY			
	2006 US\$'000	%	2005 US\$'000	%	2006 US\$'000	%	2005 US\$'000	%
Profit (loss) before taxation	25,127		13,889		(11,489)		1,382	
Tax at the applicable income tax rate	(4,397)	(17.5)	(2,430)	(17.5)	2,011	17.5	(242)	(17.5)
Tax effect of expenses not deductible for tax purposes	(5,635)	(22.4)	(2,345)	(16.9)	(2,011)	(17.5)	(60)	(4.3)
Tax effect of income not taxable for tax purposes	4,240	16.9	2,901	20.9	—	—	245	17.7
Tax effect of unrecognised tax losses	—	—	(197)	(1.4)	—	—	—	—
Tax effect on utilisation of tax losses not previously recognised	442	1.7	783	5.6	—	—	57	4.1
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,548)	(10.1)	(1,546)	(11.1)	—	—	—	—
Effect of tax exemption and concessionary rate granted to the PRC subsidiaries	4,777	19.0	—	—	—	—	—	—
Overprovision in prior years	680	2.7	—	—	—	—	—	—
Others	(414)	(1.7)	(108)	(0.8)	—	—	—	—
Tax effect and effective tax rate for the year	(2,855)	(11.4)	(2,942)	(21.2)	—	—	—	—

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10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	THE GROUP	
	2006 US\$'000	2005 US\$'000
Profit for the year attributable to equity holders of the Company for calculating basic and diluted earnings per share	18,731	10,270

	THE GROUP Number of shares	
	2006	2005
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	880,001	662,085
Effect of dilutive potential ordinary shares		
— warrants	2,535	5,838
— options	4,244	6,596
— contingent issuable shares	43,337	—
	50,116	12,434
Weighted average number of shares for the purpose of calculating diluted earnings per share	930,117	674,519

No diluted earnings per share is presented in respect of the convertible loan and preferred shares of a subsidiary as the conversion would result in an increase in earnings per share.

The weighted average number of shares in 2005 has been adjusted on the assumption that the three-for-one bonus issue had been effective on January 1, 2005.

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US\$'000	Billboards and lampposts US\$'000	Computer equipment and network US\$'000	Furniture, fixtures and equipment US\$'000	Leasehold improve- ments US\$'000	Motor vehicles US\$'000	Total US\$'000
THE GROUP							
COST							
At January 1, 2005	—	—	3,916	859	529	—	5,304
Currency realignment	—	—	2	4	1	—	7
Acquired on acquisition of subsidiaries	—	—	212	537	216	—	965
Additions	—	—	2,565	342	692	—	3,599
Disposals	—	—	(215)	(350)	(15)	—	(580)
At December 31, 2005	—	—	6,480	1,392	1,423	—	9,295
Currency realignment	—	—	46	44	34	—	124
Acquired on acquisition of subsidiaries	—	575	1,622	224	125	315	2,861
Additions	3,025	—	4,757	494	646	146	9,068
Disposals	—	—	(118)	(83)	—	(7)	(208)
At December 31, 2006	3,025	575	12,787	2,071	2,228	454	21,140
DEPRECIATION							
At January 1, 2005	—	—	979	354	244	—	1,577
Currency realignment	—	—	2	4	—	—	6
Provided for the year	—	—	1,348	308	284	—	1,940
Eliminated on disposals	—	—	(205)	(281)	(12)	—	(498)
At December 31, 2005	—	—	2,124	385	516	—	3,025
Currency realignment	1	—	27	38	26	—	92
Provided for the year	92	59	2,079	442	329	45	3,046
Eliminated on disposals	—	—	(88)	(68)	—	(3)	(159)
At December 31, 2006	93	59	4,142	797	871	42	6,004
NET BOOK VALUES							
At December 31, 2006	2,932	516	8,645	1,274	1,357	412	15,136
At December 31, 2005	—	—	4,356	1,007	907	—	6,270

At the balance sheet date, the net book value of furniture, fixtures and equipment held under finance leases by the Group was US\$96,000 (2005: US\$76,000).

The land and buildings which are situated in PRC are held under medium-term leases.

Owner-occupied leasehold land is included in property, plant and equipment only when allocations between the land and building elements cannot be made reliably.

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12. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2006 US\$'000	2005 US\$'000
Unlisted shares, at cost	219,223	207,189

Details of the Company's principal subsidiaries at December 31, 2006 are set out in note 42.

13. LICENSE AGREEMENTS

	US\$'000
THE GROUP	
COST	
Additions and balance at December 31, 2006	86,111
AMORTISATION	
Amortised for the year and balance at December 31, 2006	241
CARRYING VALUE	
At December 31, 2006	85,870
At December 31, 2005	—

The license agreements have definite useful lives and are amortised on a straight line basis over their estimated useful lives of 30 years. The license agreements represent the exclusive advertising rights held by the Group to broadcast on a television station in the PRC.

The license agreements was acquired through the acquisition of the 100% equity interest in Upper Step Holdings Limited ("Upper Step").

14. OPERATING AGREEMENT

	US\$'000
THE GROUP	
COST	
Additions and balance at December 31, 2006	50,496
AMORTISATION	
Amortised for the year and balance at December 31, 2006	659
CARRYING VALUE	
At December 31, 2006	49,837
At December 31, 2005	—

The operating agreement has definite useful life and is amortised on a straight line basis over its estimated useful life of 50 years. The operating agreement mainly represents the exclusive rights held by the Group to sell advertising spaces on a newspaper in the PRC.

The operating agreement was acquired through the acquisition of the 100% equity interest in Beijing Jingguan Xincheng Advertising Co., Ltd.

15. CAPITALISED CONTENT PRODUCTION COSTS

	US\$'000
THE GROUP	
COST	
Additions and balance at December 31, 2006	2,951
AMORTISATION	
Amortised for the year and balance at December 31, 2006	1,554
CARRYING VALUE	
At December 31, 2006	1,397
At December 31, 2005	—

The capitalised content production costs represents production costs incurred in relation to the production of television programs.

16. OTHER INTANGIBLE ASSETS

	Brand name and distribution right	Trademarks	Customer base	Advertising rights	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
THE GROUP						
COST						
At January 1, 2005	1,100	3,870	9,914	—	207	15,091
Disposals	—	(3,870)	(9,914)	—	—	(13,784)
At December 31, 2005	1,100	—	—	—	207	1,307
Acquired on acquisition of a subsidiary	—	1,013	4,905	6,027	3,739	15,684
At December 31, 2006	1,100	1,013	4,905	6,027	3,946	16,991
AMORTISATION AND IMPAIRMENT						
At January 1, 2005	300	731	2,470	—	82	3,583
Amortised for the year	100	977	3,545	—	42	4,664
Impairment loss	—	—	—	—	83	83
Eliminated on disposals	—	(1,708)	(6,015)	—	—	(7,723)
At December 31, 2005	400	—	—	—	207	607
Amortised for the year	100	28	1,181	825	1,002	3,136
At December 31, 2006	500	28	1,181	825	1,209	3,743
CARRYING VALUES						
At December 31, 2006	600	985	3,724	5,202	2,737	13,248
At December 31, 2005	700	—	—	—	—	700

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The above intangible assets have definite useful lives. They are amortised on a straight line basis over their estimated useful lives as follows:

Brand name and distribution right	11 years
Trademarks	5 – 15 years
Customer base	3 – 7 years
Advertising rights	4 – 20 years
Others	1 – 5 years

17. GOODWILL

	US\$'000
THE GROUP	
COST	
At January 1, 2005	122,853
Arising on acquisition of subsidiaries	86,154
Additional consideration for acquisition of subsidiaries	463
At December 31, 2005	209,470
Arising on acquisition of subsidiaries	106,873
Arising on acquisition of additional interests in subsidiaries	3,750
Additional consideration for acquisition of subsidiaries	12,206
Eliminated on disposal of a subsidiary	(196)
At December 31, 2006	332,103

Goodwill acquired in a business combination is allocated to the following cash generating units ("CGUs") that are expected to benefit from the respective business combinations:

	THE GROUP	
	2006 US\$'000	2005 US\$'000
Provision of news and financial information	119,657	112,413
Provision of service and solutions	76,640	74,263
Media and advertising business	135,806	22,794
	332,103	209,470

The provision of news and financial information CGU mainly comprise of Mergent Inc., while provision of services and solutions CGU mainly comprise of Taylor Rafferty, Associates Inc. The media and advertising CGU mainly comprise of Xinhua Finance Advertising Limited.

