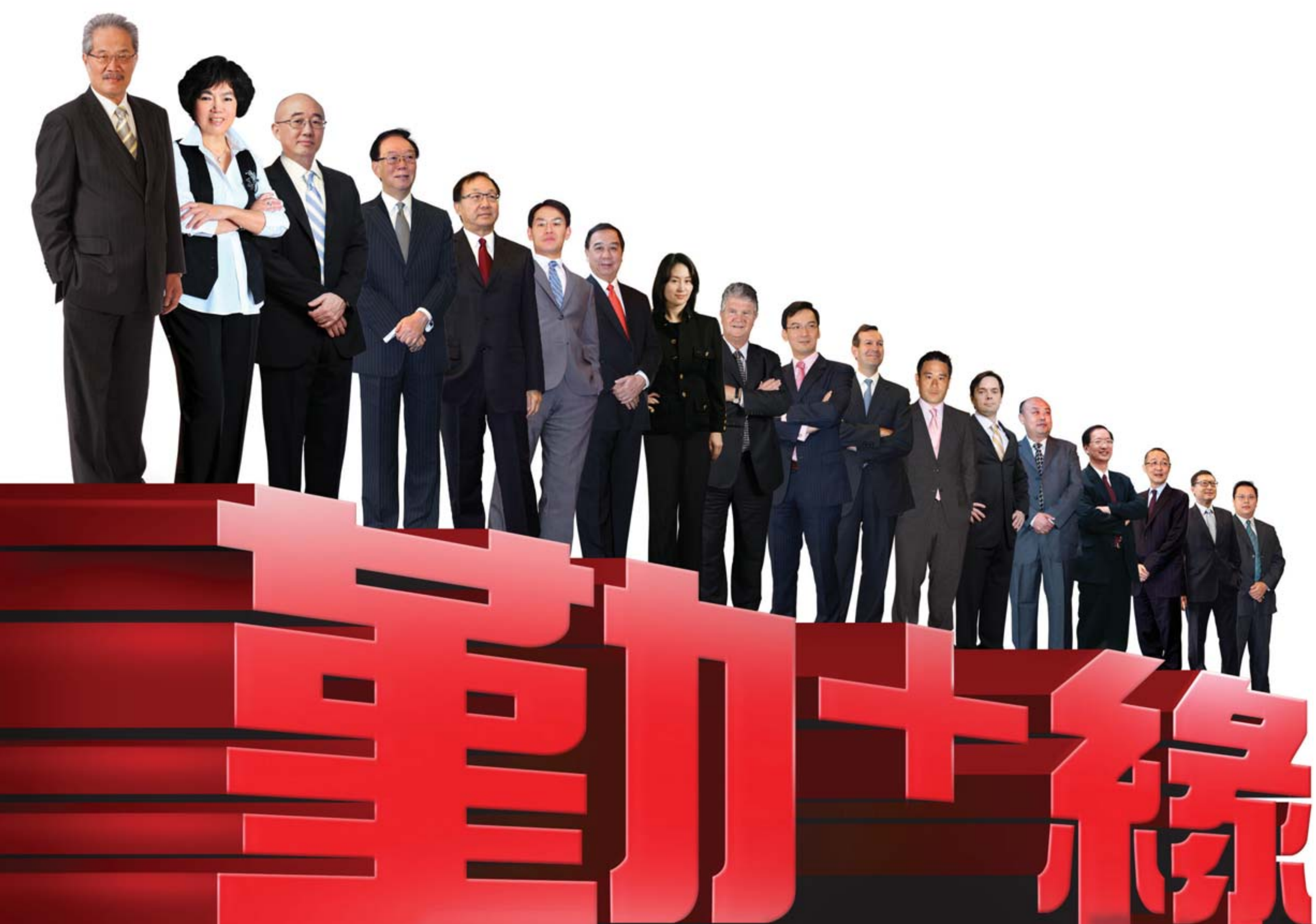
勤十緣

Qin Jia Yuan Media Services Company Limited

(Incorporated in the Cayman Islands with limited liability)

