文化中國傳播集團有限公司*
CHINAVISION MEDIA GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1060)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR 2010

HIGHLIGHT

	2010	2009
	HK$'000	*HK$'000*
Total revenue		
Media related businesses	**403,996**	45,865
Cement business	**1,990**	343,070
	405,986	388,935
Gross profit	**220,562**	38,321
Profit (loss) before tax, finance costs and share-based payment expenses	**100,515**	(183,499)
Profit (loss) after tax, before finance costs and share-based payment expenses	**75,882**	(183,899)
Net profit (loss) attributable to owners of the Company	**13,662**	(225,296)
Basic earnings (loss) per share	**0.78 HK cents**	(16.73 HK cents)
Net asset value per share	**HK$0.38**	HK$0.24

During the year ended 31st December, 2010, the Group managed to turn around to achieve profitability with a turnover of approximately HK$406 million and a net profit of approximately HK$13.7 million. By excluding the non-cash expenses of effective interest expense on convertible notes and share options expense of HK$48.1 million, the profit attributable to the shareholders of the Company was HK$61.8 million. Such encouraging improvement demonstrates the success of the Group's vision and strategy since its extension into the media sector in the PRC in the third quarter of 2009.

* *For identification purpose only*

The board of directors (the "Board") of ChinaVision Media Group Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December, 2010 are as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Revenue	*3*	**405,986**	388,935
Cost of sales		**(185,424)**	(350,614)
Gross profit		**220,562**	38,321
Other income	*4*	**9,182**	36,081
Other gains and losses	*5*	**(607)**	6,522
Gain (loss) on disposal of subsidiaries	*19*	**26,406**	(202,425)
Distribution and selling expenses		**(45,308)**	(12,220)
Administrative expenses			
– share options expense		**(28,266)**	–
– other administrative expenses		**(104,817)**	(49,778)
		(133,083)	(49,778)
Other expenses		**(4,903)**	–
Finance costs			
– effective interest expense on convertible notes		**(19,877)**	–
– other finance costs		**(4,011)**	(35,158)
	6	**(23,888)**	(35,158)
Profit (loss) before taxation		**48,361**	(218,657)
Taxation charge	*7*	**(24,633)**	(400)
Profit (loss) for the year	*8*	**23,728**	(219,057)

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Profit (loss) for the year attributable to:			
Owners of the Company		**13,662**	(225,296)
Non-controlling interests		**10,066**	6,239
		23,728	(219,057)
		HK cents	*HK cents*
Earnings (loss) per share	*9*		
Basic		**0.78**	(16.73)
Diluted		**0.78**	(16.73)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2010

	2010	2009
	HK$'000	*HK$'000*
Profit (loss) for the year	**23,728**	(219,057)
Other comprehensive income and expense:		
Exchange difference arising on translation to presentation currency	**32,135**	(72)
Total comprehensive income and expense for the year	**55,863**	(219,129)
Total comprehensive income and expense attributable to:		
Owners of the Company	**44,026**	(225,368)
Non-controlling interests	**11,837**	6,239
	55,863	(219,129)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER, 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**29,764**	19,050
Goodwill	*10*	**213,378**	39,781
Intangible assets	*11*	**493,848**	8,001
Club debenture		**2,692**	2,591
Art work		**51,565**	8,780
Deposit paid for acquisition of property, plant and equipment		**–**	268
Deposit paid for acquisition of an associate		**–**	6,818
Other receivables	*12*	**3,165**	2,856
Other financial asset		**–**	34,091
Deferred tax assets	*16*	**1,818**	–
		796,230	122,236
Current assets			
Inventories		**1,015**	–
Film rights		**16,309**	59,114
Held for trading investments		**49,959**	57,822
Trade and other receivables, deposits and prepayments	*12*	**398,948**	100,289
Amounts due from non-controlling interests		**786**	756
Bank balances and cash		**141,342**	126,671
		608,359	344,652

	Notes	2010 HK$'000	2009 HK$'000
Current liabilities			
Trade and other payables and deposits received	*13*	**159,170**	32,241
Amount due to a non-controlling interest		**741**	682
Amount due to a joint venture partner		**2,082**	–
Tax liabilities		**31,756**	7,891
Borrowings due within one year		**32,618**	17,081
		226,367	57,895
Net current assets		**381,992**	286,757
Total assets less current liabilities		**1,178,222**	408,993
Capital and reserves			
Share capital		**484,398**	370,398
Reserves		**242,971**	(10,809)
Equity attributable to owners of the Company		**727,369**	359,589
Non-controlling interests		**38,182**	45,737
Total equity		**765,551**	405,326
Non-current liabilities			
Convertible notes issuable	*14*	**30,000**	–
Convertible notes	*15*	**280,362**	–
Deferred tax liabilities	*16*	**102,309**	3,667
		412,671	3,667
		1,178,222	408,993

Notes:

1. **BASIS OF PREPARATION**

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

2. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**

In the current year, the Group has applied the following new and revised standards and interpretations issued by the HKICPA.

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

Except as described below, the application of the new and revised standards and interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

HKFRS 3 (as revised in 2008) Business combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1st January, 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for the acquisitions of 北京永聯信通科技有限責任公司 (in English, Youline Technology Company Limited) ("Youline Technology"), Prefect Strategy International Limited ("Prefect Strategy") and Main City Limited ("Main City") in the current year.

- HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in the consolidated income statement. There has had no material effect on the consolidated financial statements for the above changes.

- HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, as a result, the Group has recognised HK$4,903,000 of such costs as an expense in the consolidated income statement as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

HKAS 27 (as revised in 2008) Consolidated and separate financial statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, the revised standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, the excess or deficit of the cost of acquisition over the carrying amounts of net assets acquired is recognised as goodwill or a bargain purchase gain for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the net assets of the non-controlling interests disposed was recognised in the consolidated income statement. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or consolidated income statement.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the day control is lost. The resulting difference is recognised as a gain or loss in the consolidated income statement.

These changes have been applied prospectively from 1st January, 2010 in accordance with the relevant transitional provisions.

The application of the revised standard has affected the accounting for the Group's acquisition of additional interest in 西安金鼎影視文化有限公司 (in English, Xian Jinding Film, Television and Culture Company Limited) ("Xian Jinding") in the current year. The change in policy has resulted in the difference of HK$5,288,000 between the consideration paid of HK$9,445,000 and the non-controlling interests derecognised of HK$4,157,000 being recognised directly in equity, instead of being capitalised as goodwill. Therefore, the change in accounting policy has resulted in a decrease in goodwill of HK$5,288,000. There has had no impact on the consolidated income statement for the current and prior years.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[3]
HKFRS 9	Financial instruments[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 24 (as revised in 2009)	Related party disclosures[6]
HKAS 32 (Amendments)	Classification of rights issues[7]
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[2]

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

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

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

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the consolidated income statement. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to the consolidated income statement. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in the consolidated income statement.

