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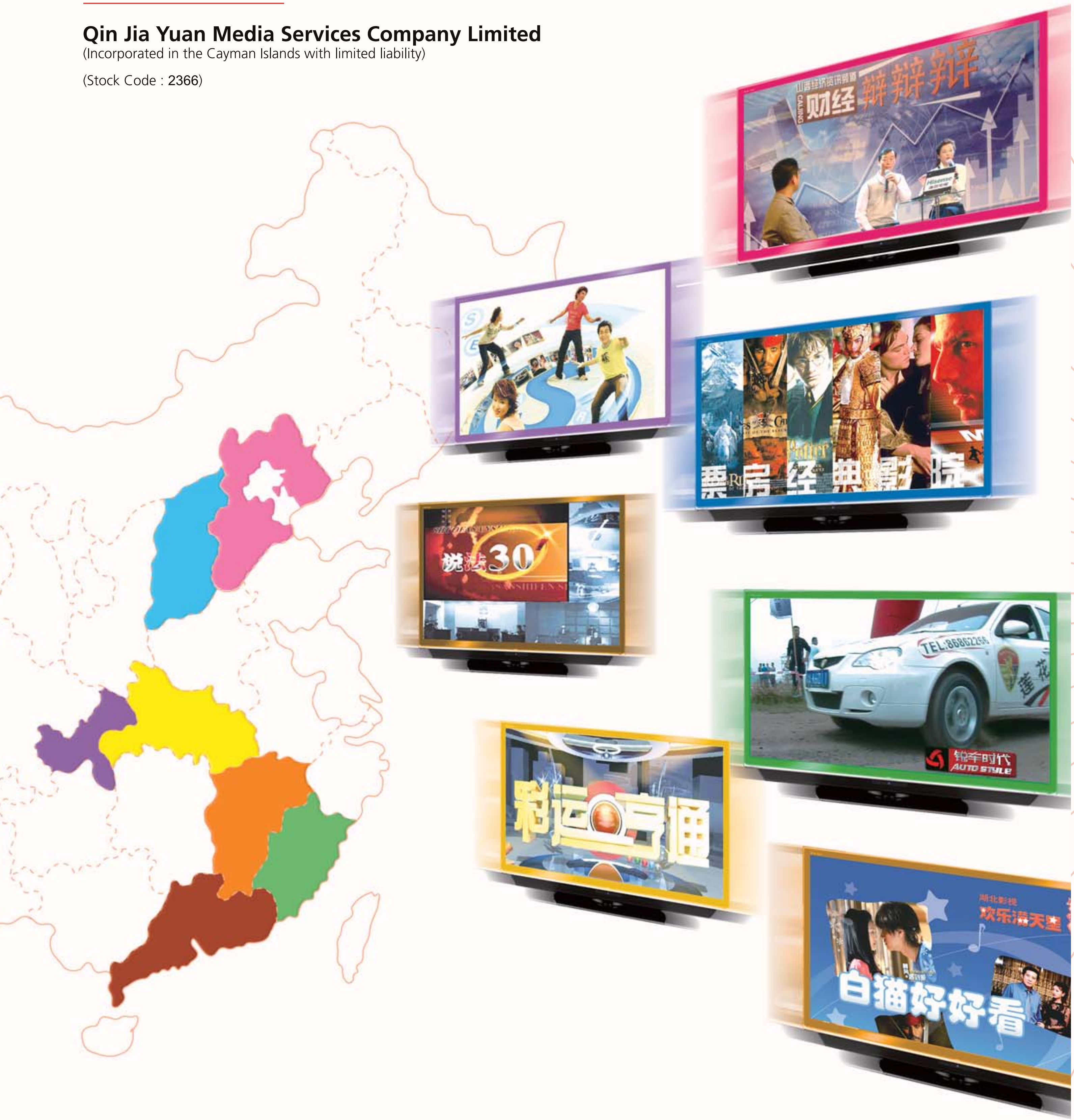
Qin Jia Yuan Media Services Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 2366)



Experience shows us **FREE** TV entertainment can maintain *its popularity* during economic recession

Annual Report 2008

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. LEUNG Anita Fung Yee Maria *(Chief Executive Officer)*
Mr. YIU Yan Chi, Bernard
Mr. TSIANG Hoi Fong

Non-Executive Directors

Dr. Honourable WONG Yu Hong, Philip, GBS *(Chairman)*
Mr. PFITZNER Kym Richard
Mr. ZINGER Simon
Ms. LEE Kwei-Fen
Mr. HUNG Hak Hip
Mr. LIU Yuk Chi, David
Dr. WONG Ying Ho, Kennedy, BBS, JP
Mr. FLYNN Douglas Ronald
Ms. HO Chiu King, Pansy Catilina

Independent Non-Executive Directors

Mr. LAU Hon Chuen, GBS, JP
Mr. LAM Haw Shun, Dennis, JP
Mr. HUI Koon Man, Michael, JP

REMUNERATION COMMITTEE

Mr. LAM Haw Shun, Dennis, JP *(Chairman)*
Mr. LAU Hon Chuen, GBS, JP
Mr. LIU Yuk Chi, David

AUDIT COMMITTEE

Mr. LAM Haw Shun, Dennis, JP *(Chairman)*
Mr. LAU Hon Chuen, GBS, JP
Mr. LIU Yuk Chi, David

AUTHORISED REPRESENTATIVES

Dr. LEUNG Anita Fung Yee Maria
Ms. CHAN Wing Yi

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Ms. CHAN Wing Yi

AUDITORS

KPMG
Certified Public Accountants
8th Floor, Prince's Building
Central, Hong Kong

TAX ADVISER

Ernst & Young
Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street
Central, Hong Kong

REGISTERED OFFICE

Scotia Centre, 4th Floor
P.O. Box 2804
George Town
Grand Cayman
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 203, 2nd Floor
Aon China Building
29 Queen's Road Central
Hong Kong

BRANCH OFFICE

Units 7-11
7th Floor, Yale Industrial Centre
61-63 Au Pui Wan Street
Fotan, New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Butterfield International (Cayman) Ltd.
Butterfield House
68 Fort Street
P.O.Box 705
George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Rooms 1901-2, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
The Bank of East Asia Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

LEGAL ADVISERS

As to Hong Kong Law

Troutman Sanders

As to Cayman Islands Law

Maples and Calder Asia

As to PRC Law

Beijing Beilang Law Office

STOCK CODE

The Stock Exchange of Hong Kong Limited: 2366

WEBSITE

http://www.qjymedia.com

Chairman's Statement

Dr. Honourable Wong Yu Hong, Philip, GBS
Chairman

I am delighted to announce that for the fifth consecutive year since the Group went public, we have recorded an annual net profit growth of over 26%. In 2008, we experienced a profit growth by 56%. The outstanding achievement was attributable to our committed and hard-working staff as well as China's open-door policy. China's entry into the World Trade Organization ("WTO") and the implementation of the "Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA")" have brought promising opportunities for Hong Kong companies, putting them in a favourable position to engage in TV production and media advertising businesses in China. As such, the Group has successfully operated exclusive advertising agency rights of seven domestic TV channels in 2008, which, together with the cooperation with nine domestic TV stations in connection with the production and procurement of TV programs, have brought synergistic effects, enabling the Group to achieve remarkable improvements in turnover, net profit and working capital.

Chairman's Statement

The whole world is impacted by the current financial tsunami. Export of China will inevitably display a downturn that results in an economic slow down. Nevertheless, with the State support and policies to encourage domestic consumption, it is generally believed that China may be affected to a much lesser extent. According to past experience, the entertainment industry could often withstand economic downturns. Free TV entertainment programs are the mental nourishment needed by the audience in China which accounts for more than 95% of the population. Being a one-stop services provider focused in China market with TV entertainment programs production and consumer advertising as its core businesses, the Group is cautiously optimistic about the business outlook. The Group will seize the opportunities and adopt a dual-core development strategy of establishing a powerful TV advertising agency platform while striving to become a leading TV program supplier. By demonstrating its competitiveness in creating a win-win situation for itself, TV stations, advertisers, and audience, the Group will continue to expand the TV production and advertising service platform under its unique operating model.

Indeed, the economy was badly hit and the extent of pressure on the PRC business faced by the enterprises is still uncertain. The Group will adopt a prudent investment strategy under a proactive operating principle to develop its core business. Meanwhile, on behalf of the Board of Directors, I would like to express my appreciation and respect to all staff for their hard work and their willingness to regard the interests of themselves and the Group as one, and extend my sincere thanks to all domestic TV stations which have long-term collaboration with us, overseas distribution partners, advertising customers and sponsors for their support.

Wong Yu Hong, Philip
Chairman

Hong Kong, 17 November 2008

Management Discussion and Analysis

Over the past four years, the economy of the People's Republic of China ("China", the "State" or the "Mainland") continued to prosper and grow at an average annual growth rate of 10.7%. According to the National Bureau of Statistics, an annual growth rate of 10.1%, 10.4%, 11.1% and 11.4% were recorded in 2004, 2005, 2006 and 2007 respectively, and an annual growth rate of 8% is estimated for 2008.

The global financial tsunami in the second half of the year devastated several economies. At a time when recession fears loom over the global economy, the export of China will inevitably be impacted which will likely slow down the economic growth.

The weighting of drivers heading to the Gross Domestic Product growth in China have changed, with personal consumption being the biggest driver for 2007. The Government will continue its efforts to expand domestic consumption to effectively realize the expected economic growth.

INDUSTRY OVERVIEW

Being focused in TV media business in China where more than 95% of the population is TV viewers, the Group is well positioned for a steady business growth. In times of economic recession, whilst people tend to cut their spending and look for mental nourishment and comforts, free and high-quality TV programs are especially popular. According to a recent research released by the State Administration of Radio, Film and Television, the total number of domestically produced TV programs in 2007 accounted for only 17.5% of the total demand by the TV channels across China. Second-round and third-round releases were extensively accepted, proving that quality TV program libraries can generate long-term revenues. Furthermore, advertisements for daily necessities, a major advertising item which covers pharmaceutical products, foods, beverages, personal items, cosmetics, bathroom accessories and communication products, will not be significantly affected.

TV program of the Economic Channel of Shanxi TV Station - Treasures File

BUSINESS OVERVIEW

After recording an annual net profit growth of at least 26% for four consecutive years subsequent to its listing, the Group recorded a net profit growth of 56% this year. Basic earnings per share also increased by 36%. Adhering to its dividend payout policy, the Group declares interim and final dividends every year since its listing. In view of credit crunch whereas many enterprises are hardly hit by the recent global financial tsunami, the Group proposes to retain cash for use as working capital for future development and recommends a bonus issue to shareholders on the basis of one bonus share for every ten existing shares held.

Since listing, the Group has been focusing on the planning of and investment in TV drama series, the TV programs which are most popular for advertising placement. The TV drama production of the Group has increased from 58 episodes in 2004 to 353 episodes in 2008, a rise in market share from 1.2% to 7.1% based on the market demand for 5,000 episodes/hours of prime-time (19:00-22:00) TV dramas every year. The supply of the TV dramas as planned is mainly attributable to the unique and close collaboration in investment,

TV program of the Entertainment Channel of Chongqing TV Station - Happy Voyage

TV program of the Drama Channel of Hubei TV Station - Popular Game Show

planning, production and procurement of TV drama series with nine prominent TV stations/media groups in Beijing, Guangdong, Fujian, Chongqing, Jiangsu, Shanghai, Hubei, Dalian and Harbin.

Since 2008, the Group has commenced the exclusive advertising business of seven TV channels given that Qin Jia Yuan (China) Advertising Company Limited, a wholly-owned subsidiary set up in Shenzhen in mid 2007 is permitted to operate full scope of advertising business in China. Following the Drama Channel of Hubei TV Station, the Entertainment Channel of Chongqing TV Station, the City Channel of Hebei TV Station, the Red Classic Channel of Jiangxi TV Station, the Economic Channel of Shanxi TV Station, the Satellite Channel of Southern TV Station (Guangdong) and the Education & Culture Channel of China Yellow River TV Station also co-operated with the Group to form the QJY cross-media advertising agency platform.

The Group continued to source talents to develop its TV channel advertising agency business. Apart from working on the procurement of branded products and advertising sponsors whilst meeting the international advertising practice, the Group also focused on channel packaging and promotion, which complemented the running programs and created synergistic effect. Based on past two years' experience, the Group believes the synergy of having advertising business of more than one channel should be more than "1+1=2". Due to the rise in TV ratings, the Group has succeeded in raising

TV program of the Red Classic Channel of Jiangxi TV Station - Classic Love-story Theatre

the advertising rate card of the seven channels two times in 2008, with the increase ranging from 10% to 30%.

In addition, capitalizing on its advantage as a TV program producer and provider, the Group closely collaborated with the TV channels on TV program production and procurement. During the 2008 Chinese New Year, a cross-provincial broadcasting game show received a widespread response from the audience. In the wake of the Sichuan earthquake in May 2008, the Group not only contributed to the relief, but also worked on four touching earthquake documentaries through Chongqing CSQJY Media Company Limited. The Group also arranged to redistribute "Warm Hearts beyond the Cold Strait", a TV drama series produced by the Group in 2001 to mark the 25th anniversary of the devastating Tangshan earthquake and to memorize the earthquake then happened in Taiwan. The Group was the only TV program provider in the Mainland to have both earthquake documentaries and TV drama series distributed at the same time. At the end of September, the Group arranged to distribute the repackaged "$ Tornado", a TV drama series produced in 1998 to mark the 10th anniversary of the Asian financial crisis. The distribution achieved remarkable results in the midst of global financial tsunami. It enabled the TV stations, audience and advertisers to realize that the Group has keen market sense, attentiveness to social affairs and insight to its audience's livelihood. The market recognition of the Group's efforts over the years which mitigated the economic loss resulting from the suspension of entertainment program and advertisement enforced by the State during the national mourning period for the Sichuan earthquake, was thereby reflected in the impressive results of the Group's cross-media advertising agency business.

OPERATING RESULTS

For the year ended 30 September 2008, the Group achieved a turnover of approximately HK$322.3 million (2007: HK$196.9 million), which represented an increase by 64%. Profit attributable to shareholders amounted to HK$217.5 million, recording a rise by 56% compared to HK$139.4 million in 2007.

Revenue from TV program related income reported an decrease by 15% to HK$72.2 million (2007: HK$84.8 million). Driven by the contribution from the channel management as the Group has seven channels advertising business in operation since 2008, the marketing and advertising related income experienced a significant growth by 139% to HK$197.4 million (2007: HK$82.7 million). Revenue from the two categories contributed to approximately 84% of total turnover in the year. The rise of the general administrative expenses to HK$58.0 million (2007: HK$26.9 million) was due to an increase in the staff costs and rental expenses which was incurred to support the expansion in the channel management business. Finance cost went up to HK$17.2 million (2007: HK$8.0 million) because of increase in interest rate and the loan utilization to support the Group's expansion.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent funding and treasury policy with regards to its overall business operation. As at 30 September 2008, the Group's cash level stood at HK$320.1 million (2007: HK$228.5 million). The balances are in Hong Kong Dollar and Renminbi.

As at the balance sheet date, the Group had outstanding bank borrowings of approximately HK$282.2 million, comprising short term revolving loan of HK$221.7 million, long term loan of HK$56.9 million and mortgage bank loan of HK$3.6 million. All the Group's borrowings are at floating interest rates and denominated in Hong Kong Dollar and Renminbi. The unutilized bank loan facilities amounted to HK$185.8 million (2007: HK$186.3 million).

The gearing ratio (expressed as a percentage of total liabilities over total assets of the Group) was 24% (30 September 2007: 18%).

MORTGAGES AND CHARGES

Bank deposits of HK$107.3 million (2007: HK$59.8 million) were pledged to banks to secure general banking facilities granted to the Group.

Certain land and buildings in the PRC with carrying value of HK$5.4 million (2007: HK$5.5 million) was secured for mortgage bank loan of HK$3.6 million (2007: HK$3.8 million).

EXPOSURE TO FOREIGN EXCHANGE RISK

There have been no significant changes in the Group's policy in terms of exchange rate exposure. Transactions of the Group are mainly denominated either in Hong Kong Dollar or Renminbi. The Group did not enter any financial derivative instruments to hedge against the foreign exchange currency exposures. The Renminbi

QJY's professional team is growing and building strong to meet the business development needs has been experiencing appreciation since July 2005. The reform of Renminbi exchange rate regime benefited the Group as a whole given the revenue from the business operations of the Group is mainly denominated in Renminbi.

EMPLOYEES

As at 30 September 2008, the Group had a total staff of 51 (2007: 32). Staff remuneration is maintained at competitive levels and bonuses are calculated based on an evaluation of efforts and the financial performance of the Group. The Group also provides provident funds, insurance, medical cover and share option scheme.