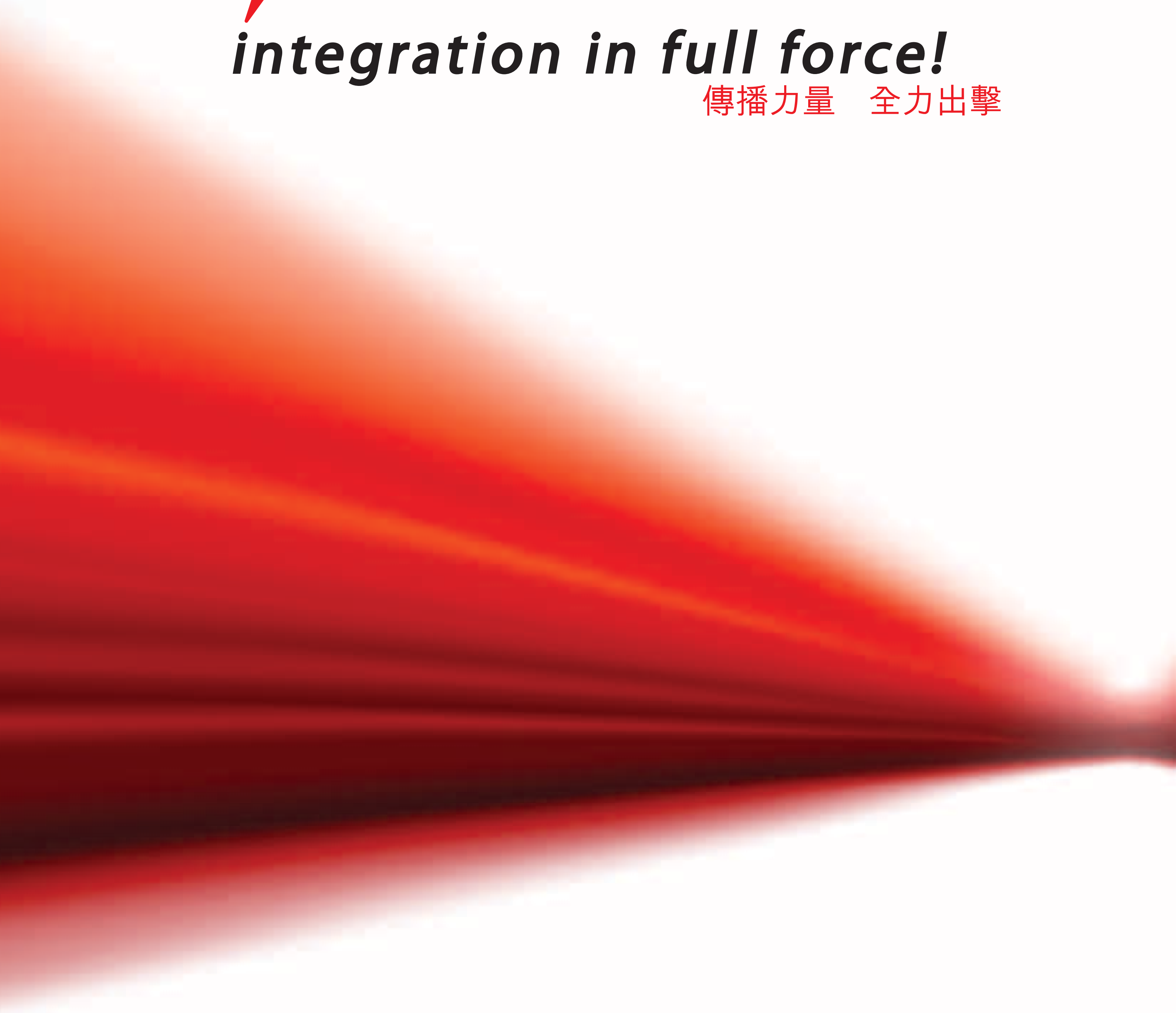
(Stock Code : 2366)

2010 ANNUAL REPORT



integration in full force!

傳播力量　全力出擊



Entertainment Biz

TV Advertising

Film Library

Creative Marketing

IP Right

TV Production + Distribution

Exclusive Outdoor Media

Game + Online Publishing

CONTENTS

Shareholder's interest is our driving force

BOARD OF DIRECTORS

Executive Directors

Dr. LEUNG Anita Fung Yee Maria
(Chief Executive Officer)
Mr. TSE Wai Kuen, Gary
(Chief Operating Officer)
Mr. YIU Yan Chi, Bernard
Mr. TSIANG Hoi Fong
Mr. YEUNG Ching Wan
(Chief Financial Officer)
(to be appointed on 1 December 2010)

Non-Executive Directors

Dr. Honourable WONG Yu Hong, Philip, GBS *(Chairman)*
Mr. LIU Yuk Chi, David *(Vice Chairman)*
Dr. WONG Ying Ho, Kennedy, BBS, JP
(resigned on 29 November 2010)
Mr. LAM Haw Shun, Dennis, JP
Ms. HO Chiu King, Pansy Catilina
Mr. FLYNN Douglas Ronald
Mr. OWYANG Loong Shui, Ivan
Mr. Stanley Emmett THOMAS
Mr. Lincoln PAN Lin Feng
Mr. Peter Alphonse ZALDIVAR
Mr. SU Xiao Shan

Independent Non-Executive Directors

Mr. LAU Hon Chuen, GBS, JP
Mr. HUI Koon Man, Michael, JP
Mr. Wayne CHOU

AUDIT COMMITTEE

Mr. Wayne CHOU *(Chairman)*
Mr. LAU Hon Chuen, GBS, JP
Mr. LAM Haw Shun, Dennis, JP
Mr. HUI Koon Man, Michael, JP
Mr. Lincoln PAN Lin Feng

REMUNERATION COMMITTEE

Mr. LAU Hon Chuen, GBS, JP *(Chairman)*
Mr. LAM Haw Shun, Dennis, JP
Mr. HUI Koon Man, Michael, JP
Mr. Stanley Emmett THOMAS
Mr. Wayne CHOU

AUTHORISED REPRESENTATIVES

Dr. LEUNG Anita Fung Yee Maria
Mr. YEUNG Ching Wan
(to be resigned on 1 December 2010)
Mr. NG Chit Sing
(to be appointed on 1 December 2010)

COMPANY SECRETARY

Mr. YEUNG Ching Wan
(to be resigned on 1 December 2010)
Mr. NG Chit Sing
(to be appointed on 1 December 2010)

AUDITORS

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

TAX ADVISER

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

REGISTERED OFFICE

Scotia Centre, 4th Floor
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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 OFFICES

Flat A–C, 19th Floor
Sing Tao News Corporation Building
No. 3 Tung Wong Road
A Kung Ngam, Shau Kei Wan
Hong Kong

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

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
18th Floor, 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
The Bank of East Asia Limited

LEGAL ADVISERS

As to Hong Kong Law

Troutman Sanders

As to Cayman Islands Law

Maples and Calder Asia

As to PRC Law

Jingtian & Gongcheng

STOCK CODE

2366

WEBSITE

http://www.qjymedia.com

Dr. Honourable Wong Yu Hong, Philip, GBS
Chairman

I take great delight to announce the positive results of the performance of the Group for the year 2010. Despite the difficulties of the global financial system meltdown in 2009, the Group has performed brilliantly and the turnover for the year 2010 has surged up by 87.8% to HK$424.6 million with a net profit after tax of HK$80 million.