HKFRS 9 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31st December, 2013 and the application of the new standard may have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities.

The directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for goods sold or services rendered by the Group to outside customers, less discount and related taxes for the year, and is analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
Production and distribution of film rights	**186,173**	45,752
Mobile game subscription income	**1,687**	113
Income from mobile value-added services	**10,416**	–
Mobile TV subscription income	**4,487**	–
Newspaper distribution	**28,332**	–
Advertising agency	**143,152**	–
Other agency services income	**19,424**	–
Sales of cement	**1,990**	272,017
Sales of clinker	**–**	71,053
Others	**10,325**	–
	405,986	388,935

Information reported to the board of directors of the Group, being the chief operating decision makers ("CODM"), for the purpose of resource allocation and assessment of segment performance focuses on business natures because the CODM has chosen to organize the Group around differences in business activities. The Group has eight operating and reportable segments of (i) to (viii) and are as follows:

(i)	Production and distribution of film rights	–	production and distribution of film rights over films and television programmes
(ii)	Mobile game subscription	–	development and distribution of mobile games in the PRC
(iii)	Mobile value-added services	–	provision of personalised information and entertainment services to mobile handset users in the PRC
(iv)	Mobile TV subscription	–	development and distribution of mobile television in the PRC
(v)	Advertising agency and newspaper distribution	–	circulation and subscription of newspapers of Beijing Times and newspaper advertising agency on Beijing Times in the PRC
(vi)	Other agency services	–	acting as advertising intermediary and organising cultural and artistic exchange activities
(vii)	Sales of cement	–	sales of cement in the PRC
(viii)	Securities trading and investments	–	trading of securities in Hong Kong

(ix) All other segments – sales and distribution of newspapers and magazines other than Beijing Times, sales of bottled water, TV programmes packaging services income and others in the PRC. None of these segments has even met any of the quantitative thresholds for determining reportable segments

The segments under (iii), (iv), (v), (vi) and (ix) above are the new operating segments upon completion of acquisitions of subsidiaries during the year ended 31st December, 2010. The segment under (v) above is operated through a jointly controlled entity. The segment under (iv) above is the new operating segment engaged by the Group through establishment of a jointly controlled entity during the year ended 31st December, 2010.

(1) Segment revenue and results

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

	Production and distribution of film rights	Mobile game subscription	Mobile value-added services	Mobile TV subscription	Advertising agency and newspaper distribution	Other agency services	Sales of cement	Securities trading and investments	Operating segment total	All other segments	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31st December, 2010											
Segment revenue	186,173	1,687	10,416	4,487	171,484	19,424	1,990	–	395,661	10,325	405,986
Segment results	72,056	(5,541)	2,002	(4,240)	30,579	15,518	43	(10,273)	100,144	4,874	105,018
Unallocated interest income and net exchange gains											7,370
Corporate administrative expenses and share option expenses											(62,768)
Change in fair value of convertible notes issuable											(4,582)
Gain on disposal of subsidiaries											26,406
Finance costs											(23,083)
Profit before taxation											48,361

	Production and distribution of film rights	Mobile game subscription	Sales of cement and clinker	Securities trading and investments	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31st December, 2009					
Segment revenue	45,752	113	343,070	–	388,935
Segment results	5,032	(838)	12,364	4,684	21,242
Unallocated interest income and net exchange gains					23,421
Loss on disposal of subsidiaries					(202,425)
Corporate administrative expenses					(26,539)
Finance costs					(34,356)
Loss before taxation					(218,657)

All of the segment revenue reported above is from external customers.

Segment results represent the profit (loss) generated or incurred by each segment without allocation of interest income, net exchange gains, corporate administrative expenses, share option expense, finance costs other than margin loan, change in fair value of convertible notes issuable and gain (loss) on disposal of subsidiaries. This is the measure reported to the board of directors for the purpose of resource allocation and performance assessment.

(2) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment.

	Production and distribution of film rights	Mobile game subscription	Mobile value-added services	Mobile TV subscription	Advertising agency and newspaper distribution	Other agency services	Sales of cement	Securities trading and investments	Operating segment total	All other segments	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31st December, 2010											
Segment assets	**347,815**	**10,691**	**35,271**	**67,767**	**668,229**	**16,892**	**1,125**	**49,959**	**1,197,749**	**3,391**	**1,201,140**
Property, plant and equipment – corporate											**4,311**
Art work											**51,565**
Other receivables and deposits											**3,964**
Bank balances and cash											**141,342**
Prepayments											**449**
Deferred tax assets											**1,818**
Consolidated assets											**1,404,589**
Segment liabilities	**35,872**	**259**	**3,948**	**22,739**	**73,160**	**5,213**	**1,070**	**32,618**	**174,879**	**2,762**	**177,641**
Other payables and deposits received											**14,147**
Amount due to a non-controlling interest											**741**
Amount due to a joint venture partner											**2,082**
Tax liabilities											**31,756**
Convertible notes issuable											**30,000**
Convertible notes											**280,362**
Deferred tax liabilities											**102,309**
Consolidated liabilities											**639,038**

	Production and distribution of film rights	Mobile game subscription	Sales of cement and clinker	Securities trading and investments	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31st December, 2009					
Segment assets	216,175	12,254	1,631	57,822	287,882
Property, plant and equipment – corporate					3,113
Deposit paid for acquisition of an associate					6,818
Other receivables and deposits					41,794
Bank balances and cash					126,671
Prepayments					610
Consolidated assets					466,888
Segment liabilities	20,245	170	1,607	17,081	39,103
Other payables and deposits received					10,219
Amount due to a non-controlling interest					682
Tax liabilities					7,891
Deferred tax liabilities					3,667
Consolidated liabilities					61,562

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment for corporate use, art work, deposit paid for acquisition of an associate, certain other receivables and deposits, certain prepayments, bank balances and cash and deferred tax assets, for which the Group's management monitored and managed all these assets on a group basis; and

- all liabilities are allocated to operating segments other than certain other payables and deposits received, amount due to a non-controlling interest, amount due to a joint venture partner, tax liabilities, convertible notes issuable, convertible notes and deferred tax liabilities, which for the Group's management monitored and managed all these liabilities on a group basis.

4. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Interest income	**2,751**	22,551
Refund of value-added tax *(note a)*	**–**	9,979
Refund of business tax *(note b)*	**6,050**	2,419
Sundry income	**381**	1,132
	9,182	36,081

Notes:

(a) The PRC government authorities granted a tax incentive to a subsidiary in the PRC by way of value-added tax refund for cement and clinker sold by the Group in the PRC.

(b) The PRC government authorities granted a tax incentive to a subsidiary in the PRC by way of business tax refund for film rights sold by the Group in the PRC.