BUSINESS PROSPECTS

The Group will continue its defined business strategy, strive to become a major Chinese-language TV drama series provider in Greater China and build a leading cross-media advertising agency platform with TV business as its core. Since the impact of the recent global financial turmoil on the operation and development of enterprises that have businesses in China is still uncertain, the Group will adopt a proactive but cautious approach. The Group will strengthen its content library, working on both quality and quantity, and lay a good foundation for the long term TV business development in future. The Group will repackage all-time favorite TV drama series in its film library for second-round and third-round distribution as the high quality TV dramas, which the Group has permanent copyrights, are long lasting programs and not limited to first-round distribution. The Group believes it will stay strong in the huge rebroadcasting market in China. In addition, the Group will continue to implement the strategy of building its channel advertising agency platform in provinces that have sustainable economic growth whereas to reduce cash in the consideration for the acquisition of the advertising agency rights by leveraging its prolific content library. Meanwhile, the Group will work on the TV ratings and the brand images, enabling the advertisers to recognize the improvements of the channels after the Group has commenced to manage the exclusive advertising rights of the channels.

Under the State policy to separate production and broadcasting, and to allow the foreign companies to operate full scope of advertising business in the Mainland, the Group will capitalize on its unique operating model by providing one-stop TV services that covers production, distribution, advertising and public relations. The Group will continue to steadily develop its business in an optimistic but cautious manner that will result in diversified revenues and a prolific film library. Diversified business can generate stronger resilience to a sluggish economy, while the film library can lay a solid foundation for the long-term development of the TV media business.

Subject to State open-door policy on TV program production, the Group has experienced a remarkable improvement in operating working capital, which is of a special significance amidst the recent weakening global economy.

The Group is considering the adoption of an alternate remuneration policy under which certain senior management staff may opt for shares of the Group as part of their remuneration. It is believed that such employment policy demonstrates the confidence and encouragement in the Group.

EXECUTIVE DIRECTORS

Dr. LEUNG Anita Fung Yee Maria, aged 59, is the co-founder and the Chief Executive Officer of the Group. Dr. Leung is responsible for business development strategies and overall direction of the Group. She also participates in the provision of concepts and ideas for television ("TV") program production and the contribution of original novels and play scripts of TV dramas.

Dr. Leung holds a Doctorate degree (major in Chinese History) from The Chinese University of Hong Kong. She has more than 38 years' experience in media industry, having brought her talent into full play in the areas of TV program production, public relations, advertising and marketing for more than 31 years.

Dr. Leung worked for a number of renowned companies in Hong Kong in senior management position, including Sun Hung Kai Securities Limited, Ogilvy & Mather Advertising and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Dr. Leung had established a recruitment agency in Hong Kong from late 70's to mid 80's, which was the first agency to introduce Filipino domestic helpers for families in Hong Kong.

Dr. Leung is also a renowned novelist in Hong Kong and Mainland China, as well as in the Chinese communities over the world. She was the first to write novel series with financial and economic background. She has published more than 100 novels and essays since 1989. Dr. Leung founded Qin Jia Yuan Publishing Company in 1990. And within one year Qin Jia Yuan Publishing Company became one of the top five publishing firms in Hong Kong. In 1992, Dr. Leung was granted the Novelist of the Year 1992 Award by the Urban Council of Hong Kong and the Artists Alliance.

In 1992, People's Literature Press, a grade-A state literary publishing house, started publishing Dr. Leung's series novels and this was the first time People's Literature Press published a series of works by a Hong Kong novelist. The publishing house also printed a book of "The Phenomenon of Anita Leung Fung Yee", a collection of literary criticism about Dr. Leung's novels, after her novels had been all the rage in China.

In addition, her novel "Old Sores Unlimited" won the Grand Prix Award for novels in the third "Legendary" contest organized by Legendary Magazine Corporation in China. Novels written by Dr. Leung were the best selling books in National Capital Book Fair in Beijing in 1994, 1995 and 1996. In 1995, one of Dr. Leung's work obtained Special Award in the Seventh Straits Sentiments Essay Contest organized by China Central Broadcasting Radio.

More than 30 of Dr. Leung's novels have been adapted for movies and TV drama series in the PRC, Taiwan and Hong Kong from time to time during these years. Her work "Embroidered Banner" was the first Hong Kong novel that was adapted to a TV drama series by China Central Television, as broadcast during prime time on Channel One of CCTV in 1996. Dr. Leung's novels were so popular all over China and became a momentum for the young generation, especially the women, to strive for their goals.

Dr. Leung is a member of the Chinese People's Political Consultative Conference of Beijing in the PRC. She is the spouse of Dr. Wong Yu Hong, co-founder and Non-executive chairman. Dr. Leung is also a director of various subsidiaries of the Group.

Dr. Leung is a director of Dynamic Master Developments Limited, Goodhold Limited and Hunterland City Limited, substantial shareholders of the Company, whose interests in shares of the Company are disclosed in the section of "Discloseable interests and short positions of shareholders under the SFO".

Biographies of Directors and Officers

Mr. YIU Yan Chi, Bernard, aged 57, is the Chief Executive Officer of the advertising division of the Group. He is responsible for the overall sales and management of advertising time related to all media of the Group. Mr. Yiu obtained Bachelor Degree of Science from the Business School of Indiana University, Bloomington, Indiana, USA in 1973 and completed the Senior Executive Management Program offered by The University of Chicago in 1985. Mr. Yiu has over 34 years' experience in marketing and media communication in Greater China. Mr. Yiu has spent 25 years with the McCann-Erickson Group and was responsible for the launch of the McCann-Erickson China operation in 1991. Mr. Yiu was appointed as the Marketing Director during the launch of Asia Television in 1983 and achieved record sales during his tenure. Mr. Yiu then returned to the advertising industry and held senior position with McCann-Erickson China and Dentsu, Young & Rubicam. After leaving the advertising industry, Mr. Yiu spent two years until 2004 with one of the world's leading media group, Aegis Media, as the executive director of Carat Media in China. Mr. Yiu was also appointed as the Senior Advisor for the 2007 Special Olympic Games held in Shanghai, China.

Mr. TSIANG Hoi Fong, aged 45, is the production/distribution controller of the Group. Mr. Tsiang joined the Group in February 2001 and is responsible for overseeing the Group's TV program related services, in particular, the coordination and negotiation with the TV stations to promote TV programs and commercial airtime to meet the requirements of advertisers and the launch of their public relations events and promotional activities. Mr. Tsiang graduated from Xiamen University in the PRC with a Bachelor degree in Science in 1984 and graduated from the faculty of Economy of Xiamen University in 1999. Before joining the Group, Mr. Tsiang worked for several companies in the PRC and Hong Kong and was responsible for the marketing and sales functions.

NON-EXECUTIVE DIRECTORS

Dr. Honourable WONG Yu Hong, Philip, GBS, aged 69, is the co-founder and the Non-executive Director and Chairman of the Group. He oversees overall strategic planning of the Group and particularly, the impact of regulatory development to the business of the Group. Dr. Wong holds a Bachelor of Science degree and a Master of Science degree in Engineering from University of California, USA, a Doctorate degree in Law from Southland University, USA and a Doctorate degree in Engineering from California Coast University, USA. Dr. Wong has more than 34 years' experience in business management and is now the Chairman and Chief Executive of his own business, Winco Paper Products Company Limited. He also serves as the director of a number of companies, including Hop Hing Group Holdings Limited and Asia Financial Holdings Limited which are companies listed on the Main Board. He received the Gold Bauhinia Star Award from the Hong Kong government in 2003. He received the Courvoisier Awards for Business Excellency from the then Chief Justice of Hong Kong, Sir Denys Roberts, in 1986. Dr. Wong concurrently provides services to a number of public bodies. He is a member of the Legislative Council of Hong Kong, Life Honorary Chairman of the Chinese General Chamber of Commerce in Hong Kong, and a board member of the Hong Kong Trade Development Council. He was a Deputy of the National People's Congress of the PRC. Dr. Wong is the spouse of Dr. Leung Anita Fung Yee Maria, an executive Director. Dr. Wong is also a director of certain subsidiaries of the Group.

Dr. Wong is a director of Dynamic Master Developments Limited, Goodhold Limited and Hunterland City Limited, substantial shareholders of the Company, whose interests in shares of the Company is disclosed in the section of "Discloseable interests and short positions of shareholders under the SFO".

Mr. PFITZNER Kym Richard, aged 45, joined the Group in December, 2003. Mr. Pfitzner was appointed as the Aegis Media Regional Chief Financial Officer for Asia Pacific of Aegis Group plc in February 2003 and is based in Singapore. Mr. Pfitzner is a Chartered Accountant and has membership of the Institute of Chartered Accountants in Australia. He holds a degree in Accounting from South Australian Institute of Technology (currently the University of South Australia) with Distinction. Mr. Pfitzner has vast commercial financial experience through holding senior financial roles in the past, including several years of experience with multinational advertising/media/marketing groups. Prior to joining Aegis Group plc, Mr. Pfitzner was employed by Totam Communications Limited, a public unlisted company based in Sydney as the Chief Financial Officer, the McManus Group, which was a multinational advertising group headquartered in New York as Regional Chief Financial Officer of Asia Pacific South and South Africa and Ayers Resort Company Limited as Finance Director and acting Company Secretary.

Mr. ZINGER Simon, aged 38, joined the Group in December 2003. Mr. Zinger joined Aegis Group plc in January 2003 as General Counsel of the Aegis Media division of the Aegis Group plc. In this capacity he primarily oversees a variety of legal and corporate issues in operations including mergers and acquisitions, corporate strategy and media services client development. Prior to joining Aegis Group plc, he was from 1999 based in Paris with Vivendi as Vice President and Assistant to the General Counsel. He had also worked in San Francisco as a Corporate Attorney with the international law firm of Baker & McKenzie. Mr. Zinger received his Jurisdoctorate degree from the University of San Francisco School of Law in the USA in 1996 and his Bachelors degree with Distinction from McGill University in Canada.

Ms. LEE Kwei-Fen, aged 53, joined the Group in July 2006. She is the Chief Executive Officer of Aegis Media Greater China, joined the Carat Taiwan in 2000. Prior to joining Carat, Ms. Lee held various senior positions in D, Y&R Taiwan, Saatchi & Saatchi Advertising Taiwan and United Advertising Taiwan. She was awarded the "Best Manager of Media Agency" in Taiwan by Brian Magazine in 2005, 2006 and 2007. She was also presented the "Best Manager of the Year" by D, Y&R Global. Ms. Lee received her Master of Science in Advertising from University of Illinois and Master of Science in Chemistry from University of Notre Dame, both in U.S.A. Ms. Lee also holds a Bachelor Degree in Chemistry from University of Tunghai in Taiwan.

Mr. HUNG Hak Hip, aged 63, joined the Group in December 2000. He has about 32 years' experience in the production and distribution of edible oils by serving Hop Hing Group Holdings Limited, a listed company on the Main Board of the Stock Exchange of which Mr. Hung is the Chairman. Mr. Hung is also a Chartered Accountant.

Biographies of Directors and Officers

Mr. LIU Yuk Chi, David, age 53, joined the Group in January 2006. He was appointed in November 2005 as Regional Managing Director and member of the Corporate Executive Board of Rentokil Initial plc, the largest global support service company listed in the London Stock Exchange (FTSE). Prior to joining Rentokil Initial, Mr. Liu was Chief Executive Officer of Aegis Media heading up all operations of Aegis Media in the Asia Pacific region from 1998. He was also appointed as a member of the Aegis Media Global Executive Board in 2001. Mr. Liu has over 29 years of experience in the media and services sector across several markets in Asia Pacific, Europe and America. A Hong Kong born Chinese, Mr. Liu was graduated from the University of Alberta, Canada in the 70's and started his career in the advertising industry with McCann-Erickson Worldwide Group.

Dr. WONG Ying Ho, Kennedy, BBS, JP, aged 45, joined the Group in September 2000. Dr. Wong obtained a Bachelor of Arts in Laws (Hon) and Hon Doctor of Civil Law from University of Kent, UK. He has about 21 years of practising experience in the legal field and is currently the managing partner of Philip K.H. Wong, Kennedy Y.H. Wong & Co. a firm of solicitors in Hong Kong. He is also an attesting officer appointed by the Ministry of Justice of the PRC. Dr. Wong is the chairman of Ocean Grand Chemicals Holdings Limited and also a director of a number of companies in Hong Kong, including Asia Cement (China) Holdings Corporation, Goldlion Holdings Limited, Great Wall Technology Company Limited and China Overseas Land & Investment Limited, which are listed companies on the Main Board of the Stock Exchange. In addition, Dr. Wong serves a number of public bodies and is currently a national committee member of the Chinese People's Political Consultative Conference and Vice-Chairman of the All China Youth Federation. Dr. Wong is also a director of a subsidiary of the Group.

Mr. FLYNN Douglas Ronald, aged 58, joined the Group in April 2008. He graduated in chemical engineering from the University of Newcastle, New South Wales. He received a Master in Business Administration with distinction from Melbourne University in 1979. He joined ICI Australia in 1975 working on project engineering, marketing management and strategic planning in Asia and Australia. Mr. Flynn became the Chief Executive of newspaper publisher Davies Brothers Limited in 1987. Davies Brothers was listed on the Australian stock exchange and was acquired by News Corporation in 1989. A year after the acquisition, he was appointed Managing Director of News Limited Suburban Newspapers.

In 1994, Mr. Flynn became the Deputy Managing Director of News International Newspapers Ltd. and in January 1995, he became a director of News International Plc. In March 1995, he was appointed Managing Director of News International Plc. In September 1999, he became Chief Executive of Aegis Group plc. In April 2005, he joined Rentokil Initial Plc as Chief Executive. In August 2008, he joined the Board of West Australia Newspapers Holdings Limited.

Ms. HO Chiu King, Pansy Catilina, aged 45, joined the Group in April 2008. She is the managing director of Shun Tak Holdings Limited, which is a company listed on the Main Board of Stock Exchange, chief executive officer and director of Shun Tak - China Travel Shipping Investments Limited, independent non-executive director of Sing Tao News Corporation Limited, which is a company listed on the Main Board of the Stock Exchange, director of Sociedade de Turismo e Diversões de Macau, S.A.R.L., chairman of Macau Tower Convention & Entertainment Centre and an executive director of Air Macau Company Limited. Ms. Ho was an executive director of Prime Investments Holdings Limited, which is a company listed on the Main Board of the Stock Exchange and retired by rotation on 16 January 2006.

Besides gearing her efforts in business endeavors, Ms. Ho also serves on a host of economic, social and public services. In mainland China, such participation and services include being standing committee member of The Chinese People's Political Consultative Conference of Beijing, standing committee member of All-China Federation of Industry and Commerce and vice president of the Chamber of Tourism and Chamber of Women of All-China Federation of Industry & Commerce, and vice chairperson of the China Society for Promotion of The Guangcai Program. In Hong Kong, she serves as honorary president, vice chairperson and executive committee member of the Hong Kong Federation of Women, founding honorary advisor and director of The University of Hong Kong Foundation for Educational Development and Research, member of the board of governors of the Hong Kong Arts Centre, honorary vice president of the Hong Kong Girl Guides Association and council member of The Better Hong Kong Foundation. In Macau, Ms. Ho acts as committee member of The Government of Macau SAR Tourism Development Committee, vice chairperson of Macau Convention and Exhibition Association, Standing Committee Member of Board of Directors of Macao Chamber of Commerce and Vice Chairman of Ladies Committee of Macao Chamber of Commerce. Internationally, Ms. Ho is committee member of UNDP-Peace and Development Foundation, member of Sotheby's International Advisory Board and member of the Pacific Asia Travel Association Sustainable Tourism Advisory Committee.

Ms. Ho holds a Bachelor's degree in marketing and international business management from the University of Santa Clara. She received an Honorary Doctorate Degree in Business Administration from the Johnson and Wales University in May 2007.

Biographies of Directors and Officers

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAU Hon Chuen, GBS, JP, aged 61, obtained a LLB degree from the University of London and is a Solicitor of the High Court of the HKSAR, a China-Appointed Attesting Officer and a Notary Public, the Senior Partner of Messrs Chu and Lau, Solicitors & Notaries. He was awarded "Gold Bauhinia Star" by the HKSAR Government in 2001, a Standing Committee member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Lau is an independent non-executive director of a number of companies listed on the Main Board of the Stock Exchange including Glorious Sun Enterprises Limited, Guangzhou Investment Company Limited, GZI Transport Limited, The Hong Kong Parkview Group Limited, Wing Hang Bank Limited, Franshion Properties (China) Limited and Brightoil Petroleum (Holdings) Limited.