Despite many difficulties, we take great pride in our achievements in the establishment of a cross-media business in China. For a public listed non-domestic media company to have such outstanding position in the China media scene is rare indeed. This mission is now completed by the Group. In line with the announcement by Premier Wen Jiabao in the "Cultural Industry Promotion Program" in July 2009, the Group via this cross-media business platform has already integrated over 80% of the eight cultural areas designated for development by the Chinese Central Government. These national policies were further being re-affirmed in the Fifth Plenum of the 17th Central Committee of the Communist Party of China held in October 2010. This will create immense business opportunities for the Group in the future.

The Group was established in 1995 and has followed closely the footsteps of China economic development. The Group has managed to take advantage of such opportunities in the Country's many policies in favor of our expansion plan. In the past 15 years, the Company has evolved by stages from a TV program production Company into a cross-media business platform. We have expanded into outdoor advertising, marketing/advertising management, creative design development, performing art, artist training, artist agency services, traditional publishing, on-line publishing, games but still retaining TV production and advertising as our core business within this platform.

Our core business is in China. We are thankful to our Chinese partners who are the major China TV channels and TV Production houses, for their full support to our business throughout these years. As our business is focused in the China domestic market, we are protected from the volatility and uncertainty of the international market place. Furthermore, the present China fiscal policies to further strengthening the growth of the domestic market and improving the living standard of the average Chinese, these policies will only reassure that our business future is now well protected. With the further opening up of the China media under the open door policy, our cross-media business platform will be in a very good position to take the Company to a new height. We truly have the right business model, in the right place and at the right time. The Company has already moved into the two most promising media in China, the outdoor media and the new media business. This overall Company business strategy will not only put us on an offensive direction but also in a defensive position if adverse circumstance arises. We believe our strong international management team will help the Company to become the leading cross-media platform Company in China in the not too distant future.

I am proud of such good results this year and I am thankful to our staff and partners, in China and abroad, for their endless support throughout the last 15 years. I strongly believe this high spirit of co-operation will continue in the future. A new era will begin and a new landmark will be established in the coming year. I wish to express my deepest appreciation to all for their hard work and contribution to our Company's success. Thank you.

Dr. WONG Yu Hong, Philip, GBS
Chairman

Hong Kong, 29 November 2010

The continuous high growth of the economy of the People's Republic of China ("China", the "State" or the "Mainland") in the past 5 years has maintained an average yield of annual GDP growth rate of 10.1%. According to the National Bureau of Statistics of China, the annual GDP growth rates were: 10.4% in 2005, 11.1% in 2006, 11.4% in 2007, 9.0% in 2008 and 8.7% in 2009. For 2010, the forecasted annual GDP growth rate will achieve around 9.5%.

As early as 2007, the State has already encouraged domestic demand as the main driving force for the growth of China's GDP. Faced with the fallout of the international financial crisis at end of 2008 and throughout 2009, China was one of the few countries that were not so adversely affected by such impact due to the strong foundation for economic growth derived from a healthy domestic economy. In the post-crisis era, the European countries as well as the U.S., while making tremendous efforts to re-build their financial system and individual economy, a common directive is to establish a strong trading relationship with China and with emphasis on the China's domestic market.

INDUSTRIAL OVERVIEW

The Group, which has been established for 15 years, has evolved from a TV program production business to a cross-media business platform in 2010. For a public listed non-domestic media company to have such outstanding position in the China media scene is not only rare but almost impossible. The key factor in providing such opportunity to the Company is the continuous high growth of the domestic consumer market. It is a fact that with improvement in the livelihood of the average Chinese, the desire for better life style will continue, from better entertainment and leisure activities to buying quality consumer goods despite the fallout of the international financial crisis.

The come and go of the fallout of the international financial crisis at end of 2008 seems to happen faster than expected. The waves of suspension and abandon of the domestic TV program production since the beginning of 2009 are also turning tides at end of this year. Production houses are regaining confidence and are more selective in their choices of content for the ever popular TV drama series.

In the China domestic media market, TV continues to be the dominant medium capturing more than 70% share of the advertising market with a strong annual growth rate of 15% since 2001. Meanwhile, TV drama series remained the type of TV programs most favoured by advertisers. While said, in the non-TV media sector, the outdoor advertising medium and the new media (on-line media) are becoming a dominant force for high growth. We expect these two media will outperform the rest of the non-TV media in the next 5 years.

BUSINESS OVERVIEW

Despite the difficulties of the global financial system meltdown in 2009, the Group has performed brilliantly and the turnover for the year 2010 has surged up by 87.8% to HK$424.6 million with a net profit after tax of HK$80.0 million. The Group will continue its consistent dividend policy, and a final scrip dividend of HK1.28 cents per share is recommended and shareholders may elect to receive cash in lieu of shares.

For our core business — TV program production, the Group will continue to support and strengthen the production resources, distribution network and team for the advantages which this business has built up throughout the years. In 2010, with an optimistic view on the outlook of the TV drama series market, we have resumed our planning and investment but with a prudent and cautious attitude. With the new co-operative arrangement and the strong support of our nine TV drama series production partners from the nine major domestic TV stations and TV production houses, the Group believes that the risk in future production write-off in the event of any unpredictable financial crisis will be minimized.

TV drama series is still the dominate force in the China TV program market. While all new TV programs can only capture 18% of the total TV program market, any successful TV program (new or old) will command a high profit and with a prolong broadcasting cycle and thus more future profit, which make the China TV program market an unique one. Thus, the Group was able to sell our library of TV programs and record a satisfactory profit for the year. Given such market environment, there is still plenty of room and ample lead time for the newly planned and invested TV drama series to fill in the high demand from the market place for future profit for the Group.