5. OTHER GAINS AND LOSSES

	2010	2009
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**(36)**	(198)
Net foreign exchange gains	**4,619**	870
Bad and doubtful debts recovered	**–**	381
Allowance for bad and doubtful debts	**(90)**	(233)
Gain on disposal of other financial asset	**9,007**	–
Change in fair value of convertible notes issuable	**(4,582)**	–
Change in fair value of held for trading investments *(note)*	**(9,525)**	5,702
	(607)	6,522

Note: The amount includes net realised gain of approximately HK$369,000 (2009: HK$2,060,000) on disposal of held for trading investments and unrealised loss of approximately HK$9,894,000 (2009: unrealised gain on HK$3,642,000) on change in fair value of held for trading investments.

6. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings wholly repayable within five years	**4,011**	7,926
Effective interest expense on convertible notes *(note 15)*	**19,877**	–
Imputed interest on interest-free amount due to a non-controlling interest	**–**	18
Other borrowing costs	**–**	27,214
	23,888	35,158

7. TAXATION CHARGE

	2010	2009
	HK$'000	*HK$'000*
Current tax		
– PRC Enterprise Income Tax	**(29,116)**	(5,902)
– Overprovision in prior year	**–**	3,736
	(29,116)	(2,166)
Deferred tax *(note 16)*		
– current year	**4,483**	1,766
Taxation charge	**(24,633)**	(400)

No provision for Hong Kong Profits Tax has been made as the group companies operating in Hong Kong do not have any assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards.

The PRC Enterprise Income Tax is calculated at the rates applicable to respective subsidiaries. In accordance with the tax legislations applicable to foreign investment enterprises, one of the subsidiaries in the PRC was entitled to exemption from the PRC Enterprise Income Tax for two years starting from its first profit making year, followed by a 50% relief from the PRC Enterprise Income Tax for the following three years. The subsidiary can continue to entitle such tax concession according to the EIT Law and the charge of the PRC Enterprise Income Tax for the year has been provided for after taking these tax incentives into account. The first profit making year of this subsidiary was 2007. During the year ended 31st December, 2009, the subsidiary was disposed of.

8. PROFIT (LOSS) FOR THE YEAR

	2010	2009
	HK$'000	*HK$'000*
Profit (loss) for the year has been arrived at after charging:		
Auditor's remuneration	**1,916**	2,047
Film rights recognised as an expense included in cost of sales	**82,060**	29,620
Cost of inventories recognised as an expense	**38,218**	320,994
Amortisation of mining right (included in administrative expenses)	**–**	122
Amortisation of intangible assets (included in cost of sales)	**10,113**	–
Depreciation of property, plant and equipment	**7,710**	21,384
Total amortisation and depreciation	**17,823**	21,506
Release of prepaid lease payments on land use rights	**–**	311
Rental payments for premises under operating leases	**12,369**	2,436
Rental payments for plant and machinery under operating leases	**–**	412
Research and development costs recognised as an expense (included in administrative expenses)	**–**	382
Staff costs inclusive of directors' emoluments (excluded share options expense)	**72,631**	33,823

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on the following information:

	2010	2009
	HK$'000	*HK$'000*
Earnings (loss)		
Profit (loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	**13,662**	(225,296)

	2010	2009
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**1,750,656,324**	1,346,683,584
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**7,883,027**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,758,539,351**	1,346,683,584

For the year ended 31st December, 2010, no adjustment is made in relation to the Company's outstanding convertible notes as their assumed conversion would increase the earnings per share after taking into account of the effect of effective interest. For the year ended 31st December, 2009, the Company has no convertible notes.

For the year ended 31st December, 2009, the computation of diluted loss per share does not assume the issue of contingent consideration shares for the acquisition of Xian Jinding since their issuance would result in a decrease in loss per share.

10. GOODWILL AND IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

Goodwill

	HK$'000
COST	
At 1st January, 2009	83,618
Arising on acquisition of subsidiaries	39,781
Eliminated on disposal of subsidiaries	(83,618)
At 31st December, 2009	39,781
Exchange adjustments	**8,001**
Arising on acquisition of subsidiaries *(note 18)*	**166,568**
Eliminated on disposal of subsidiaries *(note 19(b))*	**(972)**
At 31st December, 2010	**213,378**
IMPAIRMENT	
At 1st January, 2009	14,139
Eliminated on disposal of subsidiaries	(14,139)
At 31st December, 2009 and **31st December, 2010**	**–**
CARRYING VALUES	
At 31st December, 2010	**213,378**
At 31st December, 2009	39,781

For the purpose of impairment testing, goodwill and intangible assets with indefinite useful life have been allocated to individual cash-generating units (CGUs), including two subsidiaries in film production and distribution ("Entertainment"), one subsidiary in mobile games development and distribution segment ("Game"), one subsidiary in mobile value-added services segment ("Moble value-added") and one jointly controlled entity in advertising agency and newspaper distribution segment ("Advertising and newspaper"). The carrying amounts of goodwill and intangible assets with indefinite useful life as at 31st December, 2010 and 2009 allocated to these units are as follows:

	2010		2009
	Goodwill *HK$'000*	**Intangible assets with indefinite useful life** *HK$'000*	Goodwill *HK$'000*
Entertainment (Unit A)	**–**	**–**	972
Entertainment (Unit B)	**36,286**	**–**	34,926
Game (Unit C)	**4,034**	**–**	3,883
Mobile value-added (Unit D)	**19,084**	**–**	–
Advertising and newspaper (Unit E)	**153,974**	**421,851**	–
	213,378	**421,851**	39,781

During the year ended 31st December, 2010, the directors of the Company determined that there was no impairment of goodwill and intangible assets with indefinite useful life allocated to any of its CGUs.