Mr. LAM Haw Shun, Dennis, JP, aged 62, joined the Group in May 2004. Mr. Lam has a Bachelor's degree in Electrical Engineering from the University of Washington and a Master of Business Administration degree from the University of California, Los Angeles. Mr. Lam has over 29 years experience in the finance industry. He is currently a senior adviser of Mizuho Securities Asia Limited. Prior to his current appointment, Mr. Lam has held senior positions in various financial institutions. Mr. Lam also held directorships in China Travel International Investment H.K. Limited and Asia Financial Holdings Limited, both of which are companies listed on the Main Board of the Stock Exchange. Mr. Lam was also the first Vice-Chairman of the Stock Exchange, first Deputy Chairman of HKSCC, member of the Securities & Futures Appeals Panel.

Mr. HUI Koon Man, Michael, JP, aged 66, joined the Group in December 2003. He graduated from The Chinese University of Hong Kong with a Bachelor degree in Social Science in 1969. He has more than 34 years' experience in the film industry as actor, script-writer, director and producer. Mr. Hui founded the Hui's Film Production Company Limited in 1975. Mr. Hui was awarded with the "Best Actor" by the Hong Kong Film Awards in 1982 and the "Best Performance Actor" by the American Film Institute in 1989. Mr. Hui is engaged in promoting the film making industry of Hong Kong and is the Consultant of Hong Kong Screen-Writers' Guild and the Honourary President of Hong Kong Performing Artistes' Guild for life.

SENIOR MANAGEMENT

Mr. WONG Kwan Lap, Chris, aged 61, is the Regional General Manager of the Group. Before joining the Group, he served as the Chief Operating Officer of Cosmedia Group Holdings Limited and the Executive Director of Carat China providing consultancy services and business and strategic business development for TV channels. Before that, he worked with Star TV (Hong Kong) as the Business Director and as Traffic Manager for Television Broadcasts Limited in program scheduling and channel operation. He had an extensive experience in the TV industry for more than 30 years.

Ms. CHAN Wing Yi, aged 35, the Chief Financial Officer of the Group. She holds a Bachelor Degree of Business Administration in Professional Accountancy from the Chinese University of Hong Kong. Ms. Chan is a fellow member of Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Before joining the Group in October 2005, she worked in big four accounting firms and held senior financial position in a listed company.

Mr. WONG Ka Kong, Adam, aged 42, is the Senior Financial Controller of the Group. He holds an Honors Diploma in Accounting in Lingnan College. Mr. Wong is a fellow member of Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Before joining the Group in June 2008, he worked in a big four accounting firm and held senior financial position in several listed groups.

Mr. HE Ping, aged 59, the Customer Services Controller of the Group. Mr. He joined the Group since its establishment and is responsible for the management of the Group's marketing and customer services. He has about 15 years' experience in the media industry by providing services relating to editing, marketing and customer services. Mr. He graduated from the Chinese Literature Department of Yangzhou Education College in the PRC.

Ms. ZHAO Hui Xia, aged 46, is the Public Relationship Officer of the Group. Before joining the Group in December 2003, she had over 20 years' experience in media industry by serving as a reporter, program producer, editor of radio stations such as Radio Guangdong, Voice of City and newspaper "Voice". Since 1997, Ms. Zhao has worked for the Group as a representative from Voice of City and Voice and has completed a number of public relation projects.

Corporate Governance Report

The board (the "Board") of directors of the Company (the "Directors") and the management are committed to uphold a high standard of corporate governance to safeguard the interests of shareholders and the Company as a whole.

The Company has complied with all requirements set out in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year under review.

The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the Code.

THE BOARD

Role of Directors

The Board is accountable to the shareholders for leading the Company in a responsible and effective manner. Every Director is charged to act in the best interest of the Company and contribute to the Company with their expertise and knowledge. The Board decides on overall strategies and monitors the Group's performance on behalf of the shareholders.

Composition

The Board, which currently comprises fifteen Directors, is responsible for supervising the management of the Group. Twelve of the fifteen Directors are non-executive Directors with three of them being independent non-executive Directors.

The diversified expertise and experience of the non-executive Directors contribute significantly in advising management on strategy and policy development. The non-executive Directors also serve to ensure that a high standard in financial and other mandatory reporting is maintained and to provide adequate checks and balances for safeguarding the interests of the shareholders and the Company as a whole. Having considered the functions of non-executive Directors, particularly their role in checks and balances, it is considered that there is a reasonable balance between the executive and non-executive Directors on the Board.

Except for those relationships disclosed set out in the "Biographies of Directors and Officers" of this annual report, the Directors have no other financial, business, family or other material/relevant relationships with each other.

Independent Non-executive Directors

The independent non-executive Directors are appointed for a specific term, subject to retirement by rotation under the Articles of Association of the Company. Mr. Lam Haw Shun, Dennis, JP, one of the independent non-executive Directors has appropriate accounting or related financial management expertise as required under Rule 3.10 of the Listing Rules. The Board has received from each independent non-executive Director a written annual confirmation of their independence and is satisfied with their independence in accordance with the Listing Rules. The Company considers that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent.

Appointment and Re-election of Directors

All non-executive Directors have entered into letters of appointment with the Company for a specific term of two years.

In accordance with the Code and the Company's Articles of Association, all Directors (including independent non-executive Directors) are subject to retirement by rotation once every three years. Composition of the Board will be reviewed regularly to ensure that it covers a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Directors' profile is set out on page 11 to 16.

The Company has not established a Nomination Committee. The appointment of a new director is a matter for consideration and decision by the full Board. Reference would be made to the skills, experience, professional integrity and time commitment of the proposed director to the Company's need and other applicable statutory requirement. The Board as a whole is responsible for the procedures of agreeing to the appointment of its members and for nominating appropriate person for election or re-election pursuant to the Articles of Association of the Company by shareholders at the annual general meeting.

Mr. Flynn Douglas Ronald and Ms. Ho Chiu King, Pansy Catilina were appointed as non-executive Directors on 28 April 2008. Their appointment were recommended by Chief Executive Officer and considered and approved by the Board at a meeting at which seven Directors were present (except Mr. Yiu Yan Chi, Bernard, Mr. Pfitzner Kym Richard, Mr. Zinger Simon, Ms. Lee Kwei-Fen, Mr. Hung Hak Hip and Mr. Liu Yuk Chi, David). There was no other change in directorship during the year and up to the date of this report.

Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer of the Company are currently held by Dr. Wong Yu Hong, Philip, GBS and Dr. Leung Anita Fung Yee Maria respectively. The Chairman is responsible for ensuring that the Board is functioning properly, with good corporate governance practices and procedures. He also steers the Board and the Company towards corporate goals. The Chief Executive Officer is responsible for effective implementation of the overall strategies and initiatives adopted by the Board as well as the daily operation of the Group.

With the support of the Chief Executive Officer and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues brought up at Board meetings and receive adequate and reliable information in relation to matters discussed at Board meetings and also other affairs of the Group on a timely basis.

Directors' Duties

The Directors are continually updated with the regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities. Through regular Board meetings, all Directors are kept abreast of the conduct, business activities and development of the Company.

Board Delegation

The Board, led by the Chairman, is responsible for setting overall corporate strategies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. Supported by senior management members, the Chief Executive Officer is responsible for effective implementation of the Board's decisions and the day-to-day operations of the Group.

Board Process

During the year ended 30 September 2008, the Board held four regular board meetings and additional board meetings were held as and when necessary. The Directors participated in person or through electronic means of communication. The attendance of each Director is set out as follows:

Name of Director	**Number of meetings attended/held**
Executive Directors	
Dr. LEUNG Anita Fung Yee Maria *(Chief Executive Officer)*	4/4
Mr. YIU Yan Chi, Bernard	4/4
Mr. TSIANG Hoi Fong	4/4
Non-executive Directors	
Dr. Honourable WONG Yu Hong, Philip, GBS *(Chairman)*	4/4
Mr. PFITZNER Kym Richard	2/4
Mr. ZINGER Simon	2/4
Ms. LEE Kwei-Fen	1/4
Mr. HUNG Hak Hip	2/4
Mr. LIU Yuk Chi, David	3/4
Dr. WONG Ying Ho, Kennedy, BBS, JP	3/4
Mr. FLYNN Douglas Ronald*	2/2
Ms. HO Chiu King, Pansy Catilina*	1/2
Independent Non-executive Directors	
Mr. LAU Hon Chuen, GBS, JP	3/4
Mr. LAM Haw Shun, Dennis, JP	4/4
Mr. HUI Koon Man, Michael, JP	2/4

* Appointed on 28 April 2008 and only two Board meetings were held after their appointment as Directors.

Directors are provided with relevant information to make informed decisions. The Board and each director have separate and independent access to the Company's senior management for information and making enquires if necessary. A director of the Company who considers it necessary to seek independent professional advice in order to perform his/her duties as a director of the Company may convene, or request the Company Secretary of the Company to convene, a meeting of the Board to approve the consultation of independent legal or other professional advisor for advice. For regular Board meetings, an agenda and accompanying board papers of the meeting are sent in full to all directors at least three days before the intended date of a meeting.

Every Director is entitled to have access to the advice and services of the Company Secretary with a view to ensure that the Board procedures, and all applicable rules and regulations, are complied with. All minutes are kept by the Company Secretary and are open for inspections by any Director during normal office hours by giving reasonably advance notice. Minutes of Board meetings and Board committees meetings record in sufficient details the matters considered in the meetings and decisions reached. Draft and final versions of minutes of Board meetings have been sent to all Directors for their comments and record respectively within a reasonable time after the relevant meeting was held.

If a substantial shareholder or a Director has a conflict of interest in a matter before the Board, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent board committee will be set up to deal with the matter.

BOARD COMMITTEES

The Board has established the following committees with defined terms of reference, which are of no less than exact terms than those set out in the Code.

Remuneration Committee

The Chairman of the Remuneration Committee is Mr. Lam Haw Shun, Dennis, JP and other members are Mr. Lau Hon Chuen, GBS, JP and Mr. Liu Yuk Chi, David, the majority being independent non-executive Directors of the Company. The primary function of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management. The Company's emolument policy is to ensure that the remuneration offered to employees including executive Directors and senior management is based on the skills, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages are also determined by reference to the Company's performance and profitability, remuneration level in the industry and the prevailing market conditions. The emolument policy for non-executive Directors, mainly comprising directors' fees, is subject to annual assessment with reference to the market standard. Individual Director and senior management would not be involved in deciding their own remuneration. The specific written terms of reference which follows closely the requirements of the code provisions of the Code have been adopted by the Board and are available on the Company's website, www.qjymedia.com.

During the year ended 30 September 2008, the Remuneration Committee held four meetings, with attendance record as follows:

Name of member	Number of meetings attended/held
Mr. LAM Haw Shun, Dennis, JP *(Chairman)*	4/4
Mr. LAU Hon Chuen, GBS, JP	4/4
Mr. LIU Yuk Chi, David	2/4

During the year under review, the Remuneration Committee reviewed matters relating to remuneration packages of directors and senior management, including the share options.

Audit Committee

The Chairman of the Audit Committee is Mr. Lam Haw Shun, Dennis, JP and other members are Mr. Lau Hon Chuen, GBS, JP and Mr. Liu Yuk Chi, David, the majority being independent non-executive Directors of the Company. The Audit Committee is to oversee the Group's financial reporting system and internal control procedures, and to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with the applicable standard. Other duties of the Audit Committee are set out in its specific written terms of reference which deal clearly with their authority and duties and are available on the Company's website, www.qjymedia.com.

During the year ended 30 September 2008, the Audit Committee held two meetings with attendance record as follows:

Name of member	Number of meetings attended/held
Mr. LAM Haw Shun, Dennis, JP *(Chairman)*	2/2
Mr. LAU Hon Chuen, GBS, JP	1/2
Mr. LIU Yuk Chi, David	1/2

At the meetings, the Audit Committee has reviewed the audited financial statements for the year ended 30 September 2007 and the interim report for the six months ended 31 March 2008 respectively with senior management and the Company's external auditors. The Audit Committee has also reviewed the Group's accounting principles and practices, Listing Rules and statutory compliance, internal controls and financial reporting matters.

AUDITORS' REMUNERATION

The amount of fees charged by the auditor generally depends on the scope and volume of the auditor's work. For the year ended 30 September 2008, the remuneration to the auditor of the Company were approximately HK$1,168,000 for audit services and HK$292,000 for non-audit services.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE ACCOUNTS

The management provides the explanation and information to the Board to facilitate an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibility to prepare the financial statements that give a true and fair view of the state of affairs of the Group. Meanwhile, the Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable. In preparing the financial statements for the year ended 30 September 2008, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the applicable laws were complied with.

The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as going concern. The Board has prepared the financial statements on a going concern basis.

The reporting responsibilities of external auditors of the Company are disclosed in "Independent Auditor's Report".

INTERNAL CONTROL

The Board has overall responsibilities for maintaining a sound and effective internal control system of the Group. The system includes a defined management structure with limits of authority, safeguard its assets against unauthorized use of disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensures compliances with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage the risks of failure in the Group's operational systems and in the achievement of the Group's objectives.

Management has conducted regular review during the year on the effectiveness of the internal control system covering all material controls in area of financial and compliance controls and various functions for risks management.

An external professional firm has been engaged to review and assess certain internal control system of the Group for the year ended 30 September 2008 and reported the review and recommended procedures whereas no material control failure were noted. The Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls and risk management function for the year ended 30 September 2008. There are no material internal control deficiencies that may affect the shareholders of the Company have come to the attention of the Audit Committee or the Board. They considered that the system had effectively safeguarded the assets of the Group. The Group will continue to enhance the system to cope with the changes in the business environment.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Confirmations have been sought from all Directors that they have complied with the required standards set out in the Model Code throughout the year ended 30 September 2008. The Board has also adopted the Model Code as guidelines for relevant employees in respect of their dealings in the securities of the Company.

COMMUNICATION WITH SHAREHOLDERS

Effective communication

The Company discloses relevant information to shareholders through the Company's annual report and financial statements, the interim report, as well as the Annual General Meeting (the "AGM"). The section under "Chairman's Statement" and "Management Discussion and Analysis" of the annual report facilitate the shareholders' understanding of the Company's activities. The AGM allows the Directors to meet and communicate with shareholders. The Company's financial statements and each of the required disclosure of information are dispatched within the prescribed period imposed by laws and regulations.

To manage its relationship with investment community, the Group meets regularly with the press and financial analysts and participates frequently in other conferences and presentations.

To further promote effective communication, the corporate website is maintained to disseminate Company's announcements and other relevant financial and non-financial information electronically on a timely basis.

Voting by poll

Details of the rights of shareholders to demand a poll are included in the circular to shareholders dispatched together with the annual report. The circular also includes relevant details of proposed resolutions, including biographies of each Director standing for re-election. Results of the poll (if any) are made available on the website of the Company, www.qjymedia.com and the Stock Exchange, www.hkex.com.hk.

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 September 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are the provision of media services including television ("TV") program related services and marketing and advertising related services in the People's Republic of China (the "PRC"), and public relations services.

The particulars of the subsidiaries are set out in note 12 to the financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 30 September 2008 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 41 to 105.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year are set out in note 23 to the financial statements.

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

During the year ended 30 September 2008, the Company repurchased 1,228,000 ordinary shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK$4,412,000. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases are set out in note 23(a) to the financial statements.

Save as disclosed above, at no time during the year ended 30 September 2008 was there any purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities.

RESULTS AND RESERVES

The results of the Group for the year ended 30 September 2008 are set out in the consolidated income statement on page 41 of the annual report. The movements in reserves are out in note 23 to the financial statements.

An interim dividend in scrip form of HK3.6 cents per share with a cash option (2007: interim dividend in scrip form of HK2.5 cents per share with a cash option) was paid on 31 July 2008.

The Directors do not recommend payment of a final dividend for the year ended 30 September 2008 (2007: final dividend in scrip form of HK2.8 cents per share with a cash option).

Report of the Directors

The Directors recommend a bonus issue of one new share for every ten existing shares, credited as fully paid up, to shareholders whose names appear on the register of members as at the date of the forthcoming annual general meeting ("AGM"). The bonus shares, when issue, will rank pari passu in all other respects with the existing issued shares of the Company. The bonus issue of shares is conditional upon (a) the passing an ordinary resolution to approve the bonus issue of shares by the shareholders at the AGM; and (b) the granting of listing of and permission to deal in the bonus shares by the Listing Committee of The Stock Exchange of Hong Kong Limited. Details of the bonus issue of shares will be included in a circular to be despatched to shareholders of the Company as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 19 January 2009 to 22 January 2009, both dates inclusive. To qualify for the proposed bonus issue of shares and to determine the identity of members who are entitled to attend and vote at the AGM, all share transfers must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited of Rooms 1901-2, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration no later than 4:00pm on 16 January 2009.