The Group will continue the strategy to support our core business in the advertising airtime agent business. Apart from the regular exclusive selling of channel airtime business and special airtime segment, the Group is actively acquiring small to medium size local media advertising agents with high sales performance in city TV channels. This will accelerate the formation of an advertising media agent platform. While the State Administration of Radio, Film and Television has issued a restriction on the "Special Advertising Segment" which represents a sizable business and creates a negative impact in the advertising media business, we have tackled this issue by forming active partnership with the TV stations and advertising media and has achieved good results. This will form a stronger foundation for the future of this core business.

With the emphasis in the new cross-media platform, the Group will give priority to the development of the outdoor advertising. Apart from the six large LED boards located in Beijing, Shanghai, Chengdu and Guangzhou, the Group has also secured the exclusive advertising rights of three additional LED boards in Shenzhen and Shanghai from Xinhua News Agency. The Group is confident that the growing outdoor media advertising sales team will provide professional services to clients for a better return on investment. Apart from this, our wholly-owned subsidiary, QJY OOH Holding Company Limited is now one of the major shareholders of CBS Outdoor (Beijing) ("CBSO (Beijing)") with 22.95% effective equity interest. Their current line of business is the bus advertising of over 6,000 buses in metropolitan area of Beijing and with the expansion plan of moving into other China cities not only in the transportation sector but also other outdoor advertising business.

The acquisition of 100% equity interest in Mega Faith Asia Outdoor Marketing Limited during this year has already shown good results and this move has further strengthened the overall outdoor sales team.

During the same period, Triangle Marketing Services Company Limited ("Triangle") which is 90% owned by the Group, has already won plenty of new business of clients who have shown great interests in entering into the China consumer market. Triangle has secured new clients including Hong Kong Trade Development Council, a large domestic real estate developer as well as consumer brands with strong presence in China. As said in the company's slogan "Try a New Angle", Triangle has now opened up a new business market in PRC.

The Group has given all efforts to secure the rights to work from renowned authors. The Group has completed the acquisition of 100% equity of Green Team Culture Asset Limited ("Green Team"). Green Team has the rights to over 500 books (including the works of Dr. Leung Anita Fung Yee Maria, the founder, the Executive Director and the Chief Executive Officer of the Group) and about 1,200 original works of renowned authors which can be adapted for TV programs, on-line publishing and games. These valuable assets will further strengthen the Group in the content aspect of the media business. Green Team also brings with her access to a team of professionals who will further strengthen the Group's capability in the new media in China.

BUSINESS PROSPECTS

With the cross-media platform now in place, the Group strongly believes that our core business, TV drama series production, will not only capture a bigger share of the market in the future but also further strengthen our foundation in the China domestic media sector. With 2015 being designated as the year whereby the China TV industry will go digital, there is more the reason to believe that the era of "content is king" is becoming a reality. The Group will be well positioned to face the future under our strong foundation. The acquisition of outstanding small to medium size local advertising media agents, as well as the ongoing search for exclusive agency rights with domestic TV channels and airtime, will add further positive impact on the overall TV media advertising business.

Outdoor advertising medium is the prime business focus under the cross-media business platform of the Group. The Xinhua News Agency LED boards will further move into more major cities as well as secondary cities. We will take advantage of the Country's policy of using such LED boards to broadcast news to the public. The expansion plan of this unique medium will not only create higher revenue for the Group but also generate unique media opportunity for clients for higher return on their investments, thus higher confidence in this medium. With their unique media coverage of the transportation sector and the synergy to be created within the Group for outdoor advertising, CBSO (Beijing) will expand into other cities with full speed for further new business opportunities.

The Group will be selective in adapting the rights into TV series and selling such rights of the compositions as part of the copyright business. Traditional publishing business will be the first initiative in the next year. The annual turnover of the traditional publishing business in China is RMB635.7 billion and is ranked number one in the world. The Group will maximize the rights acquired in respect of the renowned authors in the traditional publishing business, as well as further expand the portfolio into new media business such as on-line publishing, electronic publishing as well as on-line games.

Apart from the above businesses, the Group will further expand the cooperation with Impact Entertainment (International) Ltd., a concert production company, into artists training and artist agency business. This will provide artists support to our core business of TV drama series production as well as talents for commercial production for our advertising business.

For TV Shopping, the Group will continue to apply for the license to operate and cooperate with TV stations in accordance with the latest rules and regulations issued by the State for TV Shopping during the period. The Group will study this business carefully and seek out the synergy within our cross-media platform for future business expansion.

In conclusion, the Group via this cross-media business platform has already integrated over 80% of the eight cultural areas, namely film and TV program production, advertising, cultural arts and creative media, exhibition (major event), publishing, printing, performing arts, digital content and animation and comics, designated for development by the Chinese Central Government. This is in line with the announcement by Premier Wen Jiabao in the "Cultural Industry Promotion Program" in July 2009. These national policies were further being re-affirmed in the Fifth Plenum of the 17th Central Committee of the Communist Party of China held in October 2010. Following the footsteps of the Country's development policies that will certainly provide immense business opportunities for the Company, the Group has taken not just an enthusiastic, proactive view but with a prudent manner to ensure the Company will maximize this for our shareholders.

OPERATING RESULTS

For the year ended 30 September 2010, the Group recorded a turnover of HK$424.6 million (2009: HK$226.1 million), an increase of 87.8% compared to that in last fiscal year. The Group recorded a net profit of HK$80.0 million for the year ended 30 September 2010 while the Group recorded a net loss of HK$390.5 million for the year ended 30 September 2009.