11. INTANGIBLE ASSETS

	Licenses	Mobile game platform	Mobile game	Advertising and distribution rights	Broad-casting right	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST						
At 1st January, 2009	–	–	–	–	–	–
Acquired on acquisition of a subsidiary	–	2,107	5,894	–	–	8,001
At 31st December, 2009	–	2,107	5,894	–	–	8,001
Exchange adjustments	**397**	**82**	**257**	**15,820**	**2,338**	**18,894**
Additions	**–**	**–**	**1,233**	**10,998**	**60,000**	**72,231**
Acquired on acquisition of subsidiaries	**10,195**	**–**	**–**	**395,033**	**–**	**405,228**
At 31st December, 2010	**10,592**	**2,189**	**7,384**	**421,851**	**62,338**	**504,354**
AMORTISATION						
At 1st January, 2009 and 31st December, 2009	–	–	–	–	–	–
Exchange adjustments	**88**	**21**	**143**	**–**	**141**	**393**
Charge for the year	**2,266**	**527**	**3,684**	**–**	**3,636**	**10,113**
At 31st December, 2010	**2,354**	**548**	**3,827**	**–**	**3,777**	**10,506**
CARRYING VALUES						
At 31st December, 2010	**8,238**	**1,641**	**3,557**	**421,851**	**58,561**	**493,848**
At 31st December, 2009	–	2,107	5,894	–	–	8,001

The above intangible assets relate to development costs which have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Licenses	3 years
Mobile game platform	5 years
Mobile game	2 years
Broadcasting right	3 years

The advertising and distribution rights of Beijing Times were obtained by the Group through acquisition of subsidiaries, Prefect Strategy and Main City during the year. The advertising and distribution rights are held by JingHua Culture Media Company Limited ("JingHua Culture"), a jointly controlled entity of the Group. The advertising and distribution rights are considered by the management of the Group as having an indefinite useful life because it is expected to contribute net cash inflows to the Group indefinitely. The advertising and distribution rights will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Details of impairment testing are set out in note 10.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**204,746**	51,910
Less: Allowance for bad and doubtful debts for trade receivables	**(3,026)**	(2,913)
	201,720	48,997
Receivable for disposal of a subsidiary *(note 19(b))*	**17,420**	–
Amount receivable from a former subsidiary *(note 19(b))*	**45,538**	–
Receivable for disposal of other financial asset *(note)*	**40,142**	–
Other receivables and deposits	**37,932**	54,846
Less: Allowance for bad and doubtful debts for other receivables and deposits	**(2,405)**	(2,242)
	138,627	52,604
Prepayment for purchase of inventories	**24,468**	–
Other prepayments	**7,842**	1,544
Amount due from a joint venture partner	**29,456**	–
Total trade and other receivables, deposits and prepayments	**402,113**	103,145
Analysed as		
Current	**398,948**	100,289
Non-current	**3,165**	2,856
	402,113	103,145

Note: The amounts are unsecured, interest-free and repayable on demand.

Trade receivables

Trade receivables consist of receivables from debtors arising from production and distribution of film rights segment and other business segments analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
Production and distribution of film rights	**144,821**	47,355
Other business segments	**56,899**	1,642
	201,720	48,997

For the production and distribution of film rights segment, according to certain sales contracts signed with customers who usually pay upfront deposits after obtaining the master copies of films or TV drama, they are required to settle the remaining balance when the relevant films or TV drama are broadcasted, which is normally within 2 years. In the opinion of the directors, these trade receivables are not considered as past due. However, the directors will assess whether allowance on these receivables is necessary on a regular basis after considering (i) the reputation and historic trading history of these customers; (ii) the market situations that lead to delay of broadcasting; and (iii) subsequent settlement.

The following is an aged analysis of trade receivables net of allowance for doubtful debts for production and distribution of firm rights segment presented based on the delivery date at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
0-90 days	**60,155**	5,784
91-180 days	**429**	39,585
181-365 days	**53,536**	1,986
Over 365 days	**30,701**	–
	144,821	47,355

The following is an aged analysis of trade receivables net of allowance for doubtful debts for other business segments presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
0 – 90 days	**34,259**	–
91 – 180 days	**19,751**	1,642
181 – 365 days	**2,889**	–
	56,899	1,642

The Group has a policy of allowing its trade customers from all business segments other than production and distribution of film rights segment credit periods normally ranging from 120 days to 1 year. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits granted to customers are reviewed regularly. All trade receivables were neither past due nor impaired and have good historical settlement record for both years.

13. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The following is an aged analysis of trade and other payables presented based on the invoice date at the reporting date:

	2010	2009
	HK$'000	*HK$'000*
0 – 90 days	**41,064**	1,806
91 – 180 days	**3,164**	–
181 – 365 days	**3,060**	–
Over 1 year	**1,162**	1,573
	48,450	3,379
Advance payments from customer	**30,039**	–
Other tax payable	**17,792**	2,765
Accrued staff costs	**9,442**	3,401
Payable for purchase of broadcasting right	**16,000**	–
Other payables, deposits received and accrued charges	**34,075**	13,609
Amounts due to related companies	**3,372**	9,087
	159,170	32,241

The average credit period on purchase of goods is normally ranging from 120 days to 210 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

14. CONVERTIBLE NOTES ISSUABLE

The balance represented the estimated fair value of contingent consideration at the end of the reporting period arising from the acquisition of Main City. For details, please refer to note 18(b).

Based on the relevant agreement, the Group is required to issue an additional amount of convertible note of the Company amounting to a principal amount of HK$30,000,000 (the "Additional CB") to the vendor if Beida Culture's profit after taxation in the year 2010 exceeds HK$50,000,000 (the "Condition").

Due to the Condition has been fulfilled as at 31st December, 2010, the obligation of the issuance of the Additional CB was established. The directors of the Company were of the opinion that the fair value of the convertible notes issuable as at 31st December, 2010 approximates HK$30,000,000, the fair value of the Additional CB as of 30th March, 2011.

The Additional CB will comprise of liability and equity component. The fair value of the liability component of the Additional CB was calculated as the present value of the coupon payments and the redemption amount. The discount rate used in the calculation was the cost of debt applicable to the Company. The fair value of the equity component is estimated using Binomial model. The aggregated fair value of the liability and equity component of the Additional CB as at 30th March, 2011 approximates HK$30,000,000.

15. CONVERTIBLE NOTES

Pursuant to the equity transfer agreements mentioned in note 18(b), the Company issued two zero coupon convertible notes which have an aggregate principal amount of HK$470,000,000 on 3rd June, 2010. The first convertible note ("CB1") amounting to HK$350,000,000 will be matured in 3 years after the date of issue. The second convertible note ("CB2") amounting to HK$120,000,000 will be matured in 5 years after the date of issue. The convertible notes are denominated in Hong Kong dollar (HK$). The convertible notes entitle the note holders to convert them into shares of the Company at any time within 3 years (for CB1) or 5 years (for CB2) from the date of issue of the convertible notes, at the conversion price per share of HK$1.2 for CB1 or HK$1 for CB2 respectively, subject to anti-dilutive clauses. In addition, the note holders shall exercise its conversion rights in relation to all outstanding amount of the convertible notes if (i) the market closing price of the Company's shares on the Stock Exchange shall for 10 consecutive trading days be more than HK$1.5 per share; and (ii) the Company shall have given to the note holders within 7 business days written notice of compulsory conversion requiring the note holders to exercise its conversion rights in relation to all outstanding amount of the convertible notes regardless of the 15% issued share capital restriction set out in the convertible notes under any circumstance.

The convertible notes contain two components, liability (together with embedded derivative for conversion right by the Company which is closely related to the host debt) and equity elements. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts and the fair value of the conversion option for the note holders to convert the notes into equity which is included in equity (convertible notes equity reserve) is determined using the Binomial Model.