During the year, the Group performed an impairment review for goodwill based on cash flow forecasts derived from the most recent financial budgets for the next five years and after the fifth year, the projections are extrapolated using a constant growth rate of 3.5% per annum for subsequent years. The forecast is discounted using a discount rate of 9%, 11% and 14% for the provision of news and financial information CGU, provision of services and solutions CGU and media and advertising CGU, respectively. No impairment loss was considered necessary.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and management's expectations of future changes in the market.

18. INTERESTS IN ASSOCIATES

	THE GROUP	
	2006 US\$'000	2005 US\$'000
Cost of investment in unlisted associates	339	223
Share of post-acquisition profits	196	—
	535	223

Details of the Group's associates at December 31, 2006 are as follows:

Name of associate	Country of incorporation	Attributable proportion of registered capita/ issued capital held by the Company indirectly	Principal activity
Best Independent Research LLC ("BIR")	US	15.3%*	Provision of equity securities research
寧波遠資信評估有限公司 (Ningbo Far East Credit Rating Co., Ltd.)	PRC	40%	Credit rating and consultancy services

* The Group is able to exercise significant influence over BIR because it has the power to appoint one out of five directors of that company.

19. DEBT SECURITIES

	THE GROUP	
	2006 US\$'000	2005 US\$'000
Unlisted PRC debt securities	640	618

The debt securities carry interest at People's Bank of China one-year fixed deposit rate plus 3% per annum and will mature in March 2010. It is denominated in Renminbi ("RMB") and its fair value approximates its carrying value.

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20. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000
Listed PRC equity securities	63	145	—	—
Unlisted trust funds, at cost	280	880	—	—
Unlisted equity securities, at cost	34,191	23,208	10,512	—
	34,534	24,233	10,512	—

Unlisted equity securities and trust funds are measured at cost less impairment at each balance sheet date as the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

Listed equity securities in the PRC are fair valued based on quoted market prices and are denominated in RMB.

21. DEFERRED TAXATION

Movements of the deferred tax assets and liabilities recognised by the Group are as follows:

	Accelerated tax depreciation US\$'000	Subscription revenue received in advance US\$'000	Allowance for bad and doubtful debts US\$'000	Intangible assets US\$'000	Others US\$'000	Total US\$'000
THE GROUP						
At January 1, 2005	(44)	215	(51)	—	135	255
Arising on acquisition of subsidiaries	11	—	—	—	250	261
Credit to income statement for the year	32	100	38	—	90	260
At December 31, 2005	(1)	315	(13)	—	475	776
Arising on acquisition of subsidiaries	—	—	—	(4,927)	147	(4,780)
Credit (charge) to income statement for the year	61	(315)	132	995	(305)	568
At December 31, 2006	60	—	119	(3,932)	317	(3,436)

For the purpose of balance sheet presentation, certain deferred taxation assets and liabilities have been offset. The following is the analysis of the deferred taxation balances for financial reporting purposes:

	THE GROUP	
	2006 US\$'000	2005 US\$'000
Deferred taxation assets	560	776
Deferred taxation liabilities	(3,996)	—
	(3,436)	776

At the balance sheet date, the Group has unutilised tax losses of US\$14,706,000 (2005: US\$17,056,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unutilised tax losses due to the unpredictability of future profit streams. Included in the Group's unrecognised tax losses are tax losses of US\$8,074,000 (2005: US\$9,294,000) which will expire gradually up to 2024. Other tax losses may be carried forward indefinitely.

22. OTHER FINANCIAL ASSETS

THE GROUP

The directors consider the carrying amounts of trade and other receivables, promissory note receivables, promissory note receivables from a related company, amount due from a related company, amount due from a director, amount due from a joint alliance partner, amount due from a minority shareholder of a subsidiary and bank balances and cash approximates to their fair values.

The promissory note receivables from a related company, amount due from a related company, amount due from a director, amount due from a joint alliance partner and amount due from a minority shareholder of a subsidiary are unsecured, interest-free and are repayable on demand.

THE COMPANY

The directors consider the carrying amounts of accounts receivables, promissory note receivables, amounts due from subsidiaries and bank balances approximates their fair values.

The amounts due from subsidiaries are unsecured and interest-free except for an amount of US\$2,461,000 (2005: US\$2,466,000) which carries interest at the prevailing market rate. The amounts are repayable in 2007 except for an amount of US\$2,414,000 (2005: US\$1,556,000) which is repayable in 2008.

23. PLEDGED BANK DEPOSITS AND BANK BALANCES

The pledged bank deposits represents deposits pledged to banks to secure credit facilities granted to the Group by certain banks. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

The pledged bank deposits and bank balances carry interest ranging from 0% to 5.36% per annum. The directors consider the carrying amount of pledged bank deposit and bank balances approximates its fair value.

24. OTHER FINANCIAL LIABILITIES

THE GROUP

The directors consider the carrying amounts of trade and other payables, amount due to a minority shareholder of a subsidiary, amount due to a shareholder, amount due to a director, short-term bank loans and advance from a shareholder approximates their fair values.

The amount due to a minority shareholder of a subsidiary, amount due to a shareholder and amount due to a director are unsecured, interest-free and are repayable on demand. The advance from a shareholder and other long term payables are unsecured, not repayable within twelve months from the balance sheet date and are interest-free except for an amount of other long-term payables of US\$333,000 (2005: US\$667,000) which carries interest at the prevailing market rate.

The short-term bank loans are unsecured, carry interest at variable rates ranging from 5.02% to 5.85% per annum and are repayable in 2007. As at December 31, 2006, the short-term bank loans are all denominated in RMB.

THE COMPANY

The directors consider the carrying amounts of accounts payables, amounts due to subsidiaries and amount due to a director approximates their fair values.

The amounts due to subsidiaries and amount due to a director are unsecured, interest-free and are repayable on demand.

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25. CONSIDERATION PAYABLE FOR ACQUISITION

	THE GROUP		THE COMPANY	
	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000
The consideration payable is due for settlement as follows:				
Within one year	41,238	26,135	35,871	24,885
Between one to two years	41,094	12,714	41,094	12,714
Between two to three years	—	16,084	—	16,084
	82,332	54,933	76,965	53,683
Less: Amount due within one year shown under current liabilities	41,238	26,135	35,871	24,885
Amount due after one year	41,094	28,798	41,094	28,798

Included in the above balance of consideration payable of the Group and of the Company is an amount of US\$46,310,000 (2005: US\$35,608,000) and US\$46,310,000 (2005: US\$35,608,000), respectively, which are to be settled by a variable number of the Company's or its subsidiary's shares.

In 2005, all the assets of a subsidiary with carrying value of approximately US\$2,569,000 and the entire issued capital of that subsidiary were pledged to the seller of that subsidiary to secure the outstanding consideration payable of US\$1,250,000 which carried interest at the prevailing market rates. The consideration has been settled in the current year.

26. OBLIGATIONS UNDER AN ONEROUS CONTRACT

	THE GROUP	
	2006 US\$'000	2005 US\$'000
The obligations are payable as follows:		
Within one year	375	375
Between one to two years	250	375
Between two to five years	—	250
	625	1,000
Less: Amount due within one year shown under current liabilities	375	375
Amount due after one year	250	625

The obligations represent lease payments related to the closure of certain overseas facilities.

27. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000
Amounts payable under finance leases:				
Within one year	9,443	35	8,964	29
Between one to two years	10,311	10	9,276	9
Between two to five years	30,750	17	24,605	16
After five years	61,085	—	31,147	—
	111,589	62	73,992	54
Less: Future finance charges	37,597	8	—	—
Present value of lease obligations	73,992	54	73,992	54
Less: Amount due within one year shown under current liabilities			8,964	29
Amount due after one year			65,028	25

The effective interest rates of the above finance lease is 5% per annum.

28. BANK LOANS

	THE GROUP	
	2006 US\$'000	2005 US\$'000
The bank loans are repayable as follows:		
Within one year	—	21,341
Between one to two years	—	16
	—	21,357
Less: Amount due within one year shown under current liabilities	—	21,341
Amount due after one year	—	16

The fair value of the bank loans approximated their carrying values.

In 2005, the bank loans carried interest at rates ranging from 4.8% to 8.5% per annum.

Included in the bank loans in 2005 were US\$57,000 which were denominated in Korean Won and carried fixed-rate interest. The remaining balance, which was denominated in US\$, carried variable-rate interest and was repriced every three months.

In 2005, bank loans of US\$21,300,000 have been secured by a pledge of the entire issued share capital of a subsidiary.

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29. CONVERTIBLE INSTRUMENT

(A) CONVERTIBLE LOAN

On March 16, 2006, a subsidiary of the Company, Xinhua Finance Media Limited (“XFM”) entered into a secured term loan agreement with Patriarch Partners Media Limited (“Patriarch”) for the amount of US\$10,000,000 (the “Convertible Loan”). Interest on the outstanding amount is payable quarterly in arrears at 2.75% above three-month London Inter-Bank Offered Rate (“LIBOR”). The Convertible Loan is repayable on December 31, 2008 (“Maturity”), and may, at the option of the Group, be repaid by cash equal to face amount plus a premium of 42.86% or by the delivery of Company’s shares issued at a 10% discount on the average closing price of the 30 trading days prior to Maturity. The Convertible Loan is also convertible, at the option of Patriarch, into ordinary shares of XFM at a conversion price of US\$3.66 per share (the “Conversion Price”), subject to adjustments, and will automatically be converted into ordinary shares of XFM at the Conversion Price upon any initial public offering of XFM which values XFM with a market capitalisation of at least a certain specified sum on a recognised stock exchange.

The Convertible Loan includes the liability component and embedded derivatives (including the conversion option and early redemption option). On March 16, 2006, the Group has elected to designate the entire Convertible Loan as financial liabilities at fair value through profit or loss.

The fair value of the liability component of the Convertible Loan at December 31, 2006 was determined based on the present value of the estimated future cash flows discounted at the expected yield of 15.6%. The fair value of the conversion option and redemption option embedded was calculated using the Binominal Model.

(B) CONVERTIBLE SHARES

Also, on March 16, 2006, XFM issued US\$60,000,000 convertible redeemable preference shares (“the Convertible Shares”) to Patriarch which are also convertible into shares of XFM. As initially the terms of the conversion will not result in a fixed amount of cash for a fixed number of equity instruments, thus it was regarded as financial liabilities with embedded derivatives. The Convertible Shares was as a whole designated as financial liability at fair value through profit or loss on initial recognition. In April 2006, the Group redeemed US\$3,000,000 of the Convertible Shares for a consideration of US\$1. In addition, there was an increase of interest on the Convertible Loan by US\$3,000,000 in which the interest for each quarter was payable in arrears from the quarter commencing April 1, 2006.

In July 2006, the terms of the Convertible Shares were amended whereby the Group no longer has the obligation to redeem the principal and to pay dividend, and thus the Convertible Shares has since been reclassified as a contribution from minority shareholders in equity.

30. SENIOR NOTES

On November 21, 2006, the Company issued senior guaranteed fixed rate notes with aggregate principal amount of US\$100,000,000 (the “Senior Notes”) at an issue price equal to 99.041% of the principal amount of the notes, due on November 21, 2011 (the “Maturity Date”). The Senior Notes carry interest at the rate of 10% per annum, payable semi-annually in arrears on May 21 and November 21 each year commencing May 21, 2007. The Senior Notes are secured by certain subsidiaries of the Group. The effective interest rate of the Senior Notes is 8.4%. The Senior Notes are listed on the Singapore Exchange Securities Trading Limited. At December 31, 2006, the fair value of the Senior Notes is US\$100,740,000 which is equal to its market price.

At anytime prior to November 21, 2009, the Company may at its option redeem the Senior notes in whole, but not in part, at a redemption price equal 100% of the principal amount of the Senior notes plus a premium as of, and accrued and unpaid interest, if any, to the redemption date.

At anytime on or after November 21, 2009, the Company may at its option redeem the Senior notes, in whole but not in part, at the redemption prices (expressed as a percentage of principal amount) set forth below, plus accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12-month period beginning November 21 of each of the years set forth below

Year	Percentage
2009	105%
2010 and thereafter	102.5%

At anytime prior to November 21, 2009, the Company may redeem up to 35% of the aggregate principal amount of the Senior notes at a redemption price of 110% of the principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to the redemption date.

The net proceeds received from the issue of the Senior Notes have been split between the liability element and the early redemption option embedded. As at the balance sheet date, the fair value of the early redemption option was US\$4,911,000 (2005: Nil) and is included in derivative financial instrument.

31. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$20 each		
At January 1, 2005, December 31, 2005 and December 31, 2006	2,500,000	50,000
Issued and fully paid:		
Ordinary shares of HK\$20 each		
— at January 1, 2005	203,565	4,072
— issued as compensation for directors and staff	3,074	61
— issue of shares on exercise of warrants	6,944	139
— issued for acquisition of subsidiaries	9,911	198
— issued for acquisition of additional interests in a subsidiary	25	1
— bonus issue	439,332	8,787
— issued for cash	152,626	3,053
— at December 31, 2005	815,477	16,311
— issued as compensation for directors and staff	20,828	416
— issue of shares on exercise of warrants	3,900	78
— issue of shares on exercise of share options	1,162	23
— issued for acquisition of subsidiaries	86,771	1,735
— issued for consultancy services	1,500	30
— issued for acquisition of available-for-sales investments	2,000	40
— at December 31, 2006	931,638	18,633
Shown in the financial statements		
— at December 31, 2006 as		US\$2,389,000
— at December 31, 2005 as		US\$2,091,000

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32. WARRANTS

Movements of warrants issued to consultants, advisors and other independent parties in 2006 are as follows:

Date of grant	Exercise price	Vesting period	Exercise period	Number of warrants and number of underlying shares		
				Outstanding at 1.1.2006	Exercised during the year	Outstanding at 12.31.2006
7.16.2004	US\$264	7.16.2004 – 9.30.2004	10.1.2004 – 9.30.2008	3,900	(3,900)	—
8.12.2004	US\$264	8.12.2004 – 9.30.2004	10.1.2004 – 9.30.2008	294	—	294
12.31.2005	Yen 80,000	1.1.2006 – 2.14.2006	2.15.2006 – 2.16.2009	20,000	—	20,000

Movements of warrants issued to consultants, advisors and other independent parties in 2005 are as follows:

Date of grant	Exercise price	Vesting period	Exercise period	Number of warrants and number of underlying shares				
				Outstanding at 1.1.2005	Granted during the year	Exercised during the year	Effect of bonus issue	Outstanding at 12.31.2005
7.16.2004	US\$240	7.16.2004 – 9.30.2004	10.1.2004 – 10.25.2005	6,944	—	(6,944)	—	—
7.16.2004	US\$264	7.16.2004 – 9.30.2004	10.1.2004 – 9.30.2008	1,300	—	—	2,600	3,900
8.12.2004	US\$264	8.12.2004 – 9.30.2004	10.1.2004 – 9.30.2008	98	—	—	196	294
12.31.2005	Yen 80,000	1.1.2006 – 2.14.2006	2.15.2006 – 2.16.2009	—	20,000	—	—	20,000

33. SHARE BASED ARRANGEMENTS OF THE COMPANY

(A) SHARE OPTIONS TO DIRECTORS AND STAFF

In January 2002, Xinhua Financial Network Limited, the predecessor of the Company, adopted a share option plan which was subsequently revised in November 2003 and was later adopted by the Company in April 2004. The plan expires on its tenth year anniversary. The purpose of the plan is to attract key employees to the Group and encourage them to make the Group's business more successful. Under the plan, the compensation committee which is appointed by the board of directors (the "Compensation Committee") may grant options to subscribe for ordinary shares of the Company to any eligible employees of the Group, including directors of the Company, consultants and advisors. An award agreement will be signed with each recipient. Options granted are exercisable within ten years from the date of grant or as other terms set forth in the award agreement. No consideration is payable on the grant of an option. The maximum number of shares in respect of which options may be granted under the plan may not exceed 20% of the enlarged share capital of the Company.