Revenue from TV advertising income reported a decrease by 40.6% to HK$100.4 million (2009: HK$169.1 million) while TV program related income experienced a significant growth by 458.8% to HK$296.8 million (2009: HK$53.1 million). Revenue from these two categories contributed to approximately 93.5% of total turnover in the year. The rise of the general administrative expenses to HK$67.4 million (2009: HK$40.2 million) was due to an increase in the staff costs and legal and professional fees related to new acquisition and issue of convertible notes during the year. Finance cost went up to HK$40.8 million (2009: HK$26.1 million) because of issue of convertible notes during the year ended 30 September 2010.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent funding and treasury policy with regards to its overall business operation. As at 30 September 2010, the Group's cash level stood at HK$305.8 million (2009: HK$400.3 million). The balances are mainly in Hong Kong Dollar and Renminbi. With cash in hand and banking facilities available, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

As at the balance sheet date, the Group had outstanding bank borrowings of approximately HK$411.8 million, comprising short term revolving loans of HK$259.8 million, term loan of HK$73.8 million and mortgage bank loans of HK$78.2 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$96.4 million (2009: HK$93.0 million).

In addition, the Group issued convertible notes amounting to HK$242.6 million (2009: HK$84.3 million) to individual third parties for the purpose of financing the Group's expansion in advertising and TV related businesses during the year.

The gearing ratio (expressed as a percentage of total borrowings net of pledged deposit over total equity of the Group) was 41.5% (2009: 29.0%).

MORTGAGES AND CHARGES

Bank deposits of HK$69.0 million (2009: HK$191.5 million) were pledged to banks to secure general banking facilities granted to the Group.

Certain land and buildings with carrying value of HK$133.9 million (2009: HK$20.1 million) were pledged to secure for mortgage bank loans of HK$78.2 million (2009: HK$13.5 million).

In addition, the entire amount of issued share capital of certain subsidiaries held by the Company are pledged for convertible notes with outstanding principal amount of HK$100 million (2009: HK$100 million). Aggregated net assets held by those subsidiaries amounted to HK$124.8 million (2009: HK$144.2 million) which consist of purchased licence rights with carrying value of HK$468.6 million (2009: HK$495.9 million) as of 30 September 2010.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY AND ASSOCIATE COMPANY

Acquisition of Rich State Media Enterprises Limited

On 16 April 2010, the Group entered into the Sale and Purchase Agreement with an independent third party, pursuant to which the Group agreed to acquire 51% of the issued share capital of Rich State Media Enterprises Limited, which owns 45% equity interest in an enterprise established in the PRC and engaging in the outdoor media advertising business in the PRC, settled partly in cash for HK$37,500,000 and the rest by issuing and allotting 20,973,154 shares of the Company.

Acquisition of Green Team Culture Asset Limited

In August 2010, the Company acquired Green Team Culture Asset Limited ("Green Team") which owns certain publication and adaptation rights of books and movie scripts written by renowned authors in the PRC. Subsequent to completion of the acquisition, Green Team acquired 70% indirect interest in 北京天下書趣科技發展有限公司 which, through contractual arrangements, controls 北京天下書盟發展有限公司 and acquires substantial portion of the profits of the latter. 北京天下書盟發展有限公司 is an internet content provider, which supplies electronic content to websites and mobile service providers. It publishes books through the website www.txsm.cn and its mobile reading platform in the PRC. The website www.txsm.cn was launched in 2004. The website, with over 500,000 registered users has been developed into an online book publisher with comprehensive functions comprising online library, electronic magazine, VIP reading zone and payment platform, etc. It is also a cross-media book reading platform serving both book publishers and end-users. The entire equity interest of 北京天下書盟發展有限公司 is owned by an individual who is a third party independent of the Company or its subsidiaries. As part of the arrangements on the control over 北京天下書盟發展有限公司, the entire equity interest of 北京天下書盟發展有限公司 has been pledged in favour of 北京天下書趣科技發展有限公司.

USE OF PROCEEDS FROM PLACEMENT OF SHARES

During the year, the Company raised net proceeds (after expenses) of approximately HK$102.4 million by placing 73,858,475 shares. The net proceeds was used to repay part of the outstanding bank borrowings of the Company, to finance the expansion of the Company's media advertising and retailing, to acquire Green Team Culture Asset Limited and to support operational improvement and strategic planning based upon extensive business consulting expertise and operational experience.

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 ("HKD") or Renminbi ("RMB"). The Group has entered into a cross currency interest rate swap contracts during the year ended 30 September 2010 to hedge against the interest rate risk and currency risk. The cross currency interest rate swap contracts were designated as cash flow hedges of the interest rate risk and foreign currency risk in relation to secured bank loans denominated in RMB.

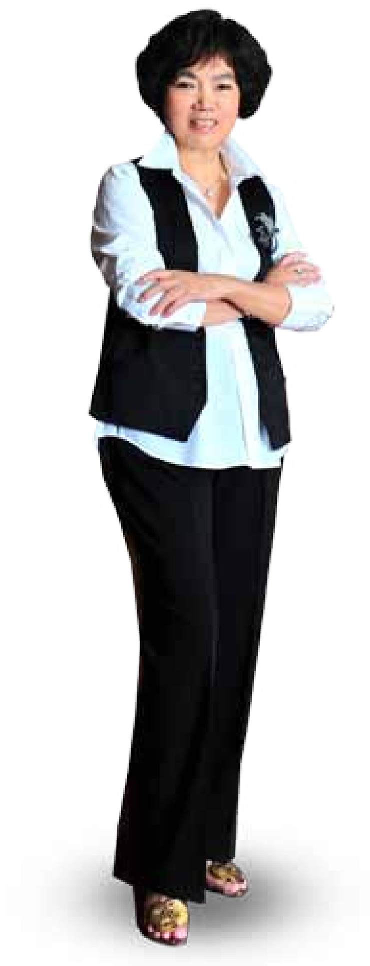
EMPLOYEES

As at 30 September 2010, the Group had a total staff of 88 (2009: 47). Employees are remunerated based on their performance, experience and the prevailing industry practices, with compensation policies and packages being reviewed on a regular basis. Bonus payments are discretionary and depend on both the Group's performance and the performance of the individual employee. Benefits include retirement schemes, medical and dental care insurance and share option scheme.