The movement of the liability component of the convertible notes for the year is set out below:

	Principal amount	**Carrying amount**
	HK$'000	*HK$'000*
At 1st January, 2010	–	–
Exchange adjustments	–	(200)
Issuance of convertible notes	470,000	333,991
Interest charged *(note 6)*	–	19,877
Conversion of CB2 to ordinary shares	(120,000)	(73,306)
At 31st December, 2010	**350,000**	**280,362**

On 6th August, 2010, CB2 was fully converted into shares of the Company.

16. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2010	2009
	HK$'000	*HK$'000*
Deferred tax assets	**(1,818)**	–
Deferred tax liabilities	**102,309**	3,667
	100,491	3,667

At the end of the reporting period and during the year, deferred tax liabilities (assets) have been recognised in respect of the temporary differences attributable to the following:

	Intangible assets	Accelerated tax depreciation	Allowance for doubtful debts	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January, 2009	–	33,027	(4,790)	682	28,919
Credit to consolidated income statement for the year	–	(1,496)	–	(270)	(1,766)
Acquisition of subsidiaries	2,000	–	–	1,937	3,937
Disposals of subsidiaries	–	(31,531)	4,790	(682)	(27,423)
At 31st December, 2009	**2,000**	**–**	**–**	**1,667**	**3,667**
Credit to consolidated income statement for the year	**(3,650)**	**–**	**–**	**(833)**	**(4,483)**
Acquisition of subsidiaries	**101,307**	**–**	**–**	**–**	**101,307**
At 31st December, 2010	**99,657**	**–**	**–**	**834**	**100,491**

Starting from 1st January, 2008, the tax law of the PRC requires payment of withholding tax upon the distribution of profits earned by the PRC subsidiaries to the foreign shareholders. Deferred tax has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to such profits amounting to approximately HK$122,714,000 (2009: HK$23,281,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At 31st December, 2010, the Group had estimated unused tax losses of HK$183,720,000 (2009: HK$183,706,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. During the year ended 31st December, 2009, the unused tax losses of HK$11,411,000 were eliminated on disposal of subsidiaries. At 31st December, 2010 and 2009, the unused tax losses can be carried forward indefinitely.

17. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme") was adopted by the shareholders of the Company pursuant to a resolution passed on 23rd May, 2002 for the primary purpose of providing the executives and employees in the services of any member of the Group and other persons who have contributed or will contribute to the Group with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Scheme will expire on 22nd May, 2012.

During the year ended 31st December, 2010, aggregate share options of 147,910,000 (2009: nil) were granted to certain employees, senior management, directors and consultants on 18th March, 2010 and 4th May, 2010. Both share options granted will have 1/3, issued options vested after 1, 2 and 3 years, respectively of continuous employment/service of the grantee with the Group commencing from 23rd April, 2009 or other date of grantee's commencement of employment/service with the Group whichever is later. The validity period of the share options shall not be more than 10 years from the date of grant. None of these were exercised nor forfeited as at 31st December, 2010.

In the opinion of the directors, the consultancy services rendered by the consultants are similar to those rendered by the employees. Therefore, the fair value of the share options granted to the consultants was measured by the same accounting policies as that of the employees in accordance with HKFRS 2. During the year ended 31st December, 2010, the fair value of the share options granted to the consultants of HK$9,698,000 has been charged to the consolidated income statement.

The fair values of the options determined at the dates of grant of 18th March, 2010 and 4th May, 2010 using the Binomial Model were HK$33,456,217 and HK$11,585,211 respectively.

18. ACQUISITION OF SUBSIDIARIES

(a) On 1st February, 2010, the Group acquired 100% voting power in Youline Technology for a consideration of HK$26,162,000. Youline Technology is principally engaged in the provision of personalised information and entertainment services to mobile handset users via the internet and other modern telecom technologies in the form of value-added services business and was acquired with the objective of developing the Group into a modern and innovative media enterprise.

(b) On 1st May, 2010, the Group acquired the entire issued share capital of Prefect Strategy and Main City which have indirect control and an effective interest of 100% in Beida Culture which in turn, holds 50% equity interest in JingHua Culture, a jointly controlled entity for an aggregate consideration of HK$619,000,000 which was partly settled by cash of HK$119,000,000 and partly by the issuance of convertible notes in the principal amount of HK$500,000,000 by the Company, including the convertible notes of the Company with principal amount of HK$30,000,000 to be issued to the vendor of Main City if the guaranteed Beida Culture's profit after taxation for the year ended 31st December, 2010 of HK$50,000,000 can be met pursuant to the agreement. Prefect Strategy and Main City were acquired so as to allow the Group to penetrate into the newspaper and advertising market.

19. DISPOSAL OF SUBSIDIARIES

(a) On 20th August, 2010, the Company entered into a share transfer agreement (the "Share Transfer Agreement") with an independent third party. Pursuant to the Share Transfer Agreement, the independent third party agreed to purchase and the Company agreed to sell, the entire issued share capital of Power Progress Limited ("Power Progress"), an investment holding company, for a cash consideration of HK$2,000,000. The disposal was completed on 30th August, 2010, on which date control of Power Progress passed to the acquirer.

(b) On 3rd December, 2010, the Company entered into a share transfer agreement (the "Share Transfer Agreement") with an independent third party. Pursuant to the Share Transfer Agreement, the independent third party agreed to purchase and the Company agreed to sell, 75% issued share capital of Zhong Sheng Qian Li for a cash consideration of RMB5,500,000 equivalent to approximately HK$6,494,000 and a deferred cash consideration of RMB14,755,000 equivalent to approximately HK$17,420,000 paid on or before 28th February, 2011. The disposal was completed before 31st December, 2010, on which date control of Zhong Sheng Qian Li passed to the acquirer.

The directors of the Company considers that the disposal of subsidiary is in the best interest of the Company as a whole.

20. EVENTS AFTER THE REPORTING PERIOD

On 27th January, 2011, the Group entered into a conditional subscription agreement pursuant to which the Group has conditionally agreed to subscribe for and Super Sports Media Inc. (the "Issuer") has conditionally agreed to allot and issue to the Group the subscribed preferred shares entitling the Group to convert into ordinary shares representing 26.09% of the equity interests in the Issuer on an as-converted and fully diluted basis for a consideration of US$15,000,000 (equivalent to approximately HK$117,000,000). The acquisition has been completed at the date these consolidated financial statements were authorised for issue.

CHAIRMAN'S STATEMENT

I am pleased to share with you our progress in developing our businesses in print media, mobile new media and television and film operations in 2010, the major revolutions and the results of the Company as well as our strategic focus and business planning in the future.