CHARITABLE DONATIONS

During the year, the Group made donations of HK$649,000 (2007: HK$664,000) for charitable purposes.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 106 of the annual report.

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 11 to the financial statements.

BANK LOANS

The bank loans of the Group are set out in note 20 to the financial statements.

DIRECTORS

The Directors during the financial year and up to the date of this report were:

Executive Directors

Dr. LEUNG Anita Fung Yee Maria *(Chief Executive Officer)*
Mr. YIU Yan Chi, Bernard
Mr. TSIANG Hoi Fong

Non-executive Directors

Dr. Honourable WONG Yu Hong, Philip, GBS *(Chairman)*
Mr. PFITZNER Kym Richard
Mr. ZINGER Simon
Ms. LEE Kwei-Fen
Mr. HUNG Hak Hip
Mr. LIU Yuk Chi, David
Dr. WONG Ying Ho, Kennedy, BBS, JP
Mr. FLYNN Douglas Ronald (appointed on 28 April 2008)
Ms. HO Chiu King, Pansy Catilina (appointed on 28 April 2008)

Independent Non-executive Directors

Mr. LAU Hon Chuen, GBS, JP
Mr. LAM Haw Shun, Dennis, JP
Mr. HUI Koon Man, Michael, JP

In accordance with Clause 95 of the Company's Articles of Association, Mr. Flynn Douglas Ronald and Ms. Ho Chiu King, Pansy Catilina, who were appointed to the Board after the date of the last annual general meeting retire at the forthcoming AGM, and being eligible, offer themselves for re-election.

In accordance with Clause 96(A) of the Company's Articles of Association, Mr. Tsiang Hoi Fong, Mr. Pfitzner Kym Richard, Ms. Lee Kwei-Fen, Mr. Hung Hak Hip and Mr. Liu Yuk Chi, David will retire by rotation at the forthcoming AGM.

None of the Director proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 September 2008, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(i) Interests in the Company

		Number of ordinary shares of the Company				
Name of director	**Capacity**	**Personal interests**	**Family interests**	**Corporate interests**	**Total**	**Per cent of total issued share capital of the Company as at 30 September 2008**
Dr. LEUNG Anita Fung Yee Maria ("Dr. Leung")	Interests in controlled corporation and beneficial owner and interests of spouse	258,679	258,679	192,232,325 (Note 1)	192,749,683	31.00%
Dr. Honourable WONG Yu Hong, Philip, GBS ("Dr. Wong")	Interests in controlled corporation and beneficial owner and interests of spouse	258,679	13,196,634 (Note 2)	179,294,370 (Note 3)	192,749,683	31.00%
Mr. YIU Yan Chi, Bernard	Beneficial owner	500,000	Nil	Nil	500,000	0.08%
Mr. PFITZNER Kym Richard	Beneficial owner	100,000	Nil	Nil	100,000	0.02%
Mr. LIU Yuk Chi, David	Beneficial owner	110,000	Nil	Nil	110,000	0.02%
Mr. HUI Koon Man, Michael, JP	Beneficial owner	413,652	Nil	Nil	413,652	0.07%

Notes:

1. The 192,232,325 shares are held as to 168,637,511 shares by Dynamic Master Developments Limited, 1,007,518 shares by Hunterland City Limited, 10,656,859 shares by Goodhold Limited and 11,930,437 shares by Up & Rise Limited. Dynamic Master Developments Limited is owned as to 53.07% and 32.76% by Goodhold Limited and Hunterland City Limited respectively. Dr. Leung is entitled to exercise control of 99.99% in Hunterland City Limited, 50% in Goodhold Limited and 100% in Up & Rise Limited and therefore is deemed to be interested in the 192,232,325 shares under the SFO.

2. The family interest of 13,196,634 shares refers to 258,679 shares beneficially owned by Dr. Leung,spouse of Dr. Wong, 1,007,518 shares held by Hunterland City Limited and 11,930,437 shares held by Up & Rise Limited which are included in corporate interests of 192,232,325 shares held by Dr. Leung.

3. The 179,294,370 shares are held as to 168,637,511 shares by Dynamic Master Developments Limited and 10,656,859 shares by Goodhold Limited. Dynamic Master Developments Limited is owned as to 53.07% by Goodhold Limited. Dr. Wong is entitled to exercise control of 50% in Goodhold Limited and therefore is deemed to be interested in the 179,294,370 shares under the SFO.

(ii) Share option of the Company

Directors	Date of grant	Exercise period	Closing price immediately before date of grant HK$	Weighted average closing price immediate before date of exercise HK$	Exercise price per share HK$	Number of share options: As at 1 October 2007	Granted during the year	Exercised during the year	Cancelled during the year	As at 30 September 2008	Per cent of total issued share capital of the Company as at 30 September 2008
Dr. Honourable WONG Yu Hong, Philip, GBS	28 February 2007	28 February 2007 to 13 June 2014	2.42	4.53	2.26	254,930	—	254,930	—	—	—
Mr. YIU Yan Chi, Bernard	16 April 2008	16 April 2008 to 13 June 2014	4.50	—	4.53	—	1,241,692	—	—	1,241,692	0.20%
Mr. TSIANG Hoi Fong	15 March 2007	15 March 2007 to 13 June 2014	2.04	—	2.26	5,098,594	—	—	—	5,098,594	0.82%
Mr. HUNG Hak Hip	6 March 2007	6 March 2007 to 13 June 2014	2.04	—	2.26	509,859	—	—	—	509,859	0.08%
Mr. LIU Yuk Chi, David	2 March 2007	2 March 2007 to 13 June 2014	2.23	5.01	2.26	254,929	—	254,929	—	—	—
Mr. FLYNN Douglas Ronald	22 May 2008	22 May 2008 to 13 June 2014	5.46	—	5.65	—	620,846	—	—	620,846	0.10%
Ms. HO Chiu King, Pansy Catilina	10 June 2008	10 June 2008 to 13 June 2014	5.16	—	5.65	—	620,846	—	—	620,846	0.10%
Mr. LAU Hon Chuen, GBS, JP	21 March 2007	21 March 2007 to 13 June 2014	2.09	—	2.26	509,859	—	—	—	509,859	0.08%
Mr. LAM Haw Shun, Dennis, JP	6 March 2007	6 March 2007 to 13 June 2014	2.04	—	2.26	509,859	—	—	—	509,859	0.08%
Mr. HUI Koon Man, Michael, JP	6 March 2007	6 March 2007 to 13 June 2014	2.04	4.89	2.26	509,859	—	509,859	—	—	—
Employee	16 April 2008	16 April 2008 to 13 June 2014	4.50	—	4.53	—	1,241,692	—	—	1,241,692	0.20%
Total						7,647,889	3,725,076	1,019,718	—	10,353,247	

Notes:

1. During the year, no share options were lapsed or cancelled under the Share Option Scheme.
2. These share options represent personal interests held by the Directors as beneficial owners.

(iii) Interests in associated corporations

Name of associated corporation	Name of director	Capacity	Class of shares	Number of shares of the associated corporation: Personal interests	Family interests	Corporate interests	Total	Per cent of total issued share capital of associated corporation as at 30 September 2008
Qin Jia Yuan Cultural Assets (Hong Kong) Company Limited ("QJY Cultural")	Dr. LEUNG Anita Fung Yee Maria	Beneficial owner and interests of spouse	Class A (non-voting)	1	1	Nil	2 (Note 1)	2.13%
	Dr. Honourable WONG Yu Hong, Philip, GBS	Beneficial owner and interests of spouse	Class A (non-voting)	1	1	Nil	2 (Note 1)	2.13%
Qin Jia Yuan Publishing Company Limited ("QJY Publishing")	Dr. LEUNG Anita Fung Yee Maria	Beneficial owner and interests in controlled corporation	Class A (non-voting)	1	Nil	1 (Note 2)	2	50%
	Dr. Honourable WONG Yu Hong, Philip, GBS	Interests of spouse and interests in controlled corporation	Class A (non-voting)	Nil	1 (Note 3)	1 (Note 2)	2	50%

Notes:

1. The 2 shares in QJY Cultural are held as to 1 share by Dr. Leung and 1 share by Dr. Wong. As Dr. Leung and Dr. Wong are a married couple, they are deemed to be interested in these 2 shares.

2. The 1 share in QJY Publishing is held by Triglory Corporation. Triglory Corporation is owned as to 60% by Dr. Leung and 40% by Dr. Wong. Dr. Leung and Dr. Wong are entitled to exercise control over the Triglory Corporation, and therefore, Dr. Leung and Dr. Wong are deemed to be interested in this 1 share in QJY Publishing.

3. The family interest of 1 share in QJY Publishing is the personal interest held by Dr. Leung, spouse of Dr. Wong.

Save as mentioned above, as at 30 September 2008, none of the Directors or chief executive of the Company or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed, during the year, no right has been granted to or exercised by, any Director or chief executive of the Company to subscribe for shares, warrants and debentures of the Company.

DIRECTORS' INTERESTS IN CONTRACTS

Pursuant to the service agreement entered into between Dr. Leung Anita Fung Yee Maria and the Company dated 1 December 2003, with respect to the copyrights of novels, essays and scripts which are originally written by Dr. Leung not in the course of her employment with the Company and which have not been assigned to the Group, the Company was granted the first priority to request Dr. Leung to sell them to the Group for TV program production at a consideration of HK$1 per episode.

Pursuant to the supplemental services agreement entered between Dr. Leung and the Company on 4 June 2007, the Company will have the first priority right to adopt the work of Dr. Leung at HK$1 per episode provided that:

(i) if such right is exercised before 30 September 2009, production has to commence within 6 months after the exercise of the right;

(ii) if such right is exercised during the period from 1 October 2009 to 30 September 2010, production has to be completed on or before 30 September 2010, otherwise the consideration shall be equivalent to the value of such right as valued by an independent valuer; and

(iii) any exercise of the first priority right after 30 September 2010 shall be equivalent to the value of such right as valued by an independent valuer.

Dr. Leung was interested in this contract as Director and a controlling shareholder of the Company.

Apart from the foregoing, no contract of significance to which the Company or its subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, the Company disclosed that none of the Directors has any interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly with the Group's business, except for three non-executive Directors, namely Mr. Pfitzner Kym Richard, Mr. Zinger Simon and Ms. Lee Kwei-Fen. All of these non-executive Directors are employees of Aegis Group plc ("Aegis") which provides a broad range of marketing services. The Directors are of the view that any potential conflict of interests would be effectively mitigated given that the operations of the Group and the Aegis group of companies are operated separately and independently with the respective board of directors of the members of the Aegis group of companies and the Company performing their fiduciary duties and providing their oversight to safeguard the interests of their respective shareholders. Furthermore, the non-executive Directors nominated by Aegis only act as representatives of Aegis and do not control the Board. Except for the non-executive Directors nominated by Aegis, there is no common member between the management of the Group and the Aegis group of companies. In the event of conflict of interests, the non-executive Directors nominated by Aegis would be required to abstain from voting on the relevant resolution proposed in accordance with the Articles of Association of the Company which complied with the requirements of Appendix 3 and Appendix 13 to the Listing Rules.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the shareholders passed on 13 June 2004, the Company has established a share option scheme (the "Scheme") whereby the Directors of the Company may, at their discretion, invite any full time or part time employees and Directors, consultants and advisers to the Group (subject to the eligibility requirements as set out therein) to take up options which entitle them to subscribe for shares representing up to a maximum in nominal value of 30% of the issued share capital of the Company from time to time. The total number of shares available for issue under the Scheme and any other schemes must not in aggregate exceed 10% of the issued share capital of the Company as at the date of listing of the Company's shares on the Stock Exchange unless further shareholders' approval has been obtained. The total number of shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in any 12 months' period up to the date of grant to a substantial shareholder or an independent non-executive Director or their associates would not exceed 0.1% of the shares in issue or an aggregate value of HK$5,000,000 unless further shareholders' approval has been obtained; and to each other eligible person would not exceed 1% of the shares in issue. The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full time and part time), Directors, consultants and advisers of the Group and to promote the success of the business of the Group. The Scheme shall be valid and effective for a period of ten years ending on 13 June 2014. The exercise price of options shall be determined by the Board and shall not be less than the highest of the closing price of the shares of the company as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options and the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer and the nominal value of a share of the Company. An option may be exercised at any time during a period as the Board may determine which shall not be more than ten years from the date of grant of the option subject to the provisions of early termination thereof.

During the year ended 30 September 2008, 3,725,076 options were granted to Directors and employee and 1,019,718 options were exercised during the year. Details of the options granted to and exercised by the Directors and employee are set out in the section headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures". Details of the value of options granted during the year are set out in note 22(c) to the financial statements. Save for the said options granted to Directors and employee, no other option has been granted during the year.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 September 2008, the interests and short positions of those persons (other than a Director or chief executive of the Company disclosed above) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Nature of interest	Total number of ordinary shares held	Per cent of total issued share capital as at 30 September 2008	Notes
Dynamic Master Developments Limited	Beneficial owner	Beneficial interest	168,637,511	27.12%	1
Goodhold Limited	Interests in controlled corporation and beneficial owner	Corporate interest/ beneficial interest	179,294,370	28.83%	2
Hunterland City Limited	Interests in controlled corporation and beneficial owner	Corporate interest/ beneficial interest	169,645,029	27.28%	2
Aegis Media Asia Pacific Pte. Ltd.	Beneficial owner	Beneficial interest	98,267,915	15.80%	3
Aegis International Ltd.	Interests in controlled corporation	Corporate interest	98,267,915	15.80%	4
Aegis Group plc	Interests in controlled corporation	Corporate interest	98,267,915	15.80%	4
Shun Tak Holdings Limited	Interests in controlled corporation	Corporate interest	31,382,957	5.05%	5

Notes:

1. The issued share capital of Dynamic Master Developments Limited is owned as to 53.07%, 32.76%, 5.3%, 3.55%, 3.55% and 1.77% by Goodhold Limited, Hunterland City Limited, Sliver Well Limited, Madam Au Tak Yee, Y. Y. Yao & Co., Limited and Commanding Profits Limited respectively.

2. The issued share capital of Dynamic Master Developments Limited is owned as to 53.07% and 32.76% by Goodhold Limited and Hunterland City Limited. As each of Goodhold Limited and Hunterland City Limited is entitled to exercise control over Dynamic Master Developments Limited, they are deemed to be interested in the 168,637,511 shares held by Dynamic Master Developments Limited under the SFO. In addition, Goodhold Limited directly holds 10,656,859 shares and Hunterland City Limited directly holds 1,007,518 shares.

3. Aegis Media Asia Pacific Pte. Ltd. is the registered owner of the 98,267,915 shares.

4. Aegis Media Asia Pacific Pte. Ltd. is a directly wholly owned subsidiary of Aegis International Ltd., a company incorporated in the United Kingdom. Aegis International Ltd. is a directly wholly owned subsidiary of Aegis Group plc which is a company listed on the London Stock Exchange. Accordingly, Aegis International Ltd. and Aegis Group plc are deemed to be interested in the 98,267,915 shares held by Aegis Media Asia Pacific Pte. Ltd. under the SFO.

5. Shun Tak Holdings Limited held through its wholly owned subsidiary to hold 31,382,957 shares.

Save as disclosed above, the Company had not been notified of any other interests or short positions in the shares or underlying shares representing 5% or more of the issued share capital of the Company as at 30 September 2008.

CONTINUING CONNECTED TRANSACTIONS

On 26 September 2008, the Group has entered into a tenancy agreement with Beli Yongfu, a company wholly owned by Dr. Leung in respect of Flat 1110, Chuang Zhan Da Sha, No. 928 Xikang Road, Jing'an District, Shanghai with a gross area of approximately 162.04 square metres. The lease term is for three years commencing from 1 October 2008. The annual amount of rent payable is RMB234,000.

In addition, for the year ended 30 September 2008,

(a) the Group has paid a total rental of RMB1,032,000 (equivalent to HK$1,136,000) pursuant to three lease agreements dated 28 December 2006 entered into between Winco (Dongguan) Paper Products Co., Ltd., a company controlled by Dr. Leung and Dr. Wong and Qin Jia Yuan Production Service (Shenzhen) Limited, a wholly-owned subsidiary of the Company, as more particularly described in the announcement made by the Company dated 28 December 2006; and

(b) the Group has paid a total rental of RMB1,335,600 (equivalent to HK$1,470,000) pursuant to (i) a lease dated 10 May 2007 entered into between Qin Jia Yuan Production Service (Shenzhen) Limited and Dr. Leung in respect of Unit 1209, 12th Floor, Block A, Center Plaza, No. 161 Linhe Xi Road, Tianhe District, Guangzhou, Guangdong Province; and (ii) a lease dated 10 May 2007 entered into between Qin Jia Yuan Production Service (Shenzhen) Limited and Huge Smart Asia Limited, a company wholly owned by Dr. Leung and Dr. Wong in respect of House No. 11, Phase 3(B) , Regency Park, No. 8 Yinhu Road, Luohu District, Shenzhen.