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The movements of the unexercised options granted to the directors and employees of the Group under the share option plan in 2006 are as follows:

Type of option holders	Date of grant	Exercise price	Vesting period	Exercise period	Number of options and number of underlying shares				
					Outstanding at 1.1.2006	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 12.31.2006
Directors:									
Mr. Shelly Singhal	11.1.2004	(1)	Nil	11.1.2004 – 11.1.2006	9	—	—	(9)	—
				11.1.2004 – 10.31.2005	15	—	—	(15)	—
				11.1.2004 – 10.31.2006	15	—	—	(15)	—
	1.31.2006	Yen 71,844	1.31.2006 – 4.30.2006	4.30.2006 – 2.1.2016	—	375	—	—	375
				1.31.2006 – 7.31.2006	—	375	—	—	375
				1.31.2006 – 10.31.2006	—	375	—	—	375
				1.31.2006 – 1.31.2007	—	375	—	—	375
	1.31.2006	Yen 74,247	Nil	1.31.2006 – 2.1.2009	—	417	—	—	417
				1.31.2006 – 4.30.2006	—	417	—	—	417
				1.31.2006 – 7.31.2006	—	417	—	—	417
				1.31.2006 – 10.31.2006	—	417	—	—	417
				1.31.2006 – 1.31.2007	—	417	—	—	417
				1.31.2006 – 1.31.2007	—	417	—	—	417
				1.31.2006 – 4.30.2007	—	415	—	—	415
	Mr. Dennis Lindsay Pelino	1.5.2004	(1)	Nil	1.5.2004 – 12.31.2005	9	—	—	(9)
1.5.2004 – 12.30.2004					15	—	—	(15)	—
1.5.2004 – 12.30.2005					15	—	—	(15)	—
1.31.2006		Yen 71,844	1.31.2006 – 4.30.2006	4.30.2006 – 2.1.2016	—	375	—	—	375
				1.31.2006 – 7.31.2006	—	375	—	—	375
				1.31.2006 – 10.31.2006	—	375	—	—	375
				1.31.2006 – 1.31.2007	—	375	—	—	375
1.31.2006		Yen 74,247	Nil	1.31.2006 – 2.1.2009	—	417	—	—	417
				1.31.2006 – 4.30.2006	—	417	—	—	417
				1.31.2006 – 7.31.2006	—	417	—	—	417
				1.31.2006 – 10.31.2006	—	417	—	—	417
				1.31.2006 – 1.31.2007	—	417	—	—	417
				1.31.2006 – 1.31.2007	—	417	—	—	417
				1.31.2006 – 4.30.2007	—	415	—	—	415
Mr. Wu Ji Guang		1.5.2004	(1)	Nil	1.5.2004 – 12.31.2005	9	—	—	(9)
	1.5.2004 – 12.30.2004				15	—	—	(15)	—
	1.5.2004 – 12.30.2005				15	—	—	(15)	—
	1.31.2006	Yen 71,844	1.31.2006 – 4.30.2006	4.30.2006 – 2.1.2016	—	250	—	—	250
				1.31.2006 – 7.31.2006	—	250	—	—	250
				1.31.2006 – 10.31.2006	—	250	—	—	250
				1.31.2006 – 1.31.2007	—	250	—	—	250
	1.5.2004	(1)	Nil	1.5.2004 – 12.31.2005	9	—	—	(9)	—
				1.5.2004 – 12.30.2004	15	—	—	(15)	—
				1.5.2004 – 12.30.2005	15	—	—	(15)	—

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Type of option holders	Date of grant	Exercise price	Vesting period	Exercise period	Number of options and number of underlying shares				
					Outstanding at 1.1.2006	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 12.31.2006
Mr. John MacLeod Williams	1.5.2004	(1)	Nil	1.5.2004 – 12.31.2005	9	—	—	(9)	—
				1.5.2004 – 12.30.2004	15	—	—	(15)	—
				1.5.2004 – 12.30.2005	15	—	—	(15)	—
	1.31.2006	Yen 71,844	1.31.2006 – 4.30.2006	4.30.2006 – 2.1.2016	—	250	—	—	250
				7.31.2006 – 2.1.2016	—	250	—	—	250
				10.31.2006 – 2.1.2016	—	250	—	—	250
1.31.2007 – 2.1.2016				—	250	—	—	250	
Mr. Wang Bin	1.31.2006	Yen 71,844	1.31.2006 – 4.30.2006	4.30.2006 – 2.1.2016	—	250	—	—	250
				7.31.2006 – 2.1.2016	—	250	—	—	250
				10.31.2006 – 2.1.2016	—	250	—	—	250
				1.31.2007 – 2.1.2016	—	250	—	—	250
Other employees	2.9.2005	Yen 49,316	2.9.2005 – 12.31.2005	1.1.2006 – 2.9.2015	4,970	—	(1,150)	—	3,820
				1.1.2007 – 2.9.2015	4,970	—	—	—	4,970
				1.1.2008 – 2.9.2015	4,970	—	—	(426)	4,544
	4.30.2006	Yen 71,844	4.30.2006 – 31.12.2006	1.1.2007 – 4.30.2016	—	8,923	—	—	8,923
				1.1.2007 – 4.30.2016	—	8,923	—	—	8,923
				1.1.2007 – 4.30.2016	—	8,924	—	—	8,924

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The movements of the unexercised options granted to the directors and employees of the Group under the share option plan in 2005 are as follows:

Type of option holders	Date of grant	Exercise price	Vesting period	Exercise period	Number of options and number of underlying shares				
					Outstanding at 1.1.2005	Granted during the year	Effect of bonus issue	Forfeited during the year	Outstanding at 12.31.2005
Directors:									
Mr. Shelly Singhal	11.1.2004	(1) Nil	11.1.2004 – 10.31.2005	11.1.2004 – 11.1.2006	3	—	6	—	9
			11.1.2004 – 10.31.2005	11.1.2005 – 11.1.2006	5	—	10	—	15
			11.1.2004 – 10.31.2006	11.1.2006 – 12.1.2006	5	—	10	—	15
Mr. Dennis Lindsay Pelino	1.5.2004	(1) Nil	1.5.2004 – 12.30.2004	1.5.2004 – 12.31.2005	3	—	6	—	9
			1.5.2004 – 12.30.2004	12.31.2004 – 12.31.2005	5	—	10	—	15
			1.5.2004 – 12.30.2005	12.31.2005 – 12.31.2005	5	—	10	—	15
Mr. Wu Ji Guang	1.5.2004	(1) Nil	1.5.2004 – 12.30.2004	1.5.2004 – 12.31.2005	3	—	6	—	9
			1.5.2004 – 12.30.2004	12.31.2004 – 12.31.2005	5	—	10	—	15
			1.5.2004 – 12.30.2005	12.31.2005 – 12.31.2005	5	—	10	—	15
Mr. Xue Yong Xing	1.5.2004	Nil	1.5.2004 – 12.30.2004	1.5.2004 – 12.31.2005	3	—	6	—	9
			(1) 1.5.2004 – 12.30.2004	12.31.2004 – 12.31.2005	5	—	10	—	15
			1.5.2004 – 12.30.2005	12.31.2005 – 12.31.2005	5	—	10	—	15
Mr. John MacLeod Williams	1.5.2004	(1) Nil	1.5.2004 – 12.30.2004	1.5.2004 – 12.31.2005	3	—	6	—	9
			1.5.2004 – 12.30.2004	12.31.2004 – 12.31.2005	5	—	10	—	15
			1.5.2004 – 12.30.2005	12.31.2005 – 12.31.2005	5	—	10	—	15
Other employees	2.9.2005	Yen 49,316	2.9.2005 – 12.31.2005	1.1.2006 – 2.9.2015	—	1,720	3,439	(189)	4,970
			2.9.2005 – 12.31.2006	1.1.2007 – 2.9.2015	—	1,720	3,439	(189)	4,970
			2.9.2005 – 12.31.2007	1.1.2008 – 2.9.2015	—	1,720	3,439	(189)	4,970