FINAL DIVIDEND

The Directors have resolved to recommend payment of a final scrip dividend of HK1.28 cents per share, totaling HK$10.5 million for the year ended 30 September 2010, by way of allotment of new shares with an option to the shareholders to elect to receive the final dividend (or part thereof) in cash in lieu of such allotment (2009: final dividend in scrip form of HK0.88 cents per share with cash option).

The Company has yet to fix the date of forthcoming annual general meeting ("AGM"). Further announcement on the date of AGM, closure of book, record date and dividend payable date in compliance with Rule 13.66 of the Listing Rule will be made in due course.



EXECUTIVE DIRECTORS

Dr. LEUNG Anita Fung Yee Maria, aged 61, is the co-founder and the Chief Executive Officer of the Group since October 2002. 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 39 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 32 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.

Furthermore, 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 is a member of the Chinese People's Political Consultative Conference ("CPPCC") of Beijing in the People's Republic of China (the "PRC") and was elected as a member of the Eleventh National Committee of the CPPCC in the PRC in 2010. She is the spouse of Dr. Honourable Wong Yu Hong, Philip, GBS, co-founder and a Non-Executive Chairman of the Company. 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 interest in shares of the Company are disclosed in the section of "Discloseable interests and short positions of shareholders under the SFO".

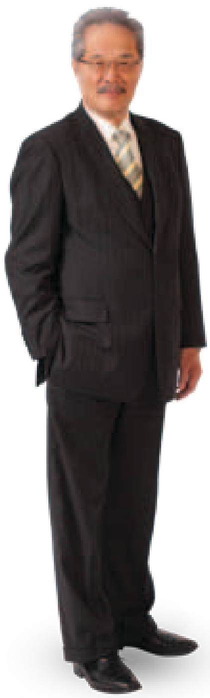
Mr. TSE Wai Kuen Gary, aged 56, is the Chief Operating Officer of the Group since July 2010. Mr. Tse graduated from Hong Kong Baptist University's Communications Faculty majoring in advertising and public relations. Mr. Tse is a marketing, branding and media veteran with over 30 years' experience across Hong Kong and China, working for global marketing agencies. Prior to joining the Company, Mr. Tse was Chairman and Chief Executive Officer of Draftfcb Greater China, responsible for creating a new agency model by merging Draft (world's number two direct and digital agency) and FCB (a 100 years+ global agency). Under his leadership, Draftfcb established a leading digital advertising agency in Mainland China. Mr. Tse has advised numerous global and leading China brands. He also has extensive experience in working with blue chip clients across all industries in Hong Kong.

Mr. YIU Yan Chi, Bernard, aged 59, is the chief executive officer of the advertising division 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 35 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 the PRC. Mr. Yiu was also appointed as the Senior Advisor for the 2007 Special Olympic Games held in Shanghai, the PRC.

Mr. TSIANG Hoi Fong, aged 47, 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.

Mr. YEUNG Ching Wan, aged 39, is the Chief Financial Officer of the Group since March 2010 and is responsible for the overall finance, accounting and compliance matters of the Group. Mr. Yeung holds a Master of Business Administration degree from the Australian Graduate School of Management, Sydney, Australia and a Bachelor Degree (Hons.) in Accountancy from the Hong Kong Polytechnic University. Mr. Yeung is a fellow member of the Association of Chartered Certified Accountants, full member of Certified Practising Accountants (Australia) and associate member of each of the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries. Before joining the Group, Mr. Yeung has worked for international accounting firms, listed companies and multi-national corporations.

NON-EXECUTIVE DIRECTORS



Dr. Honourable WONG Yu Hong, Philip, GBS, aged 71, is the co-founder and the Non-Executive Director and Chairman of the Board of Directors of the Company since October 2002. 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 Juris Doctor degree from Southland University, USA and a Doctor of Philosophy degree in Engineering from California Coast University, USA. Dr. Wong has more than 40 years' experience in business management and is now the chairman of his own business, Winco Paper Products Company Limited ("Winco Paper"). 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 of the Stock Exchange. He received the Gold Bauhinia Star Award from the Government of Hong Kong Special Administrative Region 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 had been a Deputy of the National People's Congress of the PRC for 10 years. 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 Development 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. LIU Yuk Chi, David, age 55, is the Vice-Chairman of the Board of Directors of the Company. Mr. Liu 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 on 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 30 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.

Mr. LAM Haw Shun, Dennis, JP, aged 64, joined the Group in May 2004 as an Independent Non-Executive Director and is redesignated as a Non-Executive Director on 8 July 2010. He is a member of audit committee and remuneration committee of the Company. 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 31 years experience in the finance industry. Prior to his current appointment, Mr. Lam has held senior positions in various financial institutions. He was a senior adviser of Mizuho Securities Asia Limited. Mr. Lam was also the First Vice Chairman of the Hong Kong Stock Exchange, First Deputy Chairman of Hong Kong Securities Clearing Corporation and member of the Securities & Futures Appeals Panel.