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive Directors of the Company have reviewed the above continuing connected transactions and opined that the transactions are:

— in the ordinary and usual course of the business of the Group;

— on normal commercial terms;

— in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Board has also confirmed that a letter pursuant to Rule 14A.38 of the Listing Rules has been issued to the Board by auditors of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws in Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover attributable to the Group's five largest customers accounted for approximately 56.7% (2007: 65.4%) and the largest customer accounted for approximately 21.1% (2007: 19.8%) of the Group's total turnover for the year ended 30 September 2008.

The aggregate purchase attributable to the Group's five largest suppliers accounted for approximately 50.9% (2007: 32.8%) and the largest supplier accounted for approximately 13.2% (2007: 9.0%) of the Group's total purchases for the year ended 30 September 2008.

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the interests in the Company's shares in public hands exceed 25% as at the date of this report.

AUDITORS

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming AGM.

On behalf of the Board of Directors

LEUNG Anita Fung Yee Maria
Director

Hong Kong, 17 November 2008

To the shareholders of Qin Jia Yuan Media Services Company Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Qin Jia Yuan Media Services Company Limited (the "Company") set out on pages 41 to 105, which comprise the consolidated and company balance sheets as at 30 September 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made 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.

AUDITOR'S RESPONSIBILITY *(continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Hong Kong, 17 November 2008

Consolidated Income Statement

For the year ended 30 September 2008

(Expressed in Hong Kong dollars)

	Note	2008 $'000	2007 $'000
Turnover	2	**322,258**	196,949
Direct costs		**(89,823)**	(46,549)
		232,435	150,400
Other revenue	3(a)	**3,959**	4,409
Other net income	3(b)	**58,458**	20,182
Administrative and other operating expenses		**(58,042)**	(26,883)
Profit from operations		**236,810**	148,108
Finance costs	4(a)	**(17,193)**	(8,013)
Profit before taxation	4	**219,617**	140,095
Income tax	5	**(2,154)**	(696)
Profit for the year		**217,463**	139,399
Dividends payable to equity shareholders of the Company attributable to the year:	8		
– Interim dividend declared during the year		**22,350**	14,463
– Final dividend proposed after the balance sheet date		**—**	17,297
		22,350	31,760
Earnings per share			
– Basic	9(a)	**35.51 cents**	26.15 cents
– Diluted	9(b)	**35.30 cents**	26.10 cents

The notes on pages 48 to 105 form part of these financial statements.

Consolidated Balance Sheet

At 30 September 2008

(Expressed in Hong Kong dollars)

	Note	2008 $'000	2007 $'000
Non-current assets			
Fixed assets	11	**27,184**	23,392
Intangible assets	13	**424,908**	226,258
Reimbursements receivable	14	**91,626**	41,484
Long term receivables	15	**21,368**	695
Long term deposits	25(b)(ii)	**13,447**	13,447
		578,533	305,276
Current assets			
Inventories	16	**87,856**	71,383
Accounts receivable	15	**161,057**	128,262
Reimbursements receivable	14	**357,353**	270,715
Prepayments, deposits and other receivables		**120,093**	81,195
Pledged deposits	18	**107,255**	59,827
Cash and cash equivalents	19	**212,849**	168,635
		1,046,463	780,017
Assets classified as held for sale	21	**—**	3,586
		1,046,463	783,603
Current liabilities			
Bank loans	20	**(243,220)**	(93,477)
Accruals and other payables		**(92,340)**	(85,799)
Current taxation		**(8,382)**	(6,165)
		(343,942)	(185,441)
Liabilities directly associated with assets classified as held for sale	21	**—**	(2,390)
		(343,942)	(187,831)
Net current assets		**702,521**	595,772

At 30 September 2008

(Expressed in Hong Kong dollars)

	Note	2008 $'000	2007 $'000
Total assets less current liabilities		**1,281,054**	901,048
Non-current liabilities			
Bank loans	20	**(38,949)**	(3,643)
NET ASSETS		**1,242,105**	897,405
CAPITAL AND RESERVES	23(b)		
Share capital	23(a)	**48,502**	45,429
Reserves		**1,193,603**	851,976
		1,242,105	897,405

Approved and authorised for issue by the Board of Directors on 17 November 2008

LEUNG Anita Fung Yee Maria	**LAM Haw Shun, Dennis**
Director	Director

The notes on pages 48 to 105 form part of these financial statements.

Balance Sheet

At 30 September 2008

(Expressed in Hong Kong dollars)

	Note	2008 $'000	2007 $'000
Non-current asset			
Interests in subsidiaries	12	**60,943**	60,943
Current assets			
Amounts due from subsidiaries	17	**743,667**	602,541
Prepayments and other receivables		**1,950**	45
Cash and cash equivalents	19	**5,437**	818
		751,054	603,404
Current liabilities			
Amounts due to subsidiaries	17	**(13,381)**	(12,226)
Accruals and other payables		**(2,512)**	(2,154)
		(15,893)	(14,380)
Net current assets		**735,161**	589,024
NET ASSETS		**796,104**	649,967
CAPITAL AND RESERVES	23(c)		
Share capital	23(a)	**48,502**	45,429
Reserves		**747,602**	604,538
		796,104	649,967

Approved and authorised for issue by the Board of Directors on 17 November 2008

LEUNG Anita Fung Yee Maria
Director

LAM Haw Shun, Dennis
Director

The notes on pages 48 to 105 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2008

(Expressed in Hong Kong dollars)

	Note	**2008**	2007
		$'000	$'000
Shareholders' equity at the beginning of the year		**897,405**	533,027
Net loss recognised directly in equity:			
Exchange differences on translation of financial statements of PRC subsidiaries	23(b)	**(7,343)**	(3,965)
Net profit for the year	23(b)	**217,463**	139,399
Dividends declared or approved during the year	23(b)	**(39,647)**	(23,640)
Movements in equity arising from capital transactions:			
Shares issued during the year			
– scrip dividends	23(b)	**19,948**	16,537
– shares placement	23(b)	**153,752**	231,821
– shares issued under share option scheme	23(b)	**2,304**	2,304
– equity settled share-based transactions	23(b)	**2,652**	1,922
Shares repurchased during the year	23(b)	**(4,429)**	—
		174,227	252,584
Shareholders' equity at the end of the year		**1,242,105**	897,405

The notes on pages 48 to 105 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 September 2008

(Expressed in Hong Kong dollars)

	Note	2008		2007	
		$'000	$'000	$'000	$'000
Operating activities					
Profit before taxation			219,617		140,095
Adjustments for:					
– Amortisation and depreciation			32,196		24,338
– Interest income			(3,903)		(4,330)
– Finance costs			17,193		8,013
– Loss/(gain) on disposal of fixed assets			2		(21)
– Gain on disposal of a subsidiary			(1,304)		—
– Equity settled share-based payment expenses			2,652		1,922
– Exchange difference			(13,037)		(6,839)
Operating profit before changes in working capital			253,416		163,178
Increase in inventories		(16,473)		(26,275)	
Increase in accounts receivable		(53,468)		(41,480)	
Increase in reimbursements receivable		(136,780)		(111,605)	
Increase in prepayments, deposits and other receivables		(38,629)		(57,432)	
Increase in accruals and other payables		5,479		40,632	
			(239,871)		(196,160)
Cash generated from/ (used in) operations			13,545		(32,982)
Tax paid			—		(50)
Net cash generated from/ (used in) operating activities			13,545		(33,032)

For the year ended 30 September 2008

(Expressed in Hong Kong dollars)

	Note	2008		2007	
		$'000	$'000	$'000	$'000
Investing activities					
Proceeds from disposal of a subsidiary		2,430		—	
Proceeds from disposal of fixed assets		—		32	
Payment for purchase of fixed assets		(8,997)		(3,730)	
Payment for purchase of intangible assets		(224,001)		(134,315)	
Interest received		3,634		4,330	
Net cash used in investing activities			(226,934)		(133,683)
Financing activities					
Increase in pledged deposits		(47,428)		(14,557)	
Proceeds from/(repayment of) bank loans		185,049		(15,250)	
Interests paid		(16,131)		(8,649)	
Other borrowing costs paid		—		(3)	
Proceeds from issuance of shares		159,250		240,900	
Expenses paid in connection with the issuance of shares		(5,498)		(9,079)	
Dividends paid		(19,699)		(7,103)	
Payment for repurchase of shares		(4,429)		—	
Exercise of share options		2,304		2,304	
Net cash generated from financing activities			253,418		188,563
Net increase in cash and cash equivalents			40,029		21,848
Cash and cash equivalents at the beginning of the year			168,705		144,713
Effect of foreign exchange rate changes			4,115		2,144
Cash and cash equivalents at the end of the year	19		212,849		168,705

The notes on pages 48 to 105 form part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, *Financial instruments: Disclosures* and the amendment to HKAS 1, *Presentation of financial statements: Capital disclosures*, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information preiously required to be disclosed by HKAS 32, *Financial instruments: Disclosure and presentation*. These disclosures are provided throughtout these financial statements, in particular in note 24.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital. These new disclosures are set out in note 23(f).

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 29).

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 September 2008 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis.

Non-current assets and disposal group held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 1(s)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in note 28.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(g)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 1(s)).

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Fixed assets

(i) Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (note 1(g)).

(ii) Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(iii) Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— land and buildings are depreciated over the shorter of their estimated useful lives, being 50 years from the date of completion, and the unexpired terms of the leases;

— props and costumes are depreciated over their estimated useful lives of 3 years, except for cost of props and costumes which are specifically purchased for the production of a particular television ("TV") program is included in the cost of services rendered in connection with the production of that particular TV program;

— other fixed assets are depreciated over their estimated useful lives as follows:

Leasehold improvements	3 - 6 years
Furniture, fixtures and other fixed assets	3 - 5 years
Production equipment	5 years
Motor vehicles	5 years

Where parts of an item of fixed assets have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) Intangible assets

(i) TV programs in progress

TV programs in progress are stated in balance sheet at cost less any impairment losses (see note 1(g)). Costs include capital injected and all other direct costs associated with the production of TV programs. Costs of TV programs are transferred to licence rights upon completion.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Intangible assets *(continued)*

(ii) Licence rights

Licence rights that are acquired by the Group are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see note 1(g)). Amortisation is charged to profit or loss at rates calculated to write off the costs in proportion to the expected revenues from the licensing of the rights. Such rates are subject to annual review by the directors.

(iii) Customer contract costs

Costs incurred to acquire contractual relationships with customers are capitalised if it is probable that future economic benefits will flow from the customers to the Group and such costs can be measured reliably. Customer contract costs are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see note 1(g)). Capitalised customer contract costs are amortised on a straight line basis over the minimum enforceable contractual periods. By the end of the minimum enforceable contractual period, fully amortised customer contract costs will be written off.

In the event that a customer terminates the contract prior to the end of the minimum enforceable contractual period, the unamortised customer contract cost will be written off immediately to profit or loss.

(iv) Advertising rights

Advertising rights represent fees paid to secure exclusive rights to procure advertising clients to place advertisements with certain specified newspapers, magazines, TV channels and radio program for specific period of time.

Advertising rights are stated at cost less accumulated amortisation and any impairment losses (see note 1(g)).

Amortisation is calculated on a straight line basis over the agreed periods of use of the advertising rights, starting from the date of commencement of commercial use of the advertising rights. Both the period and method of amortisation are reviewed annually.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Intangible assets *(continued)*

(v) Other intangible assets

Other intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is other than indefinite) and impairment losses (see note 1(g)).

Amortisation of other intangible assets is charged to profit or loss on a straight line basis over the asset's estimated useful lives (unless such lives are indefinite) or over the contractual period. Both the period and method of amortisation and any conclusion that the useful life of an intangible asset is indefinite are reviewed annually.

(f) Leased assets

(i) Classification of assets leased to the Group

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except where land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, in such cases, it is accounted for as being under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(g) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— fixed assets;

— intangible assets; and

— investments in subsidiaries.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Impairment of assets *(continued)*

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

(iii) Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Inventories

Inventories represent the cost of acquisition of certain scripts, synopses and editing rights and are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The carrying amount of those inventories is recognised as an expense in the period in which the related revenue in respect of the provision of script-writing/editing services is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the Group about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

Impairment losses for receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable using the effective interest method.

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(m) Employee benefits

(i) Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to defined contribution retirement plans

Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised in profit or loss as incurred.

Employees of the subsidiaries established in the People's Republic of China ("PRC") participate in defined contribution retirement plans managed by the local government authorities whereby the subsidiaries are required to contribute to the plans at fixed rates of the relevant employees' salary costs.

The Group's contributions to these plans are charged to profit or loss when incurred. The Group has no obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Employee benefits *(continued)*

(iii) Share based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the option will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted reflect actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iv) Termination benefits

Termination benefits are recognised when, only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(n) Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Income tax *(continued)*

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Income tax *(continued)*

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company or the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Contract income

Contract income includes commission income from introduction of funding from investors to production houses and commission income from introduction of TV program related investments to investors. Commission income is recognised when the broadcasting schedule of the relevant TV commercial airtime is confirmed by major TV stations, such as provincial TV stations and/or those with satellite broadcasting capabilities.

(ii) Service income

Service income is derived from the provision of marketing and advertising related services to investors and advertising agencies, ancillary services relating to production of TV program to production houses, and public relations services. Service income is recognised when the services are rendered.

(iii) Licence fees

Fees from granting of distribution licence rights are recognised over the contract period or upon delivery of the master tape of the relevant program in accordance with the terms of the contracts.

(iv) Costume rental

Costume rental receivable under operating leases is recognised in equal instalments over accounting periods covered by the respective lease terms, except where an alternative basis is more representative of the patterns of benefits to be derived from the leased asset. Contingent rentals are recognised as income in the accounting period in which they are earned.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(r) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

(s) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present conditions. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets or disposal groups are recognised at lower of their carrying amount and fair value less costs to sell.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Non-current assets held for sale *(continued)*

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(t) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

2 TURNOVER AND SEGMENT REPORTING

The Group is principally engaged in the provision of media services including TV program related services and marketing and advertising related services in the PRC, and other public relations services.

Pursuant to the terms of agreements entered into by the Group and PRC TV production houses, the Group is entitled to commission for procuring funding for the production of TV programs.

Pursuant to the terms of agreements entered into by the Group and licensed PRC advertising companies, the Group is entitled to commission for the procurement of TV programs for investment.

In addition, the Group provides other value-added services such as provision of scripts, script editing of TV programs, public relations services, and product promotional services to advertisers, advertising firms and TV stations.

The Group purchases certain distribution licence rights directly from other rights holders. The Group earns licence fees by granting such rights to film or TV program trading companies.

The Group also provides marketing and advertising related services in respect of placing advertisements with newspapers, magazines, TV channels and radio programs to advertising agencies.

Turnover represents TV program related, marketing and advertising related and public relations service income, net of PRC business tax. The amount of each significant category of revenue recognised in turnover for the year is as follows:

	2008	2007
	$'000	$'000
TV program related income	**72,231**	84,759
Marketing and advertising related income	**197,378**	82,670
Public relations service income	**52,649**	29,520
	322,258	196,949

No analysis of the Group's turnover and contributions to profit from operations by geographical segment or business segment has been presented as most of the Group's operating activities are carried out in the PRC and less than 10 per cent of the Group's turnover and contributions to profit from operations are derived from activities outside the Group's media related services. There is no other geographical or business segment with segment assets equal to or greater than 10 per cent of the Group's total assets.

3 OTHER REVENUE AND OTHER NET INCOME

		2008	2007
		$'000	$'000
(a)	Other revenue		
	Interest income	3,903	4,330
	Others	56	79
		3,959	4,409
(b)	Other net income		
	Net exchange gain	57,156	20,161
	Gain on disposal of a subsidiary	1,304	—
	(Loss)/gain on disposal of fixed assets	(2)	21
		58,458	20,182

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2008 $'000	2007 $'000
(a) Finance costs:		
Interest on bank advances and other borrowings wholly repayable within five years	**17,193**	8,010
Other borrowing costs	**—**	3
	17,193	8,013
(b) Staff costs:		
Salaries, wages and other benefits	**10,060**	4,405
Equity settled share-based payment expenses (note 23(b))	**826**	—
Contributions to defined contribution plans	**292**	177
	11,178	4,582
(c) Other items:		
Amortisation of intangible assets	**25,351**	16,752
Depreciation of fixed assets	**6,845**	7,586
Auditors' remuneration		
– Audit services	**1,168**	1,115
– Other services	**292**	263
Operating lease charges in respect of properties	**10,182**	3,572
Cost of inventories	**4,643**	5,331

5 INCOME TAX

(a) No provision has been made for Hong Kong Profits Tax as the Group did not earn any income subject to Hong Kong Profits Tax during the year.