(1) The exercise price of the options is the most recent financing round valuation just before exercise of the share option. The latest most recent financing round valuation just before December 31, 2006 is Yen 65,520.

The options granted to Mr. John MacLeod Williams were registered in the name of Vavasasseur Overseas Holdings Limited, a corporate shareholder of the Company.

The fair values were calculated using the Binomial model. The inputs into the model at the respective dates of grants were as follows:

	1.31.2006	4.30.2006
Share price	Yen72,910	Yen66,000
Expected volatility	60%	60%
Expected life	10 years	10 years
Risk free rate	1.47%	1.91%
Expected dividend yield	0%	0%

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The inputs into the Black-Scholes option pricing model in 2005 were as follows:

	2005
Weighted average share price	Yen77,333
Expected volatility	25%
Expected life	10 years
Risk free rate	1.36%
Expected dividend yield	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous year. 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 behavioural considerations.

The Company recognised total expenses of US\$5,798,000 (2005: US\$223,000) related to the options granted during the year.

(B) SHARES TO DIRECTORS AND STAFF

The Compensation Committee may at its discretion grant ordinary shares of the Company to eligible directors and staff of the Group to compensate for their performance and contributions to the Group.

The movements of shares granted, issued and issuable to employees (including directors) during the year are as follows:

	Number of shares	
	2006	2005
At January 1	20,800	3,063
Granted during the year	88	21,686
Issued during the year	(20,828)	(3,949)
Shares issuable at December 31	60	20,800

The movements of shares granted, issued and issuable to directors during the year are as follows:

	Number of shares	
	2006	2005
At January 1	16,788	—
Granted during the year	—	17,663
Issued during the year	(16,788)	(875)
Shares issuable at December 31	—	16,788

The fair value of the shares at the dates of the grant determined using the then share price of the shares of the Company is US\$26,000 (2005: US\$14,293,000).

In 2005, the Company has capitalised an amount of US\$1,588,000 being the fair value of the shares granted to directors to investment cost in subsidiaries issued for their advisory services in relation to acquisition of subsidiaries. No such advisory services were received in the current year.

In 2005, the Company charged an amount of US\$10,284,000 and US\$2,421,000, being the fair value of shares granted to certain directors and employees, respectively to share premium account as they acted as selling agents during the fund raising exercise.

In 2005, the Company capitalised US\$4,527,000 as investment costs in subsidiaries relating to equity-settled share-based payment to a shareholder for consultancy services provided for acquisition of subsidiaries.

34. SHARE BASED ARRANGEMENTS OF A SUBSIDIARY

(A) SHARE OPTIONS TO DIRECTORS AND STAFF OF XFM

Pursuant to a resolution of the directors of XFM on July 11, 2006, XFM granted options to employees of the Group for the purchase of a maximum of 11,727,602 shares in XFM, subject to vesting requirements. The options entitle the option holder to acquire ordinary shares of XFM at an exercise price of \$0.78 each.

The key terms of the share options are as follows:

Termination of options — where the option agreement permits the exercise or purchase of the options granted for a period of 3 months following the recipient's voluntary termination of service with the Group, or the recipient's disability or death, the options will terminate to the extent not exercised or purchased on the last day of the specified period or the last day of the original term of the options, whichever occurs first.

Vesting period — options granted under the individual option agreements will vest in the following manner: the first half of any option grant will vest upon the earlier of the date of the initial public offering and December 31, 2007; the next two quarters will vest on December 31, 2008 and December 31, 2009, respectively.

Option exercise — the term of options granted under individual option agreements may not exceed five years from the date of grant. The consideration to be paid for XFM shares upon exercise of an option or purchase of shares underlying the option will be determined by the plan administrator.

Termination of option agreements — unless terminated earlier, XFM share options granted under individual option agreements will expire in 2011. XFM's board of directors will have the authority to amend or terminate the share option agreement subject to shareholder approval to the extent necessary to comply with applicable law.

The excisable period of the option is 5 years up to 2011. During the year ended December 31, 2006, compensation expense of US\$627,000 was recognised and included in administrative expenses.

Management has used the Black-Scholes option pricing model to estimate the fair value of the options on grant date with the following assumptions:

Exercise price	US\$0.78
Expected life	3.61 years
Assumed volatility	38.3%
Risk-free interest rate	5.68%
Expected dividends	0%

A summary of options under the plan as of December 31, 2006 and changes in the period is presented below:

Options	Number of share option
Outstanding as of January 1, 2006	—
Granted on July 11, 2006	11,198,180
Forfeited	(500,039)
Outstanding as of December 31, 2006	10,698,141
Exercisable as of December 31, 2006	—

The fair value of the share option at grant date was US\$0.14 for each option.

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(B) NON-VESTED SHARES TO A DIRECTOR

In June 2006, XFM granted 11,050,000 common shares of \$0.001 each ("Nonvested Shares") to a director, Madam Fredy Bush as fully paid shares at par. The Nonvested Shares shall be subject to a 5-year vesting period and one-fifth of the total Nonvested Shares granted, being 2,210,000 common shares, shall become vested on each of the first annual anniversary dates after the date of grant. Accordingly, the Company recorded compensation expense of US\$1,666,000 in administrative expenses for the year ended December 31, 2006 which represents amortisation on the fair value of the common shares on the grant date over a period of 5 years.

The following table summarises information regarding the Nonvested Shares:

Grant date	Number of non-vested shares issued	Fair value of common shares
June 13, 2006	11,050,000	US\$0.6*

* The fair value was determined based on a valuation made by an independent appraiser.

These Nonvested Shares are subject to transfer restrictions and do not have any voting rights, entitlement of dividends, rights to the surplus assets of the Company in the event of a winding-up or reorganisation of the Company and generally all of the rights attaching to common shares.

(C) WARRANTS

In connection with the acquisition of Upper Step, XFM issued to Sino Investment Holding Limited ("Sino Investment") 4,099,968 warrants to purchase 4,099,968 class A common shares with a strike price of US\$3.659 per share on September 22, 2006. In addition, XFM issued 630,000 warrants to purchase 630,000 class A common shares to a consultant with a strike price of US\$3.659 per share on December 7, 2006. The warrants are fully vested upon the date of grant. For the warrant to Sino Investment, a fair value of US\$603,000 at the date of grant was capitalised as part of the consideration paid for the acquisition of Upper Step. The warrants to the consultant shall be subject to a 5-year lockup period. The related compensation expense of US\$125,000 was recorded as consultancy fee in administrative expenses for the year ended December 31, 2006 and represents the fair value of the warrants on the grant date.