The economy and cultural industry in the PRC have experienced rapid growth. In its Twelfth Five-Year Plan, the Chinese Government has also declared that the cultural industry is becoming one of the pillars of the PRC economy. In fact, the cultural industry's rocketing expansion in recent years is making it one of the most dynamic sectors offering outstanding potential. At this initial stage of the Twelfth Five-Year Plan, the cultural industry is set to enter a new era growing even more rapidly while undergoing sweeping changes and greater achievements. Against the backdrop of supportive Government policies for the cultural and creative industry, the Group intends to continue expanding all its core businesses.

Print media business

In first-tier cities within the PRC such as Beijing and Shanghai, JingHua Culture, our print media business, continued to show strong growth momentum thanks to the continuous expansion of the use of advertisements. In the newspaper market in Beijing, advertisers tend to gravitate to the leading newspapers such as *Beijing Times*. Branding advertisements need print media to reflect its value while property and motor vehicle advertisements tend to rely even more heavily on newspaper advertisements in their marketing efforts. Growth in the higher end of advertisements shows the competitiveness of our newspaper advertising business and the growth potential of the newspaper industry.

Advertisements in the *Beijing Times* are principally for motor vehicles, fast moving consumer products, home appliances and new generation digital products. Stunning growth was recorded in the operating results of our advertising business in 2010, which was at the front of the overall growth trend exhibited by the newspaper industry in Beijing. Motor vehicle advertisements increased twofold, while property advertising underwent notable growth and is expected to further increase during 2011. *Beijing Times* has established a stylish business division which will help it expand its share in the high-end advertisement market.

2011 marks the 10th anniversary of *Beijing Times*. The newspaper is planning to launch a series of brand promotion activities based on its core strength in "credibility, influence and communication". One such noteworthy event includes invitations to more than 30 of the most influential TV and film stars, celebrities in the cultural industry and business leaders in the PRC to film a charitable brand advertisement "A Brilliant Decade for Beijing Times (京華時報華彩十年)" which will be broadcast across the country. This specialty promotion will also enhance the leading influence of *Beijing Times* as a popular mainstream media brand.

The JingHua Website of Beijing Times has been revamped and has established a new online version with an aim to build a new comprehensive digital media platform. To achieve this aim a new "siheyuan" concept is being created to build up a Beijing community forum. JingHua mobile new media is to offer e-book reader, mobile newspaper, e-newspaper, Hyun reading, and reading materials for both iPad and iPhone users. The new edition of "JingHua Weekly", an integrated magazine, has also been launched and targets the mid-range to high-end readers.

As announced on 30th December, 2010, the Group has started the preparatory efforts for the A-share listing of JingHua Culture in Mainland China. The listing of JingHua Culture is expected to bring in new capital and enhance its shareholding structure, which will pave the way to enrich its media resources. This will provide a solid foundation for JingHua Culture to develop into a multi-media company that encompasses print media, mobile new media and film and TV media. This will be Beijing Times the most favorable in the years after the founding of the major events.

The Group will continue to expand its print media business while enhancing the synergies among the operations and businesses of its various publications, and consolidate its media resources with the aim of providing comprehensive advertising and marketing services to its customers.

Mobile new media business

Following the rapid development of the mobile internet in the PRC, the Group is leveraging its strength in media resources as well as sales and marketing to actively develop new media business with an aim to satisfy the entertainment needs in the digital media era. Mobile TV, mobile game and mobile value-added services are regarded as new and innovative business in the mobile new media sector. The Group managed to develop these new businesses within a short period of time and gained a huge number of subscribers laying down the foundation for future satisfactory results. For the year ended 2010, the Group has satisfactorily met the budgets for operating mobile TV, mobile games and mobile value-added services. Currently, it is working on strengthening the partnership with telecommunications operators, while further developing the mobile TV, mobile game and mobile value-added services and promoting mobile reading business.

In recent years, mobile TV has been developing rapidly along with the continuous upgrading and optimisation of mobile network functionality and mobile terminals. China's three largest telecom operators have devoted significant resources in developing mobile TV since 2010. China Mobile's revenue derived from mobile TV services recorded a year-on-year increase of 200% in 2010, and is expected to grow a further 100% during 2011. The Group's mobile TV applications have been provided to the three largest telecom operators and are now available on the mobile platforms of mainstream players including Symbian, Android and iPhone, among others. Currently, this mobile TV segment has established a strong platform for content generation, technological development, operational maintenance and marketing and promotion. Three major indicators have recorded encouraging growth in December 2010 over June of the same year. Total income is up nearly 200%, the number of monthly subscribers has also expanded by 200% and the number of users is over 200% higher. Stepping into 2011, strong growth momentum has been maintained, with television film and drama and entertainment programmes particularly well received by users. The Group also tendered for China Unicom's vertical column of mobile TV and obtained the operating rights to provide TV drama and live programming.

The development of 3G has improved the operational environment of mobile games as is shown in the enormous and still expanding user base. As at the fourth quarter of 2010, the number of mobile game users in the PRC reached 135 million and the market scale grew to RMB3.3 billion. To enrich the content and improve the quality of games, the Group is developing exciting new mobile games including "Twin Castle 2" and "玄境OL". "玄境OL" is a multiplayer online role-playing game that offers users a unique interactive experience via its user-friendly touchscreen application. Current plans are to begin marketing "玄境OL" in June 2011.

Leading-edge mobile digital reading devices such as smartphones, tablet PCs and e-book readers are gaining popularity, as people are changing their reading habits, leading the numbers of digital readers growing rapidly. Mobile reading presents a brand new publication model, which allows users to download the content directly so they can read anywhere and anytime. The Group has integrated a wide variety of reading content and is formatting it into China Mobile's e-reading base to meet different reading preferences of users.

The collaboration between the Group's film and television drama business and mobile new media business units has generated positive synergies in operations. Television dramas have become popular mobile viewing content. Mobile games have been developed based on the story adaptation of the television dramas of the same name. Television drama contents have also become popular broadcast programmes on mobile TV. Such synergies are expanding and will bring more benefits to the Group.

Television and film business

The television and film business has enjoyed a very handsome return on investment contributing substantial income to the Group. Riding on the motto of "Building a strong brand; Producing outstanding dramas", in 2011, the Group will pursue further excellence in terms of screenwriter, director and artist selection and will invest in two to three new television drama series. "智者無敵", a series of "英雄無敵系列" produced by the Group in 2010, has been selected as a major drama presentation to be broadcasted during the period commemorating the anniversary of founding of the Communist Party of China in July this year. Several mainstream satellite television and popular online TV channels have signed contracts with the Group for the broadcast of this television series even before actual production. "智者無敵" will be available for viewing on traditional TV channels, new multi-media network and mobile TV while its content will be published through print media in order to maximize the synergies effect. "智者無敵" will be the first television drama that can be viewed in four different media channels.