(b) Pursuant to the Macao SAR's Offshore Laws, Qin Jia Yuan Media Services Investment Macao Commercial Offshore Limited, a subsidiary of the Group and a Macao Offshore Company, is exempted from all taxes in Macau.

(c) Income tax in the consolidated income statement represents the provision of PRC income tax as follows:

— Profits of the subsidiaries established in the PRC are subject to PRC income tax. Pursuant to the Corporate Income Tax Law of the PRC ("new tax law") passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprises are unified at 25% and effective from 1 January 2008. For subsidiaries which are foreign investment enterprises located and operated in Shenzhen, and approved to be established before 16 March 2007 by the State Administration for Industrial and Commerce, provision for PRC income tax has been made at 15% for the period from 1 October 2007 to 31 December 2007 and 18% for the period from 1 January 2008 to 30 September 2008.

— Foreign enterprises with permanent establishment in the PRC are also subject to PRC income tax. The provision for PRC income tax in respect of certain subsidiaries incorporated outside the PRC has been calculated at the applicable tax rate of 33% for the period from 1 October 2007 to 31 December 2007 and 25% for the period from 1 January 2008 to 30 September 2008 on a deemed profit basis on their PRC sourced income during the period.

(d) Reconciliation between tax expense and profit before taxation at applicable tax rate is as follows:

	2008	2007
	$'000	$'000
Profit before taxation	**219,617**	140,095
Notional tax on profit before taxation, calculated at the rates applicable to profits	**24,639**	14,341
Tax effect of non-deductible expenses	**20,592**	10,275
Tax effect of non-taxable income	**(49,633)**	(26,359)
Tax effect of unused tax losses not recognised	**6,556**	2,439
Actual tax expense	**2,154**	696

5 INCOME TAX *(continued)*

(e) Deferred tax asset not recognised:

The Group has not recognised deferred tax asset in respect of tax losses of $54,418,000 (2007: $18,234,000) as it is not probable that future taxable profits against which the unused tax losses can be utilised will be available in the relevant tax jurisdiction and entity. Out of the above tax losses, $38,813,000 (2007: $9,197,000) can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they were incurred, while the remaining tax losses do not expire under the current tax legislation.

6 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

The remuneration of the Company's directors is as follows:

	Directors' fees $'000	Basic salaries, other allowances and emolument $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Equity settled share-based payment expenses (note 23(b)) $'000	2008 Total $'000
Executive Directors						
Dr. LEUNG Anita Fung Yee Maria	—	3,687	21,746	10	—	25,443
Mr. YIU Yan Chi, Bernard	—	1,772	—	12	826	2,610
Mr. TSIANG Hoi Fong	—	396	—	—	—	396
Non-executive Directors						
Dr. Honourable WONG Yu Hong, Philip, GBS	200	—	—	—	—	200
Mr. PFITZNER Kym Richard	—	—	—	—	—	—
Mr. ZINGER Simon	—	—	—	—	—	—
Ms. LEE Kwei-Fen	—	—	—	—	—	—
Mr. HUNG Hak Hip	200	—	—	—	—	200
Mr. LIU Yuk Chi, David	200	—	—	—	—	200
Dr. WONG Ying Ho, Kennedy, BBS, JP	200	—	—	—	—	200
Mr. FLYNN Douglas Ronald	85	667	—	—	500	1,252
Ms. HO Chiu King, Pansy Catilina	85	—	—	—	500	585
Independent Non-executive Directors						
Mr. LAU Hon Chuen, GBS, JP	200	—	—	—	—	200
Mr. LAM Haw Shun, Dennis, JP	200	—	—	—	—	200
Mr. HUI Koon Man, Michael, JP	200	—	—	—	—	200
Total	1,570	6,522	21,746	22	1,826	31,686

6 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

The remuneration of the Company's directors is as follows: *(continued)*

	Directors' fees $'000	Basic salaries, other allowances and emolument $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Equity settled share-based payment expenses (note 23(b)) $'000	2007 Total $'000
Executive Directors						
Dr. LEUNG Anita Fung Yee Maria	—	6,738	1,870	12	57	8,677
Mr. TSIANG Hoi Fong	—	304	—	—	1,130	1,434
Non-executive Directors						
Dr. Honourable WONG Yu Hong, Philip, GBS	100	—	—	—	57	157
Mr. PFITZNER Kym Richard	—	—	—	—	—	—
Mr. ZINGER Simon	—	—	—	—	—	—
Ms. LEE Kwei-Fen	—	—	—	—	—	—
Mr. HUNG Hak Hip	100	—	—	—	113	213
Mr. LIU Yuk Chi, David	100	—	—	—	113	213
Dr. WONG Ying Ho, Kennedy, BBS, JP	100	—	—	—	113	213
Independent Non-executive Directors						
Mr. LAU Hon Chuen, GBS, JP	100	—	—	—	113	213
Mr. LAM Haw Shun, Dennis, JP	100	—	—	—	113	213
Mr. HUI Koon Man, Michael, JP	100	—	—	—	113	213
Total	700	7,042	1,870	12	1,922	11,546

During the year ended 30 September 2008, three directors (2007: three) agreed to waive their emoluments totalling $600,000 (2007: $300,000).

6 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

The above analysis include two (2007: two) individuals whose emoluments are among the five highest paid individuals in the Group. Details of the emoluments paid to the remaining three (2007: three) individuals are:

	2008 $'000	2007 $'000
Basic salaries, housing and other allowances and benefits in kind	3,268	1,423
Retirement scheme contributions	30	32
	3,298	1,455

The emoluments of the individuals fell within the following bands:

	2008 Number of individuals	2007 Number of individuals
$0 - $1,000,000	—	3
$1,000,000 - $1,500,000	3	—
	3	3

During the year, no amounts were paid or payable to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

7 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of $11,557,000 (2007: $45,343,000) which has been dealt with in the financial statements of the Company.

8 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2008 $'000	2007 $'000
Interim dividend declared and paid of 3.6 cents per share (2007: 2.5 cents per share)	22,350	14,463
Final dividend proposed after the balance sheet date of nil cent per share (2007: 2.8 cents per share)	—	17,297
	22,350	31,760

During the year, interim scrip dividends were offered to shareholders with cash option. Details of dividends paid are disclosed in note 23(a).

The directors did not recommend any payment of final dividend for the year ended 30 September 2008.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2008 $'000	2007 $'000
Final dividend in respect of the previous financial year, approved and paid during the year of 2.8 cents per share (2007: 1.8 cents per share)	17,297	9,177

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $217,463,000 (2007: $139,399,000) and the weighted average of 612,339,000 (2007: 533,039,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2008 '000	2007 '000
Issued ordinary shares at 1 October	**582,428**	509,859
Effect of placement of shares (note 23(a))	**27,350**	20,976
Effect of scrip dividends (note 23(a))	**1,900**	1,986
Effect of share options exercised (note 23(a))	**791**	218
Effect of shares repurchased (note 23(a))	**(130)**	—
Weighted average number of ordinary shares at 30 September	**612,339**	533,039

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $217,463,000 (2007: $139,399,000) and the weighted average number of 616,027,000 (2007: 534,026,000) ordinary shares (diluted) calculated as follows:

Weighted average number of ordinary shares (diluted) for the year ended 30 September 2008 is calculated as follows:

	2008 '000	2007 '000
Weighted average number of ordinary shares at 30 September	**612,339**	533,039
Effect of deemed issue of shares under the Company's share option scheme (note 22)	**3,688**	987
Weighted average number of ordinary shares (diluted) at 30 September	**616,027**	534,026

10 RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme managed by an independent approved MPF Scheme trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $20,000. Contributions to the scheme vest immediately.

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiaries of the Group participate in a defined contribution retirement plan (the "Plan") organised by the local government authorities whereby the subsidiaries are required to contribute to the Plan to fund the retirement benefits of the eligible employees. Contributions made to the Plan are calculated at a range from 9% to 22.5% of the basic salaries of the eligible employees. The local government authorities are responsible for the entire pension obligations payable to the retired employees. The Group is not liable to any retirement benefits payment in the PRC beyond the contributions to the Plan.

The Group does not operate any other scheme for retirement benefits provided to the Group's employees.

(Expressed in Hong Kong dollars)

11 FIXED ASSETS

	The Group					
	Land and buildings $'000	Leasehold improvements $'000	Furniture, fixtures and other fixed assets $'000	Production equipment $'000	Props and costumes $'000	Total $'000
Cost:						
At 1 October 2007	9,436	14,615	6,894	2,150	14,247	47,342
Exchange adjustments	—	1,317	777	87	1,106	3,287
Additions	—	4,250	4,630	44	73	8,997
Disposal	—	—	(3)	—	—	(3)
At 30 September 2008	**9,436**	**20,182**	**12,298**	**2,281**	**15,426**	**59,623**
Accumulated depreciation:						
At 1 October 2007	710	5,537	3,888	1,535	12,280	23,950
Exchange adjustments	—	433	221	30	961	1,645
Charge for the year	196	3,253	1,657	179	1,560	6,845
Written back on disposal	—	—	(1)	—	—	(1)
At 30 September 2008	**906**	**9,223**	**5,765**	**1,744**	**14,801**	**32,439**
Net book value:						
At 30 September 2008	**8,530**	**10,959**	**6,533**	**537**	**625**	**27,184**
Cost:						
At 1 October 2006	13,158	12,752	5,556	1,654	13,005	46,125
Exchange adjustments	—	498	221	43	570	1,332
Additions	—	1,429	1,176	453	672	3,730
Disposal	—	—	(59)	—	—	(59)
Transfer to assets classified as held for sale	(3,722)	(64)	—	—	—	(3,786)
At 30 September 2007	9,436	14,615	6,894	2,150	14,247	47,342
Accumulated depreciation:						
At 1 October 2006	681	2,996	2,722	1,430	8,258	16,087
Exchange adjustments	—	142	77	10	373	602
Charge for the year	270	2,435	1,137	95	3,649	7,586
Written back on disposal	—	—	(48)	—	—	(48)
Transfer to assets classified as held for sale	(241)	(36)	—	—	—	(277)
At 30 September 2007	710	5,537	3,888	1,535	12,280	23,950
Net book value:						
At 30 September 2007	8,726	9,078	3,006	615	1,967	23,392

11 FIXED ASSETS *(continued)*

(a) The analysis of net book value of land and buildings is as follows:

	The Group	
	2008	2007
	$'000	$'000
In Hong Kong under medium-term lease	**3,117**	3,194
In the PRC under long leases	**5,413**	5,532
	8,530	8,726

(b) Land and buildings held by a subsidiary with carrying value of $5,413,000 (2007: $5,532,000) was pledged as security for a mortgage bank loan of $3,626,000 (2007: $3,781,000) (note 20).

12 INTERESTS IN SUBSIDIARIES

	The Company	
	2008	2007
	$'000	$'000
Unlisted shares, at cost	**60,943**	60,943

12 INTERESTS IN SUBSIDIARIES *(continued)*

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

All of these are controlled subsidiaries as defined under note 1(c) and have been consolidated into the Group's financial statements.

Name of company	Place of incorporation/ establishment	Place of operation	Proportion of attributable equity interest held		Issued share capital/ registered capital	Principal activity
			Directly	Indirectly		
Communication and You Holdings Company Limited	Hong Kong	PRC and Hong Kong	—	100%	$100	Provision of production equipment for use by group companies
Qin Jia Yuan Shares Company Limited	British Virgin Islands ("BVI")	Hong Kong	100%	—	US$1	Investment holding
Qin Jia Yuan Advertising Company Limited	BVI	PRC	100%	—	US$2	Investment holding
Qin Jia Yuan Marketing (Shenzhen) Limited *+	PRC	PRC	—	100%	$56,000,000	Provision of market research and broadcasting report for advertisers
Qin Jia Yuan Production Service (Shenzhen) Limited *+	PRC	PRC	—	100%	$10,000,000	Provision of costumes and image design services

(Expressed in Hong Kong dollars)

12 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment	Place of operation	Proportion of attributable equity interest held Directly	Indirectly	Issued share capital/ registered capital	Principal activity
Happily Development Limited	Hong Kong	PRC	100%	—	$2	Property investment
Qin Jia Yuan Cultural Assets (Hong Kong) Company Limited	Hong Kong	Hong Kong	100%	—	$2# $92##	Property investment
Qin Jia Yuan International Film, Culture, Communication Company Limited	BVI	Hong Kong	100%	—	US$1	Investment holding
Qin Jia Yuan Media Creation Co., Limited	BVI	Hong Kong	100%	—	US$1	Investment holding
Qin Jia Yuan Creation Company Limited	BVI	PRC	—	100%	US$10	Holding of scripts, synopses and editing rights
Qin Jia Yuan Media Services, Productions, Distributions Company Limited	BVI	Macau	100%	—	US$1	Investment holding
Qin Jia Yuan Media Services Investment Macao Commercial Offshore Limited	Macau	Macau	—	100%	MOP100,000	Provision of commercial agency services

(Expressed in Hong Kong dollars)

12 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment	Place of operation	Proportion of attributable equity interest held Directly	Indirectly	Issued share capital/ registered capital	Principal activity
Progressive Chic Development Limited	BVI	Hong Kong	100%	—	US$1	Investment holding
Hangwai Enterprises Limited	BVI	Hong Kong	—	100%	US$1	Holding of distribution rights
Sheen Global Services Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising and public relations rights of TV channel
Soar Up Holdings Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of printed media
Jumbo Add Investments Limited	BVI	Hong Kong	—	100%	US$1	Holdings of advertising rights of printed media
Qin Jia Yuan International Cultural Media Planning and Services Company Ltd	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of printed media and a radio show
Qin Jia Yuan (China) Advertising Company Limited *	PRC	PRC	—	100%	RMB50,000,000	Holding of customer contracts and provision of advertising related services
Vast Top Investments Limited	BVI	Hong Kong	—	100%	US$1	Holding of adaptation rights of fiction series

12 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment	Place of operation	Proportion of attributable equity interest held Directly	Indirectly	Issued share capital/ registered capital	Principal activity
Info Bond Development Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel
Great Reform Holdings Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel
Famous Well Investment Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel
Ever Merit Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel
Sonic Wealth Investment Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel
Silver Knight Enterprises Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel

* Wholly foreign owned enterprises established in the PRC

\# Class A non-voting shares

\## Class B voting shares

\+ For identification purpose only

13 INTANGIBLE ASSETS

	The Group					
	Purchased licence rights $'000	TV programs in progress $'000	Purchased advertising rights $'000	Customer contract costs $'000	Others $'000	Total $'000
Cost:						
At 1 October 2007	118,978	30,251	50,220	38,000	6,562	244,011
Additions	168,493	55,508	—	—	—	224,001
At 30 September 2008	287,471	85,759	50,220	38,000	6,562	468,012
Accumulated Amortisation:						
At 1 October 2007	3,733	—	11,808	1,594	618	17,753
Charge for the year	7,567	—	12,804	4,671	309	25,351
At 30 September 2008	11,300	—	24,612	6,265	927	43,104
Net book value:						
At 30 September 2008	276,171	85,759	25,608	31,735	5,635	424,908
Cost:						
At 1 October 2006	34,600	30,251	—	—	6,562	71,413
Additions	84,378	—	50,220	38,000	—	172,598
At 30 September 2007	118,978	30,251	50,220	38,000	6,562	244,011
Accumulated Amortisation:						
At 1 October 2006	692	—	—	—	309	1,001
Charge for the year	3,041	—	11,808	1,594	309	16,752
At 30 September 2007	3,733	—	11,808	1,594	618	17,753
Net book value:						
At 30 September 2007	115,245	30,251	38,412	36,406	5,944	226,258

The amortisation charge for the year is included in "direct costs" in the consolidated income statement.

14 REIMBURSEMENTS RECEIVABLE

Reimbursements receivable represent funding advanced to the production houses on behalf of advertising agencies for investment in the production of TV programs. The amounts expected to be recoverable after one year are included under non-current assets. The Group's credit policy is set out in note 24(a).

15 ACCOUNTS RECEIVABLE

	The Group	
	2008	2007
	$'000	$'000
Accounts receivable	**182,425**	128,957
Less: Amount expected to be recovered after one year, included as non-current assets	**(21,368)**	(695)
	161,057	128,262

Included in accounts receivable expected to be recovered within twelve months from the balance sheet date are debtors with the following ageing analysis:

	The Group	
	2008	2007
	$'000	$'000
Current	**161,057**	128,262

The Group's credit policy is set out in note 24(a).