The fair value of the warrants granted to Sino Investment and the consultant were approximately US\$0.15 per warrant and US\$0.18 per warrant, respectively, at respective dates of grant, which were estimated on the basis of the Black-Scholes option pricing model with the following assumptions:

	Warrant to Sino Investment	Warrant to consultant
Expected price volatility range	45%	44%
Risk-free interest rate	5.11%	4.91%
Contractual life of the warrant	5 years	5 years
Expected dividends	0%	0%

The fair value was determined based on a valuation by an independent appraiser. As of December 31, 2006, there are 4,729,968 warrants outstanding. These warrants are subject to transfer restrictions and do not have any voting rights, entitlement of dividends, rights to the surplus assets of the Company in the event of a winding-up or reorganisation of the Company and generally all of the rights attaching to common shares.

35. BUSINESS ACQUISITIONS

In 2006:

In January 2006, the Group acquired the entire interest in Xinhua Finance Advertising Limited (formerly known as “Ming Shing International Limited”) (“XFA”) for a cash consideration of US\$42,607,000 and the issue of 37,012 ordinary shares of the Company of HK\$20 each with a fair value of US\$18,026,000. Direct cost of US\$651,000 was incurred. Pursuant to certain contingent consideration provision, which are based on predetermined earn-out formula, the Group made further provision of US\$37,243,000 in respect of future consideration payable comprising US\$19,031,000 payable in cash and US\$18,212,000 payable in ordinary shares of HK\$20 each of the Company. The number of shares to be issued will be determined based on the average trading price of the Company at the date of issue. The provision of US\$37,243,000 is included in consideration payable for acquisition at December 31, 2006.

In July 2006, the Group acquired 51% equity interest in Beijing Perspective Orient Movie and Television Intermediary Co., Ltd. (“Beijing Perspective”) for a consideration of US\$6,275,000 and incurred direct cost of US\$662,000.

In August 2006, the Group acquired 51% equity interest in Shanghai Hyperlink Market Research Co., Ltd. (“Hyperlink”) for an initial consideration of US\$2,227,000 paid in cash. Direct cost of US\$744,000 was incurred. Pursuant to certain contingent consideration provision, which are based on pre-determined earn-out formula, the Group made further provision of US\$2,156,000 in respect of future consideration payable. The provision of US\$2,156,000 is included in consideration payable for acquisition at December 31, 2006.

In September 2006, the Group acquired 80% equity interest in Accord Group Investment Limited (“Accord Group”) for a consideration of US\$1,074,000 which was settled by a cash consideration of US\$440,000 and the issuance of 576,160 ordinary shares of US\$0.001 of a subsidiary each with a fair value of US\$634,000.

In March 2006, the Group acquired the entire interests in Beijing Alpha Financial Ltd. (“Beijing Alpha”) for an initial consideration of US\$378,000. Pursuant to certain contingent consideration provision, which are based on pre-determined earn-out formula, the Group made further provision of US\$494,000 in respect of future consideration payable.

In July 2006, the Group acquired the entire interests in Praeidea Acquisition Corp., LLC (“Praeidea”) with a total consideration of US\$2,697,000, of which US\$1,697,000 was paid.

In 2005:

In May 2005, the Group acquired 60% equity interest in EconWorld Media Limited (“EconWorld”) for an initial cash consideration of US\$1,734,000. Pursuant to certain contingent consideration provision, the Group made further provision of US\$2,820,000 payable in cash. As at December 31, 2006 the contingent consideration payable has been settled (2005: US\$2,820,000).

In June 2005, the Group acquired the entire issued share capital of Taylor Rafferty Associates, Inc. (“Taylor Rafferty”) for a cash consideration of US\$6,304,000 and the issue of 6,023 ordinary shares of HK\$20 each with a fair value of US\$15,673,000, of which only 5,093 ordinary shares have been issued. Pursuant to certain contingent consideration provision, the Group made further provision of US\$17,843,000 comprising US\$6,733,000 payable in cash and ordinary shares of HK\$20 each with a fair value of US\$11,110,000. The number of shares to be issued will be determined based on the average trading price of the Company at the date of the issue. As at December 31, 2006, an amount of US\$9,427,000 (2005: US\$20,109,000) remains outstanding and is included in consideration payable for acquisition.

Also in June 2005, the Group acquired 60% equity interest in Shanghai Pobo Data and Information Network Consulting Co. Limited for a cash consideration of US\$135,000. Pursuant to certain contingent consideration provision, the Group made further provision of US\$607,000 payable in cash. As at December 31, 2006, an amount of US\$210,000 (2005: US\$607,000) remains outstanding and is included in consideration payable for acquisition.

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In July 2005, the Group acquired the entire issued share capital of Washington Analysis Corporation (“Washington Analysis”) for a cash consideration of US\$2,867,000 and the issue of 1,610 ordinary shares of HK\$20 each with a fair value of US\$4,046,000, of which only 990 ordinary shares have been issued. Pursuant to certain contingent consideration provision, the Group made further provision of US\$14,522,000 comprising US\$6,915,000 payable in cash and ordinary shares of HK\$20 each with a fair value of US\$7,607,000. The number of shares to be issued will be determined based on the average trading price of the Company at the date of the issue. As at December 31, 2006, an amount of US\$11,488,000 (2005: US\$6,915,000) remains outstanding and is included in consideration payable for acquisition.

In September 2005, the Group acquired the entire issued share capital of Beijing Century Media Culture Co., Limited (“Century Media”) for a cash consideration of US\$56,000 and the issue of 3,828 ordinary shares of HK\$20 each with a fair value of US\$3,298,000. Pursuant to certain contingent consideration provision, the Group made further provision of US\$11,894,000 payable in ordinary shares of HK\$20 each. The number of shares to be issued will be determined based on the average trading price of the Company at the date of the issue. As at December 31, 2006, an amount of US\$11,581,000 (2005: US\$11,894,000) remains outstanding and is included in consideration payable for acquisition.

In November 2005, the Group acquired 50% of the equity interest in Shanghai Far East Credit Rating Co., Limited for a cash consideration of US\$6,911,000.

The net assets acquired at the respective dates of acquisition were as follows:

(a) Acquisition of XFA in January 2006:

	Book value	Fair value	Fair value
	US\$'000	adjustments	US\$'000
		US\$'000	US\$'000
Net assets acquired:			
Property, plant and equipment	830	—	830
Other intangible assets	—	9,900	9,900
Deferred tax assets	147	—	147
Trade and other receivables	3,508	—	3,508
Prepaid advertising program space and airtime	1,083	—	1,083
Amount due from related parties	1,104	—	1,104
Pledged bank deposits	115	—	115
Bank balances and cash	1,181	—	1,181
Trade and other payables	(2,516)	—	(2,516)
Subscriptions received in advance	(41)	—	(41)
Amounts due to related parties	(4,600)	—	(4,600)
Taxation payable	(265)	—	(265)
Deferred tax liabilities	—	(3,267)	(3,267)
Net asset	546	6,633	7,179
Minority interests			(637)
Goodwill			91,985
Total consideration and direct costs			98,527

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(b) Acquisition of Beijing Perspective in July 2006:

	Book value	Fair value	Fair value
	US\$'000	adjustments	US\$'000
	US\$'000	US\$'000	US\$'000
Net assets acquired:			
Property, plant and equipment	1,585	—	1,585
Other intangible assets	669	1,157	1,826
Trade and other receivables	122	—	122
Amount due from a related company	2	—	2
Bank balances and cash	2,734	—	2,734
Trade and other payables	(844)	—	(844)
Subscriptions received in advance	(141)	—	(141)
Amounts due to related companies	(52)	—	(52)
Deferred tax liabilities	—	(603)	(603)
Net assets	4,075	554	4,629
Minority interests			(2,269)
Goodwill			4,577
Total consideration			6,937

(c) Acquisition of Hyperlink in August 2006:

	Book value	Fair value	Fair value
	US\$'000	adjustments	US\$'000
	US\$'000	US\$'000	US\$'000
Net assets acquired:			
Property, plant and equipment	278	—	278
Other intangible assets	—	845	845
Trade and other receivables	301	—	301
Amount due from a shareholder	37	—	37
Bank balances and cash	305	—	305
Trade and other payables	(417)	—	(417)
Amount due to a shareholder	(38)	—	(38)
Amount due to a director	(50)	—	(50)
Taxation payable	(136)	—	(136)
Deferred tax liabilities	—	(279)	(279)
Net assets	280	566	846
Minority interests			(414)
Goodwill			4,695
Total consideration			5,127

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(d) Acquisition of Accord Group in September 2006:

	Book value	Fair value	Fair value
	US\$'000	adjustments US\$'000	US\$'000
Net liabilities acquired:			
Property, plant and equipment	134	—	134
Other intangible assets	1,315	28	1,343
Trade and other receivables	283	—	283
Bank balances and cash	260	—	260
Trade and other payables	(295)	—	(295)
Loan from shareholders	(2)	—	(2)
Amounts due to related parties	(1,626)	—	(1,626)
Subscriptions received in advance	(372)	—	(372)
Amount due to a related company	(821)	—	(821)
Deferred tax liabilities	(443)	—	(443)
Net liabilities	(1,567)	28	(1,539)
Goodwill			2,613
Total consideration			1,074

(e) Acquisition of other subsidiaries:

	2006	2005
	US\$'000	US\$'000
Net assets acquired:		
Property, plant and equipment	34	245
Other intangible assets	1,770	—
Investment in an associate	—	223
Available-for-sale investments	—	1,677
Deposits for acquisition of property, plant and equipment	—	2,674
Trade and other receivables	17	349
Bank balances and cash	106	4,946
Trade and other payables	(969)	(4,985)
Subscriptions received in advance	(57)	—
Deferred tax liabilities	(335)	—
Amounts due to related companies	—	(30)
Amount due to a minority shareholder of a subsidiary	—	(397)
Net assets	566	4,702
Minority interests	—	(2,356)
Goodwill	3,003	9,861
Total consideration	3,569	12,207

The net book value of the net assets of other subsidiaries at the date of acquisition approximates their fair values and, accordingly, no fair value adjustment was required.

(f) Acquisition of certain subsidiaries in 2005:

	Washington		
	Analysis	Taylor Rafferty	Century Media
	US\$'000	US\$'000	US\$'000
Property, plant and equipment	—	503	217
Deferred tax assets	—	261	—
Trade and other receivables	1,686	2,617	1,058
Bank balances and cash	377	1,106	427
Trade and other payables	(1,285)	(4,734)	(1,231)
Taxation payable	—	(350)	—
Other long-term payables	—	(442)	—
Net assets (liabilities)	778	(1,039)	471
Goodwill	20,657	40,859	14,777
Total consideration	21,435	39,820	15,248

The net book values of the net assets of the above subsidiaries at the respective dates of acquisition approximated their fair values and, accordingly, no fair value adjustments were required.

	2006	2005
	US\$'000	US\$'000
The above acquisitions were satisfied by		
— cash	55,681	18,007
— consideration payable	40,893	51,514
— shares of the Company	18,026	19,189
— share of XFM	634	—
	115,234	88,710
Net cash outflow arising on acquisition		
— cash consideration paid	(55,681)	(18,007)
— consideration paid for previous year's acquisitions	—	(19,138)
— bank balances and cash acquired	4,586	6,856
— transferred from deposits paid	29,000	121
	(22,095)	(30,168)

The goodwill is attributable to the anticipated profitability arising from the distribution of the Group's products in the new markets and the future operating synergies from the combination.

These newly acquired subsidiaries contributed a net profit of US\$7,285,000 (2005: US\$2,861,000) for the period between the date of acquisition and the balance sheet date.

PRO FORMA GROUP'S REVENUE AND RESULTS

If the acquisitions had been completed on the first day of the year based on the unaudited management accounts for the whole year of the subsidiaries, the Group's revenue for the year would have been US\$179,493,000 (2005: US\$120,702,000) and the Group's profit for the year attributable to equity holders of the Company would have been US\$14,112,000 (2005: US\$10,774,000). These pro forma information is presented for illustrative purposes only and is not necessarily an indication of revenue and of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2006 (2005: January 1, 2005), nor is it intended to be a projection of future results.

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36. MAJOR NON-CASH TRANSACTIONS

THE GROUP

In 2006,

- (a) the Company issued 43,614 ordinary shares of HK\$20 each with a fair value of US\$22,280,000 for acquisition of certain subsidiaries;
- (b) the Company issued 43,157 ordinary shares of HK\$20 each with a fair value of US\$23,134,000 for settlement of consideration payable;
- (c) the Company issued 1,500 ordinary shares of HK\$20 each with a fair value of US\$751,000 for consultancy services;
- (d) the Company issued 2,000 ordinary shares of HK\$20 each with a fair value of US\$1,169,000 for acquisition of available-for-sales investments;
- (e) A subsidiary of the Company issued 18,646,772 class A common shares of US\$0.001 each with a fair value of US\$25,637,064 for acquisition of license agreements and operating agreement; and
- (f) A subsidiary of the Company issued 2,314,382 class A common shares of US\$0.001 each with a fair value of US\$2,645,863 for acquisition of additional interests of certain subsidiaries.

In 2005,

- (a) the Group issued 9,911 ordinary shares of HK\$20 each with a fair value of US\$19,189,000 for acquisition of three subsidiaries;
- (b) the Group issued 25 ordinary shares of HK\$20 each with a fair value of US\$72,000 as additional consideration for a subsidiary;
- (c) the Group entered into finance leases in respect of property, plant and equipment with total capital value of US\$31,000 at the inception of the lease;
- (d) the Group acquired an available-for-sale investment in exchange for certain investment held for trading with a fair value of US\$21,788,000 and in addition, the issue of 2,000 ordinary shares of HK\$20 each and the issue of 20,000 warrants of the Company with an aggregate fair value of US\$1,338,000; and
- (e) the Group received investments held for trading of US\$11,531,000 for services performed.

THE COMPANY

In 2006,

- (a) the Company issued 43,614 ordinary shares of HK\$20 each with a fair value of US\$22,280,000 for acquisition of certain subsidiaries;
- (b) the Company issued 43,157 ordinary shares of HK\$20 each with a fair value of US\$23,134,000 for settlement of consideration payable;
- (c) the Company issued 1,500 ordinary shares of HK\$20 each with a fair value of US\$751,000 for consultancy services; and
- (d) the Company issued 2,000 ordinary shares of HK\$20 each with a fair value of US\$1,169,000 for acquisition of available-for-sales investments.

In 2005,

- (a) the Company issued 9,911 ordinary shares of HK\$20 each with a fair value of US\$19,188,000 for acquisition of three subsidiaries;
- (b) the Company issued 25 ordinary shares of HK\$20 each with a fair value of US\$72,000 as additional consideration for acquisition of a subsidiary; and
- (c) the Company acquired an available-for-sale investment on behalf of a subsidiary by the issue of 2,000 ordinary shares of HK\$20 each and the issue of 20,000 warrants of the Company with an aggregate fair value of US\$1,338,000.

37. COMMITMENTS

(A) OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group was committed to make the following future minimum lease payments in respect of rented premises under non-cancellable operating leases which fall due as follows:

	THE GROUP	
	2006 US\$'000	2005 US\$'000
Within one year	5,397	3,894
In the second to fifth year inclusive	11,618	7,614
After five years	10,452	842
	27,467	12,350

The Company has no operating lease commitments at the balance sheet date.

(B) PURCHASE OF PROGRAM RIGHTS

The Group entered into an agreement for the purchase of program rights for a total of US\$803,000 at December 31, 2005 and US\$1,932,000 at December 31, 2006. Unpaid balance totaled US\$741,000 at December 31, 2005 and US\$830,000 at December 31, 2006.

(C) OTHERS

The Group also has a number of agreements to purchase advertising airtime from radio stations. As of December 31, 2006, future minimum purchase commitments under the agreements amounted to US\$75,925,000. The Group is committed to pay approximately US\$3 million to US\$4 million in each of the five years and the remainder of approximately US\$56 million in fifteen years thereafter.