Ms. HO Chiu King, Pansy Catilina, aged 48, joined the Group as Non-Executive Director in April 2008. She also holds executive positions in many business entities including Managing Director of Shun Tak Holdings Limited, a company listed on the Main Board of the Hong Kong 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, a company listed on the Main Board of the Hong Kong Stock Exchange, Director of Sociedade de Turismo e Diversões de Macau, S.A.R.L., Chairman of Macau Tower Convention & Entertainment Centre, Executive Director of Air Macau Company Limited, and Vice Chairman of the Board of Directors of Macau Airport International Company Limited.

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, 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 and Deputy Chief Commissioner of Hong Kong Girl Guides Association, Advisory Council Member of The Better Hong Kong Foundation. In Macau, Ms. Ho is Committee Member of The Government of Macau SAR Tourism Development Committee, Vice President of Macau Convention and Exhibition Association, Vice Chairperson of Macao Chamber of Commerce. She has been appointed as the Honorary Consul of the Republic of Peru in Macau since 2006. Internationally, Ms. Ho is Committee Member of UNDP-Peace and Development Foundation, Member of Sotheby's International Advisory Board and Executive Committee Member of the World Travel and Tourism Council.

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.

Ms. Ho is a relative of Mr. Lincoln Pan Lin Feng, a Non-executive Director of the Company.

Mr. FLYNN Douglas Ronald, aged 61, 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.

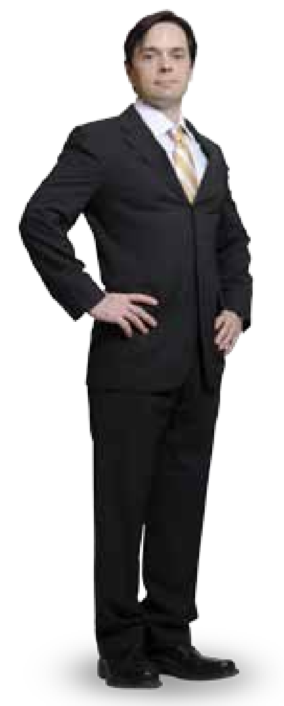
Mr. OWYANG Loong Shui, Ivan, aged 39, joined the Group in April 2009. He assists the Group to maintain and develop relationships with banking institutions and the Company's investors and provides advices on financial matters of the Group.

Mr. Owyang obtained a degree in Bachelor in Science from the University of Buckingham in United Kingdom. Mr. Owyang has been the Chief Executive Officer of Winco Paper since 2003. Prior to joining Winco Paper, Mr. Owyang has gained banking and financial experience with ABN AMRO and Fortis and has held various positions including Trader and Financial Product Engineer since 1995.

Mr. Stanley Emmett THOMAS, aged 50, joined the Group in July 2010. Mr. Thomas is a member of remuneration committee of the Company. He is a partner and the head of Asia for Advantage Partners, an investment company headquartered in Tokyo. Prior to joining Advantage Partners in 2007, Mr. Thomas was the President of Asia for Monitor Group, a global consulting firm, where he worked for 18 years. Mr. Thomas graduated in Economics from Duke University and received a Master in Business Administration from Harvard Business School in 1988.

Mr. Lincoln PAN Lin Feng, aged 34, joined the Group in July 2010. Mr. Pan is a member of audit committee of the Company. He is a director of Advantage Partners and joined the firm in 2007 to help support the firm's expansion outside Japan. He is currently a director and one of the responsible investment professionals for GST Autoleather, Inc.. Prior to joining Advantage Partners, he was an executive director of GE Capital Asia, responsible for Asia M&A and the strategy leader for the private equity, structured finance (including project financing and industrial equipment financing businesses) and special situations businesses in Asia. Mr. Pan also had been a management consultant with McKinsey & Company where he spent 6 years with the New York, Hong Kong and Beijing offices. He has qualified to practice law in the state of New York and has worked with the international law firm Simpson Thacher & Bartlett. Mr. Pan holds a Juris Doctorate from Harvard Law School and a Bachelor of Arts, magna cum laude from Williams College.

Mr. Pan is a relative of Ms. Ho Chiu King, Pansy Catilina, a Non-executive Director of the Company.



Mr. Peter Alphonse ZALDIVAR, aged 43, joined the Group in July 2010. He graduated from the University of Wisconsin-Madison with a Bachelor of Arts in Economics in 1989. He obtained a Juris Doctor, cum laude, from Harvard Law School in 1994. Mr. Zaldivar is a Chartered Financial Analyst and a member of the CFAI and Investment Analysts Society of Chicago. Mr. Zaldivar has worked with various asset management companies. He is a principal and co-founder of Kabouter Management LLC, a Chicago based investment management firm. Mr. Zaldivar holds a 51% interest in Kabouter Management LLC.