Impairment losses in respect of the accounts receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against accounts receivable directly. At 30 September 2008 and 30 September 2007, no amounts of significant accounts receivable were individually determined to be doubtful or impaired.

As at 30 September 2008 and 30 September 2007, the Group assessed that of the total receivables, virtually all of them are neither past due nor impaired.

16 INVENTORIES

The inventories as at 30 September 2008 represent the cost of acquisition of certain scripts, synopses and editing rights. They are carried at the lower of cost and net realisable value.

17 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

18 PLEDGED DEPOSITS

The balance at 30 September 2008 and 30 September 2007 represent bank deposits pledged as security for banking facilities (note 20).

19 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Deposits with banks	**178,114**	123,263	**—**	—
Cash at bank and in hand	**34,735**	45,372	**5,437**	818
Cash and cash equivalents in the balance sheets	**212,849**	168,635	**5,437**	818
Cash and cash equivalents classified as held for sale	**—**	70		
Cash and cash equivalents in the consolidated cash flow statement	**212,849**	168,705		

20 BANK LOANS

	The Group	
	2008	2007
	$'000	$'000
Secured bank loans		
Current portion	**243,044**	93,339
Non-current portion	**35,499**	—
	278,543	93,339
Mortgage bank loan		
Current portion	**176**	138
Non-current portion	**3,450**	3,643
	3,626	3,781
	282,169	97,120
Repayable as follows:		
– Within 1 year or on demand	**243,220**	93,477
– After 1 year but within 2 years	**21,552**	148
– After 2 years but within 5 years	**14,735**	508
– After 5 years	**2,662**	2,987
	38,949	3,643
	282,169	97,120

At 30 September 2008, certain bank loan facilities were secured by pledged deposits of $107,255,000 (2007: $59,827,000) (note 18) and the corporate guarantee provided by the Company and its subsidiary as, totalling $464,299,000 (2007: $279,646,000) were utilised to the extent of $278,543,000 (2007: $93,339,000) at year end.

At 30 September 2008, mortgage bank loans of $3,626,000 (2007: $3,781,000) were secured by the Group's land and buildings with carrying value of $5,413,000 (2007: $5,532,000) (note 11), and the corporate guarantee provided by the Company.

21 ASSETS CLASSIFIED AS HELD FOR SALE

On 16 August 2007, the Group entered into sale and purchase agreement with an independent third party, to dispose of its entire interest of a wholly-owned subsidiary, namely Amazing Investments Limited ("Amazing"). Accordingly, the assets and liabilities of Amazing were classified as held for sale as at 30 September 2007 and stated at the lower of the carrying amount and fair value less costs to sell. The transaction has been completed on 13 November 2007 and a gain on disposal of $1,304,000 has been recognised in the year ended 30 September 2008 accordingly.

The major classes of assets and liabilities classified as held for sale as at 30 September 2007 are as follows:

	$'000
Assets classified as held for sale	
Fixed assets	3,509
Prepayments, deposits and other receivables	7
Cash and cash equivalents	70
	3,586
Liabilities directly associated with assets classified as held for sale	
Accruals and other payables	73
Mortgage bank loan	2,317
	2,390
Net assets classified as held for sale	1,196

(Expressed in Hong Kong dollars)

22 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 13 June 2004 ("the Scheme") whereby the Directors of the Company are authorised, at their discretion, to invite any full time or part time employees and Directors, consultants and advisers of the Group, to take up options at $1 to subscribe for ordinary shares of the Company. The Scheme shall be effective for a period of ten years ending on 13 June 2014. Each option gives the holder the right to subscribe for one ordinary share in the Company.

7,647,889 options were outstanding as at 30 September 2007. During the year, the Company further granted 3,725,076 options to certain Directors and an employee of the Company pursuant to the Scheme to subscribe for 3,725,076 ordinary shares of the Company at a price of $4.53 and $5.65 per ordinary share. 1,019,718 options were exercised during the year ended 30 September 2008 (2007: 1,019,719).

(a) The terms and conditions of the grants that existed during the year ended 30 September 2008 are as follows:

Date granted	Exercise period	Exercise price	Number of options granted
Options granted to Directors			
28 February 2007	28 February 2007 to 13 June 2014	$2.26	254,930
2 March 2007	2 March 2007 to 13 June 2014	$2.26	254,929
6 March 2007	6 March 2007 to 13 June 2014	$2.26	1,529,577
15 March 2007	15 March 2007 to 13 June 2014	$2.26	5,098,594
21 March 2007	21 March 2007 to 13 June 2014	$2.26	509,859
16 April 2008	16 April 2008 to 13 June 2014	$4.53	1,241,692
22 May 2008	22 May 2008 to 13 June 2014	$5.65	620,846
10 June 2008	10 June 2008 to 13 June 2014	$5.65	620,846
Options granted to an employee			
16 April 2008	16 April 2008 to 13 June 2014	$4.53	1,241,692
Total share options			11,372,965

(Expressed in Hong Kong dollars)

22 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

(b) The number and weighted average exercises prices of share options are as follows:

	2008		2007	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at 1 October	**$2.26**	**7,647,889**	—	—
Granted during the year	**$4.90**	**3,725,076**	$2.26	8,667,608
Exercised during the year	**$2.26**	**(1,019,718)**	$2.26	(1,019,719)
Outstanding at 30 September	**$3.21**	**10,353,247**	$2.26	7,647,889
Exercisable at 30 September	**$3.21**	**10,353,247**	$2.26	7,647,889

No options were forfeited or expired during the year (2007: Nil). All the share options outstanding as at 30 September 2008 and 2007 are exercisable.

The weighted average share price at the date of exercise for share options exercised during the year was $4.78 (2007: $4.14).

All the options outstanding at 30 September 2008 had a weighted average remaining contractual life of 5.7 years (2007: 6.7 years).

(Expressed in Hong Kong dollars)

22 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is determined with the Black-Scholes pricing model based on the following assumptions:

	2008	2007
Weighted average fair value of share option as of the grant date	**$0.71**	$0.22
Weighted average share price	**$4.88**	$2.26
Weighted average exercise price	**$4.90**	$2.26
Weighted average expected volatility	**51.9%**	21.1%
Weighted average annual risk-free interest rate (based on Exchange Fund Notes)	**0.9%**	4.0%
Weighted average expected dividend yield	**1.9%**	—
Weighted average expected life of options	**0.5 years**	1.1 years

The expected volatility is based on the historic volatilities of the share prices of comparable companies over the periods that are equal to the expected lives before the grant date. The expected life of options is determined with reference to the vesting periods of the Scheme and the historical share price. The expected dividend yield is determined based on historical and forecasted dividend payments. Changes in the subjective input assumptions could materially affect the fair value estimate.

23 CAPITAL AND RESERVES

(a) Share capital

	Note	2008 Number of shares '000	2008 Amount $'000	2007 Number of shares '000	2007 Amount $'000
Authorised:					
Ordinary shares of US$0.01 each		800,000	62,400	800,000	62,400
Issued and fully paid:					
At 1 October		582,428	45,429	509,859	39,769
Placement of shares	(i)	35,000	2,730	66,000	5,148
Shares issued as scrip dividend	(ii)	4,599	359	5,549	433
Shares issued under share options scheme	(iii)	1,020	79	1,020	79
Share repurchased	(iv)	(1,228)	(95)	—	—
At 30 September		621,819	48,502	582,428	45,429

Notes:

(i) A placement of 66,000,000 shares of the Company at a price of $3.65 per share was made with independent investors on 7 June 2007. The placing price represented a discount of approximately 6.17% to the closing price of the Company's share of $3.89 per share on the Stock Exchange on 1 June 2007, and a discount of approximately 3.44% to the ten day average closing price of $3.78 per share on and immediately preceding 1 June 2007. Subsequently, 66,000,000 new ordinary shares of the Company were issued at the same price per share. The net proceeds will be used as to finance the Group's expansion and business development in advertising agency business in the PRC, including but not limited to further acquisition of TV drama series broadcasting licence rights, and the production and acquisition of television programs and also script for TV programs. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

23 CAPITAL AND RESERVES *(continued)*

(a) Share capital *(continued)*

Notes: *(continued)*

(i) *(continued)*

A placement of 35,000,000 shares of the Company at a price of $4.55 per share was made with independent investors on 7 December 2007. The placing price was equivalent to the closing price of the Company's share of $4.55 per share on the Stock Exchange on 6 December 2007 and a discount of approximately 2.15% to the ten trading days average closing price of $4.65 per share on and immediately preceding 6 December 2007. Subsequently, 35,000,000 new ordinary shares of the Company were issued at the same price per share on 20 December 2007. The net proceeds will be used to finance the acquisition of the exclusive advertising rights of the Economic Channel of Shanxi TV Station and for further acquisition of exclusive advertising rights of TV channels. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

(ii) On 1 March 2007, the Company issued and allotted 2,676,028 ordinary shares of US$0.01 each at $2.034 per share to the shareholders who received shares of the Company in lieu of cash for 2006 final dividend pursuant to a scrip dividend scheme announced by the Company on 15 January 2007. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

On 9 August 2007, the Company issued and allotted 2,872,677 ordinary shares of US$0.01 each at $3.862 per share to the shareholders who received shares of the Company in lieu of cash for 2007 interim dividend pursuant to a scrip dividend scheme announced by the Company on 6 July 2007. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

On 11 February 2008, the Company issued and allotted 2,398,317 ordinary shares of US$0.01 each at $4.05 to the shareholders who received shares of the Company in lieu of cash for 2007 final dividend pursuant to a scrip dividend scheme announced by the Company on 26 November 2007. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

On 31 July 2008, the Company issued and allotted 2,201,057 ordinary shares of US$0.01 each at $4.65 per share to the shareholders who received shares of the Company in lieu of cash for 2008 interim dividend pursuant to a scrip dividend scheme announced by the Company on 19 May 2008. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

(iii) On 13 June 2007, 3 August 2007 and 29 August 2007, a total of 1,019,719 share options were exercised to subscribe for 1,019,719 ordinary shares in the Company at a total consideration of $2,304,000 of which $79,000 was credited to share capital and the balances of $2,225,000 was credited to the share premium account. The fair value of share options being exercised of $226,000 has been transferred from the capital reserve to the share premium account.

On 9 October 2007, 22 October 2007, 11 January 2008 and 25 February 2008, a total of 1,019,718 share options were exercised to subscribe for 1,019,718 ordinary shares in the Company at a total consideration of $2,304,000 of which $79,000 was credited to share capital and the balances of $2,225,000 was credited to the share premium account. The fair value of share options being exercised of $226,000 has been transferred from the capital reserve to the share premium account.

23 CAPITAL AND RESERVES *(continued)*

(a) Share capital *(continued)*

Notes: *(continued)*

(iii) *(continued)*

Terms of unexpired and unexercised share options at balance sheet date are as follows:

Exercise period	Exercise price	Number of options outstanding 2008	2007
28 February 2007 to 13 June 2014	$2.26	—	254,930
2 March 2007 to 13 June 2014	$2.26	—	254,929
6 March 2007 to 13 June 2014	$2.26	1,019,718	1,529,577
15 March 2007 to 13 June 2014	$2.26	5,098,594	5,098,594
21 March 2007 to 13 June 2014	$2.26	509,859	509,859
16 April 2008 to 13 June 2014	$4.53	2,483,384	—
22 May 2008 to 13 June 2014	$5.65	620,846	—
10 June 2008 to 13 June 2014	$5.65	620,846	—
Outstanding at 30 September		10,353,247	7,647,889

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 22 to the financial statements.

(iv) Repurchase of own shares

During the year, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month/year	Number of shares repurchased '000	Highest price paid per share $	Lowest price paid per share $	Aggregate price paid $'000
August 2008	1,188	3.87	3.36	4,301
September 2008	40	2.77	2.76	111
	1,228			4,412

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to Companies Law (2007 Revision) of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of $95,000 was transferred from retained profits to the capital redemption reserve. The premium on the repurchases of the shares of $4,317,000 and expenses incurred on the repurchase of $17,000 were charged to share premium account.

23 CAPITAL AND RESERVES *(continued)*

(b) The Group

	Share capital $'000	Share premium $'000	General reserve $'000	Capital reserve $'000	Exchange reserve $'000	Retained earnings $'000	Total $'000
At 1 October 2006	39,769	266,882	406	(1,560)	(1,020)	228,550	533,027
Profit for the year	—	—	—	—	—	139,399	139,399
Dividends approved in respect of the previous year (notes 8(b) and 23(a)(ii))	209	5,234	—	—	—	(9,177)	(3,734)
Dividends declared in respect of the current year (notes 8(a) and 23(a)(ii))	224	10,870	—	—	—	(14,463)	(3,369)
Exchange differences on translation of financial statements of subsidiaries in the PRC	—	—	—	—	(3,965)	—	(3,965)
Exercise of share options (note 23(a)(iii))	79	2,451	—	(226)	—	—	2,304
Placement of shares (note 23(a)(i))	5,148	235,752	—	—	—	—	240,900
Share issuance costs	—	(9,079)	—	—	—	—	(9,079)
Equity settled share-based transactions (notes 4(b), 6 and 23(a)(iii))	—	—	—	1,922	—	—	1,922
Transfer to statutory reserves	—	—	260	—	—	(260)	—
At 30 September 2007	45,429	512,110	666	136	(4,985)	344,049	897,405

23 CAPITAL AND RESERVES *(continued)*

(b) The Group *(continued)*

	Share capital $'000	Share premium $'000	General reserve $'000	Capital redemption reserve $'000	Capital reserve $'000	Exchange reserve $'000	Retained earnings $'000	Total $'000
At 1 October 2007	45,429	512,110	666	—	136	(4,985)	344,049	897,405
Profit for the year	—	—	—	—	—	—	217,463	217,463
Dividends approved in respect of the previous year (notes 8(b) and 23(a)(ii))	187	9,526	—	—	—	—	(17,297)	(7,584)
Dividends declared in respect of the current year (notes 8(a) and 23(a)(ii))	172	10,063	—	—	—	—	(22,350)	(12,115)
Exchange differences on translation of financial statements of subsidiaries in the PRC	—	—	—	—	—	(7,343)	—	(7,343)
Exercise of share options (note 23(a)(iii))	79	2,451	—	—	(226)	—	—	2,304
Placement of shares (note 23(a)(i))	2,730	156,520	—	—	—	—	—	159,250
Share issuance costs	—	(5,498)	—	—	—	—	—	(5,498)
Equity settled share-based transactions (notes 4(b), 6 and 23(a)(iii))	—	—	—	—	2,652	—	—	2,652
Repurchase of shares (note 23(a)(iv))	(95)	(4,317)	—	95	—	—	(95)	(4,412)
Shares repurchase expenses (note 23(a)(iv))	—	(17)	—	—	—	—	—	(17)
At 30 September 2008	**48,502**	**680,838**	**666**	**95**	**2,562**	**(12,328)**	**521,770**	**1,242,105**

23 CAPITAL AND RESERVES *(continued)*

(c) The Company

	Share capital $'000	Share premium $'000	Capital reserve $'000	Contributed surplus $'000	Retained earnings $'000	Total $'000
At 1 October 2006	39,769	266,882	—	59,382	9,647	375,680
Profit for the year	—	—	—	—	45,343	45,343
Dividends approved in respect of the previous year (notes 8(b) and 23(a)(ii))	209	5,234	—	—	(9,177)	(3,734)
Dividends declared in respect of the current year (notes 8(a) and 23(a)(ii))	224	10,870	—	—	(14,463)	(3,369)
Exercise of share options (notes 23(a)(iii))	79	2,451	(226)	—	—	2,304
Placement of shares (note 23(a)(i))	5,148	235,752	—	—	—	240,900
Share issuance costs	—	(9,079)	—	—	—	(9,079)
Equity settled share-based transactions (notes 4(b), 6 and 23(a)(iii))	—	—	1,922	—	—	1,922
At 30 September 2007	45,429	512,110	1,696	59,382	31,350	649,967

23 CAPITAL AND RESERVES *(continued)*

(c) The Company *(continued)*

	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Contributed surplus $'000	Retained earnings $'000	Total $'000
At 1 October 2007	45,429	512,110	—	1,696	59,382	31,350	649,967
Profit for the year	—	—	—	—	—	11,557	11,557
Dividends approved in respect of the previous year (notes 8(b) and 23(a)(ii))	187	9,526	—	—	—	(17,297)	(7,584)
Dividends declared in respect of the current year (notes 8(a) and note 23(a)(ii))	172	10,063	—	—	—	(22,350)	(12,115)
Exercise of share options (note 23(a)(iii))	79	2,451	—	(226)	—	—	2,304
Placement of shares (note 23(a)(i))	2,730	156,520	—	—	—	—	159,250
Share issuance costs	—	(5,498)	—	—	—	—	(5,498)
Equity settled share-based transactions (notes 4(b), 6 and 23(a)(iii))	—	—	—	2,652	—	—	2,652
Repurchase of shares (note 23(a)(iv))	(95)	(4,317)	95	—	—	(95)	(4,412)
Shares repurchase expenses (note 23(a)(iv))	—	(17)	—	—	—	—	(17)
At 30 September 2008	**48,502**	**680,838**	**95**	**4,122**	**59,382**	**3,165**	**796,104**

23 CAPITAL AND RESERVES *(continued)*

(d) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) General reserve

According to the articles of association of the subsidiaries established in the PRC, the PRC subsidiaries are required to transfer at least 10% of their profit after taxation, as determined under PRC accounting regulations, to the general reserve fund until the reserve balance reaches 50% of the required capital. The transfer to this reserve must be made before the distribution of a dividend to equity owners. The general reserve fund can be used to make good previous years' losses, if any.