Prospect

Looking at 2011, the Group will enhance the marketing and resources consolidation of the mobile new media businesses and leverage its core competitiveness in mobile TV, mobile games and other new media businesses in order to reinforce synergies among its television and film, print media and new media businesses. Through the close cooperation between the teams of each business division, we are set to develop cohesion within the Group and flourish economies of scale in a bid to boost the rapid growth of its digital mobile new media business.

FINANCIAL RESULTS

For the year ended 31st December, 2010, the Group recorded a turnover of HK$405,986,000 and achieved a net profit attributable to the shareholders of the Company of HK$13,662,000, as compared to a turnover and net loss of HK$388,935,000 and HK$225,296,000 respectively primarily resulted from the distribution and manufacturing of cement and clinker in 2009. Excluding the non-cash effective interest expense on convertible notes and share options expense of HK$48,143,000 for the year ended 31st December, 2010, the net profit attributable to the shareholders of the Company for the year ended 31st December, 2010 is HK$61,805,000.

Earnings per share (basic) of the Group for the year ended 31st December, 2010 is HK0.78 cents (2009: loss per share was HK16.73 cents) and the net asset value attributable to owners of the Company per share is HK$0.38 (2009: HK$0.24).

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31st December, 2010 (2009: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The "Cultural Industry Promotion Plan" (文化產業振興規劃) of the State Council and "The Guidance re Financial Support of Cultural Industries and Revitalisation and Development and Prosperity" (關於金融支持文化產業振興和發展繁榮的指導意見) pronouncement jointly issued by nine ministries and commissions demonstrates the strategic importance the state placed on the cultural industry. In a session "Push Forward the Reform of the Cultural System" (深入推進文化體制改革) held in July 2010, the Central Government advanced four major strategies: "Guidance to quicken innovation and reform of the cultural system, establish a public cultural service system, quicken the development of the cultural industry, and strengthen the creation and production of cultural products" for attainment of the mission.

With the supportive policy direction reiterated in the Twelfth Five-Year Plan by the Chinese Government, the cultural industry in the PRC has experienced rapid growth. The Group has managed to successfully seize the opportunity and achieved significant progress in print media business, mobile new media business and the television and film business during the year under review. A majority of these businesses were carried out in the PRC. Apart from these media related businesses, the Group was also engaged in the securities trading and investments, and distribution of cement business.

In addition to the favourable Government policies towards the cultural industry, the Group also gained support from the financial and film industries. In June 2010, the Group secured a RMB1 billion credit facility from the Bank of Beijing for the development of its core cultural businesses covering the television drama and film production, newspaper media as well as operation of new media businesses. This is by far the largest credit facility granted to a privately held listed company in the cultural industry by a local bank. In the same month, China Film Group Corporation ("CFGC") and the Group established a strategic alliance, under which various audio and visual programming materials will be broadcasted via the Group's mobile TV business and new media platform. These medium contents include worldwide films for which CFGC owns the copyrights, as well as other audio and visual clips, images and pictures and related new media audio and visual programmes.

Media Related Businesses

For the year ended 31st December, 2010, the film, television programme and television drama series production, distribution and licensing business brought the Group revenue of HK$186,173,000 (2009: HK$45,752,000), accounted for approximately 45.9% of the Group's consolidated turnover with segment profit of HK$72,056,000 (2009: HK$5,032,000). The revenue was derived principally from distributing and licensing several television programme and drama series, and films. In December 2010, in order to streamline and rationalise this business segment, the Group disposed of a subsidiary involved in the television programme and television drama series production business and derived a gain of HK$25,302,000.

In late March 2010, the Group transformed the mobile value-added businesses it had taken over in February 2010. Mobile value-added businesses mainly refers to the provision of personalised information and entertainment services to mobile handset users in the PRC via the internet and other modern telecom technologies in the form of SMS, MMS, WAP, interactive voice response and the like. For the year ended 31st December, 2010, this line of business brought the Group net revenues of HK$10,416,000, accounted for approximately 2.6% of the Group's consolidated turnover with segment profit of HK$2,002,000 (after netting off amortisation of license upon acquisition of HK$2,266,000).

The mobile TV business was another new business operated by the Group through establishment of a jointly controlled entity, namely 人民視訊文化有限公司 (in English, RenMinShiXun Culture Company Limited, "RenMinShiXun"), with RenMinWang in April 2010. The net revenue recognised since April 2010 amounted to HK$4,487,000 (being the 49% share of RenMinShiXun's results), accounted for approximately 1.1% of the Group's consolidated turnover and this segment recorded a loss of HK$4,240,000, which was primarily resulted from the amortization of the broadcasting right of HK$3,636,000.

During the year ended 31st December, 2010, the mobile games business brought the Group revenue of HK$1,687,000 (2009: HK$113,000), accounted for approximately 0.4% of the Group's consolidated turnover with segment loss of HK$5,541,000 (2009: HK$838,000), which was mainly due to the amortisation of the mobile game intangibles acquired upon acquisition of HK$4,211,000.

In May 2010, the Group completed the acquisition of a jointly controlled entity and started its newspaper advertising agency and distribution of Beijing Times. Beijing Times covers more than a 75% share of the morning post retail market in Beijing and has the largest circulation among all morning posts in Beijing. For the period since the completion of the acquisition, the newspaper advertising agency and distribution businesses contributed to the Group revenue and segment profit of HK$171,484,000 (being the 50% share of results of the jointly controlled entity) and HK$30,579,000 respectively, accounted for approximately 42.2% of the Group's consolidated turnover.

During the year, the Group also carried out advertising intermediary and other agency services embodying the organisation of cultural and artistic exchange activities. These businesses contributed to the Group revenue and segment profit of HK$19,424,000 and HK$15,518,000 respectively for the year ended 31st December, 2010, accounted for approximately 4.8% of the Group's consolidated turnover.

Securities Trading and Investment

For the year ended 31st December, 2010, the Group's trading and investment recorded a segment loss of HK$10,273,000 (2009: profit HK$4,684,000), mainly due to loss from change in fair value of held for trading investments.

Distribution of Cement Business

For the year ended 31st December, 2010, the segment revenue and segment profit from distribution of cement were HK$1,990,000 (2009: HK$343,070,000) and HK$43,000 (2009: HK$12,364,000) respectively, representing a decrease of 99.4% and 99.7% respectively and accounted for approximately 0.5% of the Group's consolidated turnover.

The decline in segment revenue and profit was primarily resulted from the Group's disposal of the manufacturing business of cement and clinker during 2009. Moreover, competition among industry players seeking to increase market share become intensified, causing the price of cement to remain low and a thin margin, together with the gradual implementation of the PRC government's measures to eliminate absolute capacities and the implementation of power cuts to high energy consumption enterprises.