The Group also has a number of agreements to produce television programs. As of December 31, 2006, future minimum production fee commitments under the agreements amounted to US\$8,364,000 and US\$7,281,000 will be paid next year and the remainder within 2008.

The Group also has a number of agreements to obtain advertising rights from publishers and other parties in the PRC. As of December 31, 2006, future minimum services fees commitments under the agreements amounted to US\$2,053,000.

The Group entered into a number of agreements to obtain advertising production and network services from various services providers. As of December 31, 2006, future minimum service fee commitments under the agreements amounted to US\$1,339,000 in which US\$823,000 will be paid in 2007, and US\$80,000 will be paid in each of 2008 through 2012.

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38. CONTINGENT LIABILITIES

The Company has executed corporate guarantees with respect to bank borrowings made available to a subsidiary. The amount of such facility utilised at December 31, 2005 amounted to US\$21,300,000. The guarantees have been released during the year.

At December 31, 2005, the fair value of the financial guarantees granted by the Company to its subsidiaries at date of inception is immaterial.

39. RETIREMENT BENEFITS SCHEME

The Group and the Company operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong. The assets of the Scheme are held separately from those of the Group and the Company, in funds under the control of trustees. The Group and the Company contributes 5% of the relevant payroll costs to the Scheme, which contribution is matched by employees but subject to maximum contribution of HK\$1,000 per month per employee.

The employees of the Group's subsidiaries in PRC are members of the state-managed retirement benefits scheme operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

The Group has a defined-contribution retirement plan (the "Plan") covering the employees in the US subsidiaries who have completed at least three months of service. The first amendment to the Plan dated September 1, 2004 provides that the former employees of certain acquired subsidiaries would become immediately eligible to participate in the Plan and would receive prior service credit. Employees may make salary contributions up to 15% of their salary on a pre-tax basis, subject to a maximum contribution. The Group makes matching contributions and may make discretionary profit sharing contributions.

40. RELATED PARTY TRANSACTIONS

The remuneration of directors (key management personnel) is disclosed in notes 8, 33 and 34.

In addition to the above and the related party information disclosed elsewhere in the financial statements, during the year, the Group has the following significant transactions with its related companies:

	Notes	THE GROUP	
		2006 US\$'000	2005 US\$'000
System service costs to FTSE International Limited	(a)	128	128
Commission income from Brightline Capital II LLC	(b)	—	2,773
Commission fee to SBI USA, LLC	(c)	1,000	—

Notes:

- (a) The system service costs were paid to FTSE International Limited, a minority shareholder of a subsidiary who has significant influence on that subsidiary.
- (b) The commission income was received from Brightline Capital II LLC in which Mr. Shelly Singhal, a director of the Company, has a beneficial interest.
- (c) The commission fee was paid to SBI USA, LLC in which Mr. Shelly Singhal has a beneficial interest.

On September 22, 2006, XFM acquired 37% equity interest of Upper Step from Sino Investment which is owned by two of the directors of the Company, for a total consideration of US\$18,954,000, and paid US\$7,900,000 on behalf of Sino Investment to the vendor. Sino Investment issued a promissory note in the amount of US\$7,900,000 to the Group. The amount is repayable on demand and has no specified interest rate stated in the promissory note.

THE COMPANY

The remuneration of directors (key management personnel) is disclosed in notes 8 and 33.

During the year, the Company has the following significant transactions with its group companies:

	THE COMPANY	
	2006 US\$'000	2005 US\$'000
Group service fee income from subsidiaries	5,834	8,186
Interest income from subsidiaries	97	158
Group service fee expense to a subsidiary	5,709	4,796

41. POST BALANCE SHEET EVENTS

In January 2007, the Group acquired 80.1% equity interests of Glass, Lewis & Co. LLC. for a consideration of US\$38,469,000 was settled by a cash consideration of US\$13,756,000, the issuance of 43,975 ordinary shares of HK\$20 each with a fair value of US\$24,339,000 and incurred direct cost of US\$374,000. As at the date of this report, management of the Group is still in the midst of determining the financial effect of the acquisition.

In January 2007, the Group acquired 100% equity interests of Kinetics Information Systems Services Limited for a cash consideration of GBP4,000,000 of which GBP1,000,000 has been settled. As at the date of this report, management of the Group is still in the midst of determining the financial effect of the acquisition.

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42. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at the balance sheet date are as follows:

Name of subsidiary	Place of incorporation/ establishment	Attributable proportion of nominal value of issued/registered capital held by the Company				Principal activities
		Directly		Indirectly		
		2006	2005	2006	2005	
G7 Group, Inc.	US	100%	100%	—	—	Production of government/fiscal policy analysis
Market News International Inc.	US	100%	100%	—	—	Production of fixed income/forex news analysis
Stone & McCarthy Research Associates, Inc.	US	100%	100%	—	—	Production of economic statistics analysis
Taylor Rafferty, Associates Inc.	US	100%	—	—	—	Provision of investor relations consulting services
Washington Analysis Corporation	US	100%	—	—	—	Provision of economic political advisory services
Xinhua Finance Media Limited	Cayman Islands	69.78%	—	—	—	Production and distribution of media
Xinhua Financial Network Limited	Hong Kong	100%	100%	—	—	Provision of China-specific indices, financial news feeds, credit ratings and investor relations services
AFX-Asia Pte. Limited	Republic of Singapore	—	—	100%	100%	Production and distribution of news
Beijing Century Media Culture Co., Limited	PRC	—	—	100%	—	Provision of television consulting services
China Finance Limited	Taiwan	—	—	100%	100%	Provision of financial information services and public relations services
Ford Investor Services, Inc.	US	—	—	100%	100%	Independent equity research
Fortune China Public Relations Limited	Hong Kong	—	—	100%	100%	Provision of public relations services
Market News (Service) International Inc.	US	—	—	100%	100%	Production of fixed income/forex news analysis
Mergent Inc.	US	—	100%	100%	—	Production of database and analysis
Mergent Japan K.K.	Japan	—	—	100%	100%	Production of database and analysis
Mergent Pricing & Evaluation Services Inc.	US	—	—	100%	100%	Independent valuations of US fixed income securities
Shanghai NetChina Limited	PRC	—	—	100%	100%	Provision of China financial information and services
SMRA International Inc.	US	—	—	100%	100%	Production of economic statistics analysis
Xinhua Financial Network (Beijing) Ltd.	PRC	—	—	100%	100%	Provision of financial information services and public relations services
Xinhua Financial Network (Korea) Limited	Korea	—	—	100%	100%	Provision of financial information services
Xinhua Financial Network (Shanghai) Ltd.	PRC	—	—	100%	100%	Provision of financial information services and public relations services
Xinhua Investment Group Hong Kong Limited	Hong Kong	—	—	100%	100%	Provision of financial advisory services
Xinhua Finance Japan Limited	Japan	—	—	100%	100%	Provision of China financial information and services
EconWorld Media Limited	Hong Kong	—	—	69.78%	60%	Production and circulation of magazines
Accord Group Investments Limited	British Virgin Islands	—	—	69.78%	—	Design, production and distribution of advertisements
Beijing Jingguan Xincheng Advertising Co., Ltd.	PRC	—	—	69.78%	—	Design, production and distribution of advertisements
Beijing Perspective Orient Movie and Television Intermediary Co. Ltd.	PRC	—	—	35.59%	—	Production and planning of television programs
Shanghai Hyperlink Market Research	PRC	—	—	69.78%	—	Provision of research service on products, advertisements and markets
Upper Step Holdings Limited	British Virgin Islands	—	—	69.78%	—	Distribution of economic investment, advertising and trade related information
Xinhua Finance Advertising Limited	British Virgin Islands	—	—	69.78%	—	Design, production and distribution of advertisements

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results or assets of the Group.