(iii) Capital reserve

Pursuant to a group reorganisation (the "Reorganisation") which was complete on 17 November 2003 to rationalise the group structure in the preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Company became the holding company of the Group. The excess of the nominal value of the shares issued by the Company over the aggregate of the nominal value of the share capital of the subsidiaries which the Company acquired under the Reorganisation was transferred to the capital reserve.

The capital reserve also comprises the fair value of the number of unexercised share options granted to Directors of the Company and an employee of the Group recognised in accordance with the accounting policy adopted for share based payment in note 1(m)(iii).

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of subsidiaries in the PRC. The reserve is dealt with in accordance with the accounting policies set out in note 1(q).

(v) Contributed surplus

Contributed surplus represents the excess of aggregate of the net asset value of subsidiaries acquired by the Company over the nominal value of the shares issued by the Company pursuant to the Reorganisation.

23 CAPITAL AND RESERVES *(continued)*

(e) Distributability of reserves

At 30 September 2008, the aggregate amount of reserves available for distribution to equity shareholders of the Company was $747,602,000 (2007: $604,538,000), subject to the restriction stated in note 23(d)(i) above. After the balance sheet date the directors did not recommend any payment of final dividend for the year ended 30 September 2008. (2007: final dividend in scrip form with cash option of HK$2.8 cents per share, amounting to $17,297,000).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to meet its financial obligations and continue to provide returns to shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure by reviewing its total debt-to-equity ratio and cash flow requirements, taking into account its future financial obligations and commitments. For this purpose, the Group defines total debt as total loans. Total equity comprises issued share capital and reserves attributable to equity shareholders of the Company.

There has been no change in the Group's capital management practices as compared to prior years.

The total debt-to-equity ratio at 30 September 2008 and 2007 was as follows:

	Note	**2008**	2007
		$'000	$'000
Secured bank loans		**278,543**	93,339
Mortgage bank loan		**3,626**	3,781
Total debt	20	**282,169**	97,120
Total equity		**1,242,105**	897,405
Total debt-to-equity ratio		**22.7%**	10.8%

24 FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's financial management policies and practices are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to reimbursements receivable, accounts receivable and bank deposits. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

(i) Reimbursements receivable

In respect of reimbursements receivable, the amounts are recoverable by the Group from the sales proceeds of commercial airtime to be granted by the relevant broadcasting TV stations to the advertising agencies. Advertising contracts are entered into by the PRC licensed advertising agencies with the advertisers. In the circumstances, the Group has to obtain settlement of the related reimbursements receivable from the licensed advertising agencies. Collection of related reimbursements receivable is therefore dependent on the financial position of the licensed advertising agencies.

The Group's credit risk on its reimbursements receivable is concentrated on some of its major advertising agencies.

The advances are secured by the advertising agencies' rights to certain benefits to be derived from the first round broadcasting licence rights in the PRC in certain TV programs and in which the advertising agencies have invested. They are governed by the reimbursement repayment guarantees entered into among the Group, the production houses and the advertising agencies.

(ii) Accounts receivable

The credit terms offered by the Group are in accordance with the terms specified in each agreement entered into with the relevant customers, ranging from three months to fifteen months. Subject to negotiations, extended credit terms are available for certain major customers with well-established operating records. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the balance sheet date, the Group has a certain concentration of credit risk as 29% (2007: 24%) and 67% (2007: 72%) of the total accounts receivable was due from the Group's largest customer and the five largest customers respectively. The Group does not provide any other guarantees which expose the Group to credit risk.

24 FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk *(continued)*

(iii) Bank deposits

Cash is deposited with financial institutions with sound credit ratings that are located where the group companies are operated and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 15.

(b) Liquidity risk

The treasury function of the Group is arranged centrally to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the balance sheet date) and the earliest date the Group and the Company is required to pay.

24 FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk *(continued)*

The Group

	2008					
	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000
Secured bank loans	278,543	283,876	246,254	23,123	14,499	—
Mortgage bank loan	3,626	4,976	335	335	1,006	3,300
Accruals and other payables	92,340	92,340	92,340	—	—	—
	374,509	381,192	338,929	23,458	15,505	3,300

	2007					
	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000
Secured bank loans	93,339	94,809	94,809	—	—	—
Mortgage bank loan	3,781	6,266	396	396	1,187	4,287
Accruals and other payables	85,799	85,799	85,799	—	—	—
	182,919	186,874	181,004	396	1,187	4,287

The Company

	2008			2007		
	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000
Accruals and other payables	2,512	2,512	2,512	2,154	2,154	2,154

24 FINANCIAL INSTRUMENTS *(continued)*

(c) Interest rate risk

The Group is exposed to interest rate risk through the impact of rates changes on interest bearing borrowing predominantly floating interest rates. The Group monitors closely its interest rate exposure. In respect of income earning financial assets and interest bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or the maturity dates, if earlier.

	2008						
	Fixed/ floating	Effective interest rate	Within one year $'000	One to two years $'000	Two to five years $'000	More than five years $'000	Total $'000
Cash and cash equivalents	Floating	2.1%	212,849	—	—	—	212,849
Bank loans	Floating	7.1%	243,220	21,552	14,735	2,662	282,169

	2007						
	Fixed/ floating	Effective interest rate	Within one year $'000	One to two years $'000	Two to five years $'000	More than five years $'000	Total $'000
Cash and cash equivalents	Floating	3.3%	168,635	—	—	—	168,635
Bank loans	Floating	6.3%	93,477	148	508	2,987	97,120

Sensitivity analysis

Assuming that the interest rates had increased/decreased by not more than 100 basis points at 30 September 2008 and 30 September 2007 and the changes had been applied to the exposure to interest rate risk for financial instruments in existence at that date, with all other variables held constant, the impact on the Group's profit after tax and total equity attributable to equity shareholders of the Company is not expected to be material. The exposure to interest rate risk as referred to above represents management's assessment of a reasonably possible change in interest rates during the year from the balance sheet date until the next annual balance sheet date.

24 FINANCIAL INSTRUMENTS *(continued)*

(d) Foreign currency risk

The Group's primary foreign currency exposures arise mainly from its media services and advertising related services in the PRC. During the year, total exchange loss arising from the translation of financial statements of subsidiaries in the PRC amounted to $7,343,000 (2007: $3,965,000) for the Group, which has been dealt with as an equity movement.

The Group is also exposed to foreign currency risk in respect of its Renminbi denominated cash and cash equivalents and receivables.

The Group monitors the currency risk by designating bank borrowing denominated in Renminbi to mitigate the foreign currency risk arising from the exposure of Renminbi against Hong Kong dollars.

Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the Group's entities to which they relate.

	2008	2007
	RMB'000	RMB'000
Accounts receivable	**117,358**	95,275
Reimbursements receivable	**394,950**	301,031
	512,308	396,306

24 FINANCIAL INSTRUMENTS *(continued)*

(d) Foreign currency risk *(continued)*

Sensitivity analysis

The approximate change in the Group's profit and total equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date are as follows:

— 5% increase/decrease in the foreign exchange rate of HKD against RMB will decrease/increase the Group's profit and total equity by approximately $25.6 million (2007: $19.8 million).

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular the interest rates, remained constant.

Results of the analysis as presented above represent an aggregation of the effects on each of the Group entities' profit and equity measured in the respective functional currencies, translated into HKD at exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2007.

(e) Fair values

All financial instruments are carried at amounts not materially different from their values as at 30 September 2008 and 30 September 2007.

25 COMMITMENTS

(a) Commitments under operating leases

At 30 September 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2008	2007
	$'000	$'000
Within one year	**11,873**	5,663
After one year but within five years	**13,717**	10,871
After five years	**—**	340
	25,590	16,874

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

(b) Other commitments

(i) Pursuant to the terms of a Master Investors Procurement Agreement, the Group agreed to procure required funding to a production house for the production of 6,000 hours of TV programs. During the year ended 30 September 2008, the Group did not procure any funding for the production of TV programs (2007: Nil). The total funding required for the remaining 5,713 hours (2007: 5,713 hours) is to be determined when individual projects for TV program production are agreed and therefore is not quantifiable as at 30 September 2008.

During the year ended 30 September 2008, there is no corresponding funding paid by the licensed advertising agencies pursuant to the agreements among the Group, the production house and the advertising agencies concluded on an individual program basis (2007: Nil). Pursuant to a supplementary agreement to the Master Investors Procurement Agreement dated 11 November 2002, should the production house not eventually receive the agreed funding in full, (1) the Group shall pay the shortfall in full, following which the Group will be entitled to the rights in relation to the relevant TV program, or if the Group cannot be entitled to such rights for any reasons, the TV production house shall repay the shortfall to the Group together with interest at a rate of 10% one year after the first round broadcasting of the TV program; or (2) the Group shall pay an amount up to 15% of the shortfall, following which the production house will be entitled to the rights in relation to the relevant TV program.

25 COMMITMENTS *(continued)*

(b) Other commitments *(continued)*

(ii) On 24 October 2003, the Group entered into a co-operative agreement with Shanghai Yali Culture Communication Co., Ltd ("Shanghai Yali") (an independent third party) in respect of a piece of land in Dongguan in the PRC in connection with the construction of a production centre and the leasing arrangement of which upon its completion. Pursuant to the terms of the agreement, which was supplemented by four supplementary agreements dated 28 April 2005, 12 December 2005, 28 December 2006 and 28 December 2007 respectively, the Group agreed to make instalment payments to Shanghai Yali totalling $30,000,000 on or before 30 November 2008, and in return the Group is granted the use of the production centre upon its completion for a period of 12 years. In addition, $3,000,000 deposit has been placed to Shanghai Yali to secure the right to purchase the property at 5%-10% discount on its prevailing market value within the first 3 years upon completion. If the Group has not exercised the right within the said 3-year period, it has an option to pay an additional deposit of $3,000,000 to secure the right for another 3-year period. If the Group does not exercise the right during the extended period, the two deposits will not be refunded but the lease term of the property will be extended for another 3 years.

As at 30 September 2008, the Group had made progress payments including the said deposit to secure the right to purchase the property at the discount to Shanghai Yali totalling $13,447,000 (2007: $13,447,000). The outstanding commitment at 30 September 2008 was $19,553,000 (2007: $19,553,000).

(iii) The Group has entered into acquisition agreements of certain exclusive advertising agency rights of TV channels and purchased license rights. The total outstanding commitment was as follows:

	2008	2007
	$'000	$'000
Within one year	**117,306**	39,410
After one year but within five years	**696,568**	399,076
After five years	**501,640**	470,712
	1,315,514	909,198

26 MATERIAL RELATED PARTY TRANSACTIONS

(a) On 28 December 2006, the Group entered into three leasing agreements with Winco (Dongguan) Paper Products Co., Ltd. ("Winco") to lease three properties located at Dongguan at annual rental of RMB1,032,000 from 1 January 2007 to 31 December 2009. Winco is a foreign wholly owned enterprise established in the PRC and controlled by Dr. Wong Yu Hong, Philip ("Dr. Wong") and Dr. Leung Anita Fung Yee Maria ("Dr. Leung"), both are Directors of the Company. Rental expenses paid/payable to Winco amounted to RMB1,032,000 (equivalent to $1,136,000) during the year ended 30 September 2008. The transactions were carried out on normal commercial terms and in the ordinary course of business.

(b) On 10 May 2007, the Group entered into a leasing agreement with Huge Smart Asia Limited ("Huge Smart") to lease a property located at Shenzhen at annual rental of RMB996,000 from 1 June 2007 to 31 May 2010. Huge Smart is a company wholly owned by Dr. Wong and Dr. Leung, both are Directors of the Company. Rental expenses paid/payable to Huge Smart amounted to RMB996,000 (equivalent to $1,096,000) during the year ended 30 September 2008. The transactions were carried out on normal commercial terms and in the ordinary course of business.

(c) On 10 May 2007, the Group entered into a leasing agreement with Dr. Leung to lease a property located at Guangzhou at annual rental of RMB339,600 from 1 June 2007 to 31 May 2010. Rental expenses paid/payable to Dr. Leung amounted to RMB339,600 (equivalent to $374,000) during the year ended 30 September 2008. The transactions were carried out on normal commercial terms and in the ordinary course of business.

(d) Key management personnel remuneration
Remuneration for key management personnel represented the amount paid to the Company's Directors and the five highest paid individuals as disclosed in note 6.

27 NON-ADJUSTING POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, on 17 November 2008, the directors proposed a bonus issue of ordinary shares to shareholders on the basis of one bonus share for every ten shares held which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

28 ACCOUNTING ESTIMATES AND JUDGEMENTS

The key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below.

(a) Provision for impairment of TV programs in progress

The management estimates the net realisable value for such finished goods of the TV programs in progress based primarily on the latest market price and current market conditions. In addition, the Group carries out a review on each TV drama series at each balance sheet date and provision is made when events or changes in circumstances indicate that the carrying amount may not be realised.

(b) Provision for impairment of receivables

The provisioning policy for impairment of receivables of the Group is based on the evaluation of collectability and ageing analysis of the receivables and on management's judgements. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

In respect of the reimbursements receivable, the advances include certain funding for the preliminary preparation work for the production of programs that may or may not be eventually filmed. Apart from assessing the financial positions of the advertising agencies, the management further reviews the progress of the production of each TV program and the estimated sales proceeds of commercial airtime to be granted by the relevant broadcasting TV stations. When it is probable that the total amount of funding advanced in respect of a program will exceed the total revenue arising from such program, the expected loss is recognised as an expense immediately. When the outcome of the program cannot be estimated reliably, the related advances are recognised as expenses in the period in which they are incurred.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 30 SEPTEMBER 2008

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 September 2008 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them may result in new or amended disclosures in the financial statement and is unlikely to have a significant impact on the Group's results of operations and financial positions.

		Effective for accounting periods beginning on or after
HKFRS 8	Operating segments	1 January 2009
HKAS 1 (Revised)	Presentation of financial statements	1 January 2009

In respect of other amendments, new standards and new interpretations, the Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial positions.

Financial Summary

(Expressed in Hong Kong dollars)

	2004 $'000	2005 $'000	2006 $'000	2007 $'000	**2008 $'000**
INCOME STATEMENT					
Turnover	85,463	106,300	125,062	196,949	**322,258**
Profit before taxation	51,967	68,477	83,976	140,095	**219,617**
Income tax	(1,606)	(2,230)	(371)	(696)	**(2,154)**
Profit after taxation	50,361	66,247	83,605	139,399	**217,463**
Profit attributable to equity shareholders	50,361	66,247	83,605	139,399	**217,463**
Dividends	11,600	13,990	18,314	31,760	**22,350**
Earnings per share					
– Basic (cents)	15.46	16.17	17.21	26.15	**35.51**
– Diluted (cents)	—	—	—	26.10	**35.30**
BALANCE SHEET					
Fixed assets	27,081	22,562	30,038	23,392	**27,184**
Intangible assets	10,010	19,410	70,412	226,258	**424,908**
Long term reimbursements receivable	—	41,058	64,275	41,484	**91,626**
Long term receivables	15,626	15,640	9,707	695	**21,368**
Long term deposits	8,477	13,447	13,447	13,447	**13,447**
Net current assets	156,398	273,859	351,250	595,772	**702,521**
Non-current bank loans	(6,488)	(6,275)	(6,102)	(3,643)	**(38,949)**
Net assets	211,104	379,701	533,027	897,405	**1,242,105**
Equity attributable to equity shareholders of the Company	211,104	379,701	533,027	897,405	**1,242,105**
Total equity	211,104	379,701	533,027	897,405	**1,242,105**