Other Business

Revenues and profit from other segments including the sales and distribution of magazines and newspapers other than Beijing Times, sales of bottled water, TV programme packaging services and others in the PRC amounted to HK$10,325,000 (2009: nil) and HK$4,874,000 (2009: nil) respectively during the year, accounted for approximately 2.5% of the Group's consolidated turnover.

Termination of a Discloseable Transaction and Other Transactions

As announced on 28th April 2009, the Company entered into a conditional agreement with an independent third party to acquire the entire issued share capital and a shareholder's loan relating to the 25% registered capital of a Guangxi hotel at an aggregate consideration of RMB26 million (or approximately HK$30 million).

As at 30th August, 2010, being the long stop date as previously extended, certain conditions precedent were still yet to be fulfilled. For the interest of the Group, the Group has reached an agreement with the independent third party that the transaction be ceased and the conditional agreement be terminated. On the same day, the independent third party has repaid the Company RMB12 million (approximately HK$14 million), being the refundable deposit previously paid by the Company for the proposed acquisition.

As announced on 30th July. 2010, the Company received from an independent third party a confirmation in relation to a non-binding letter of intent issued by the Group in respect of the Company's offer to acquire 50% equity interest in a company that is principally engaged in internet-related business at a consideration of approximately US$100 million. As at 31st December, 2010, no legally binding document has been executed and the Group has terminated the negotiation with the independent third party.

As announced on 23rd August, 2010, the Company and a placing agent entered into a placing agreement pursuant to which the placing agent agreed to place, on a fully underwritten basis, the convertible bonds in an aggregate principal amount of HK$1,000 million which will be used for investments as opportunities arise and/or for general working capital of the Group. As at 28th February, 2011, certain conditions precedent were not fulfilled and the placing agreement was terminated.

The Board considers that the termination of the above transactions will not affect the businesses and cashflow position of the Group.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's capital expenditure, daily operations and investments are mainly funded by cash generated from its operations, loans from principal bankers and financial institutions and equity financing. As at 31st December 2010, the Group maintained cash reserves of HK$141,342,000 (2009: HK$126,671,000). As at 31st December, 2010, the equity attributable to equity holders of the Company amounted to HK$727,369,000 (2009: HK$359,589,000) with total borrowings of HK$32,618,000 (2009: HK$17,081,000).

On 11th February, 2010, the Company issued 40,000,000 shares of the Company to the vendor, an independent third party to settle part of the consideration for the acquisition of the entire issued share capital of Year Wealth Limited, which indirectly owns 51% equity interests in Xian Jinding.

The Group conducted a placing activity during the year under review in order to further strengthen its capital base and to expand the Group's media related business and investment. On 18th May 2010, the Group announced to place 296,000,000 placing shares to independent investors at a price of HK$0.55 per placing share. The net proceeds of approximately HK$157,901,000 from the placing were used for settlement of acquisitions in the media related businesses and for general working capital of the Group. The placing was completed in May 2010.

On 3rd June, 2010, the Company issued to the vendor, an independent third party convertible note in a principal amount of HK$350 million with a conversion price of HK$1.2 per share of the Company to settle part of the consideration for the acquisition of the entire issued share capital of Prefect Strategy, which indirectly owns 70% equity interests in Beida Culture. None of this convertible note has been converted as of this announcement.

On the same day, the Company issued to the vendor, an independent third party convertible note in a principal amount of HK$120 million with a conversion price of HK$1 per share of the Company to settle part of the consideration for the acquisition of the entire issued share capital of Main City, which indirectly owns 30% equity interests of Beida Culture. On 6th August, 2010, such convertible notes were fully converted into shares of the Company. On 30th March, 2011, the Company issued to the same vendor an additional amount of convertible note in a principal amount of HK$30,000,000 with a conversion price of HK$1 per share of the Company, upon the vendor's fulfillment of the indemnity that Beida Culture's profit after taxation in the year 2010 exceeded HK$50 million.

Foreign Exchange Fluctuation

The Group's operations are mainly located in mainland China and its transactions, related working capital and borrowing are primarily denominated in Renminbi and Hong Kong Dollars. The Group monitors its foreign exchange exposure and will consider hedging significant currency exposure should the need arise.

Charges on Assets

As of 31st December, 2010, held for trading investments with respective carrying value of HK$49,959,000 (2009: HK$57,822,000) was pledged to financial institution as collateral mainly to secure short term credit facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As of 31st December, 2010, the Group, including its subsidiaries and jointly controlled entities but excluding its associates, employed 1,695 (2009: 92) employees. The remuneration policies of the Group are based on the prevailing market levels and the performance of the respective group companies and individual employees. These policies are reviewed on a regular basis.

RISK MANAGEMENT

During the year, the Group constantly reviewed the risk and credit control systems of its profit centres to improve the overall control system and mitigate the credit risk.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st December, 2010, the Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for certain deviations which are summarised below:

Code Provisions B.1.3 and C.3.3

Code provisions B.1.3 and C.3.3 stipulate that the terms of reference of the remuneration committee and audit committee should include, as a minimum, those specific duties as set out in the respective code provisions.

The terms of reference of the remuneration committee (the "Remuneration Committee") adopted by the Company are in compliance with the code provision B.1.3 except that the Remuneration Committee should review (as opposed to determine under the code provision) and make recommendations to the Board on the remuneration packages of Executive Directors only and not senior management (as opposed to Directors and senior management under the code provision).

The terms of reference of the audit committee (the "Audit Committee") adopted by the Company are in compliance with the code provision C.3.3 except that the Audit Committee (i) should recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditor to supply non-audit services; (ii) only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has discharged its duty to have an effective internal control system; and (iii) can promote (as opposed to ensure under the code provision) the coordination between the internal and external auditors, and check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced.

The reasons for the above deviations are set out in the section "Corporate Governance Report" contained in the Company's annual report for the financial year ended 31st December, 2010. The Board has reviewed the terms during the year under review and considers that the Remuneration Committee and the Audit Committee should continue to operate according to the terms of reference adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

Further information on the Company's corporate governance practices and details of the Company's deviations from certain code provisions of the CG Code during the year under review will be set out in the corporate governance report to be contained in the Company's 2010 Annual Report which will be sent to the Shareholders in April 2011.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 31st December, 2010.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December, 2010 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31st December, 2010.

By Order of the Board
ChinaVision Media Group Limited
Dong Ping
Chairman

Hong Kong, 30th March, 2011

As at the date of this announcement, the Board comprises Mr. Dong Ping (Chairman), Mr. Ng Qing Hai (President) and Mr. Zhao Chao, being the Executive Directors; Mr. Kong Muk Yin, being the Non-Executive Director; and Mr. Chen Ching, Mr. Jin Hui Zhi and Mr. Li Chak Hung, being the Independent Non-Executive Directors.