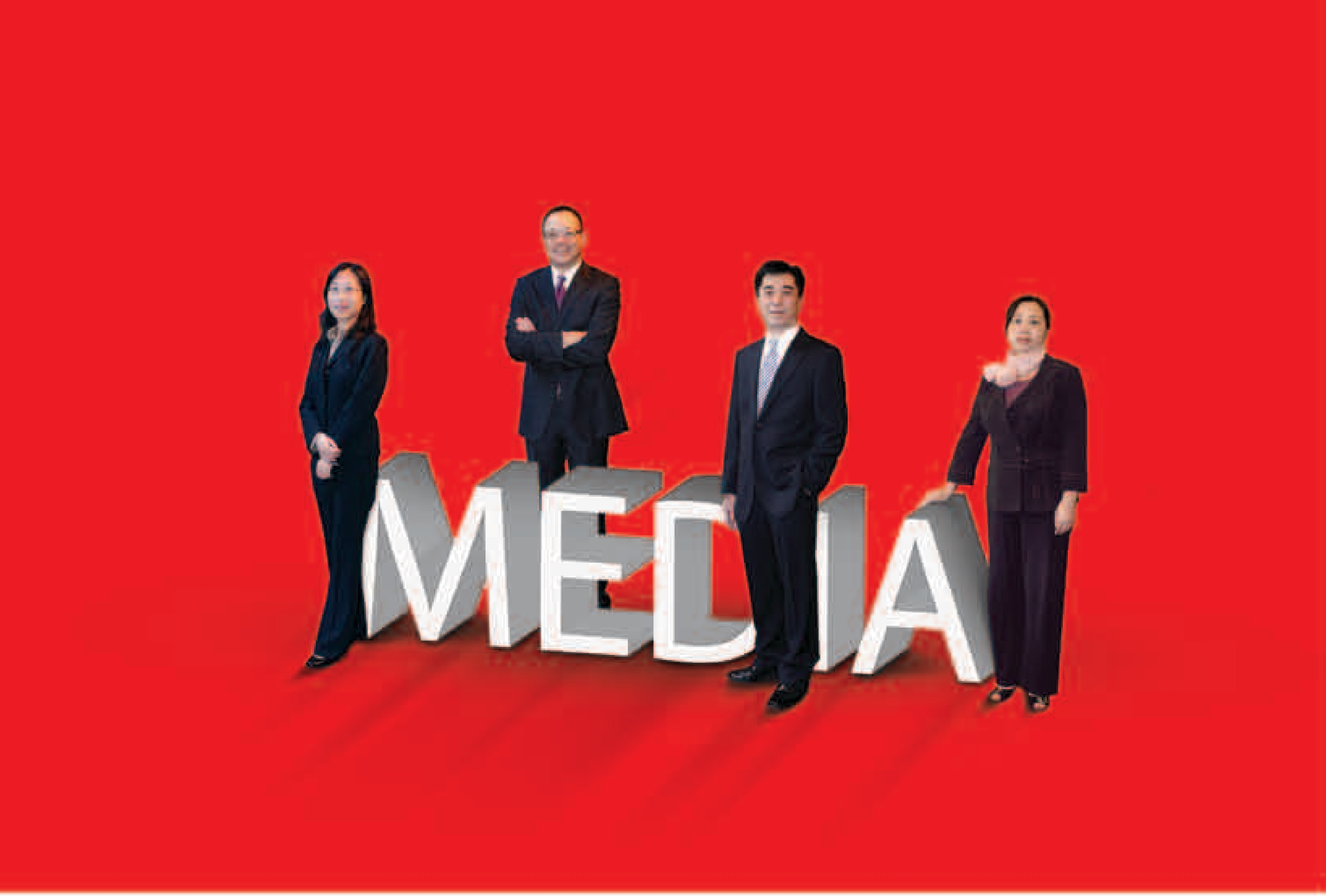
Mr. SU Xiao Shan, aged 47, joined the Group in July 2010. He graduated from the Beijing Broadcasting Institute (北京廣播學院) (now known as Communication University of China (中國傳媒大學)). Mr. Su has over 20 years of experience in marketing, public relation and advertising business in mainland China. He has occupied senior positions in marketing and advertising in various entities of the Beijing CITIC group from 1990 to 2003. In 2004, Mr. Su founded his own advertising company. Mr. Su has been a long time business partner of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAU Hon Chuen, GBS, JP, aged 63, joined the Group in December 2003. He is a member of audit committee and the chairman of remuneration committee. He obtained a LLB degree from the University of London and is a Solicitor of the High Court of the HKSAR, a solicitor of Supreme Court of England and Wales, a barrister and solicitor of the Supreme Court of Victoria, Australia, an advocate and solicitor of the Supreme Court of the Republic of Singapore, a China-Appointed Attesting Officer and a Notary Public, the Senior Partner of Messrs. Chu and Lau, Solicitors & Notaries. Award "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, the director of Friends of Hong Kong Association Limited and the chief adviser of the Hong Kong Association for Promotion of Peaceful Reunification of China. 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, Yuexin Property 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. HUI Koon Man, Michael, JP, aged 68, joined the Group in December 2003. He is a member of audit committee and remuneration committee. He graduated from The Chinese University of Hong Kong with a Bachelor degree in Social Science in 1969. He has more than 35 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.

Mr. Wayne CHOU, aged 40, joined the Group in July 2010. He is the chairman of audit committee and a member of remuneration committee. He graduated from Murdoch University, Australia with a Bachelor of Commerce in 1991. Mr. Chou is a Certified Public Accountant and a member of the CPA Australia. Mr. Chou has worked with two of the international accountants firms and as a research analyst with an international investment bank. He has occupied senior positions with various media group and has extensive experience in strategic planning, businesses development in the media sector across Asia. Mr. Chou has been a senior consultant of the Company from June 2008 to December 2008. Mr. Chou was appointed as a non-executive director of Media Development Authorities, a Singapore Government Regulatory Body for Media, in January 2009. He has been the managing director of Popular Holdings Limited, a company listed on the Singapore Stock Exchange since March 2010.


MEDIA

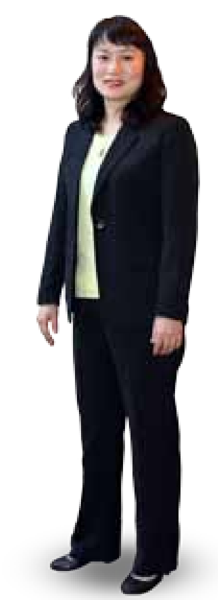

CRE TIVE

THE MANAGEMENT TEAM

SENIOR MANAGEMENT

Mr. CHAN Kar Chung, Joe, aged 39, is the Financial Controller of the Group. Mr. Chan holds a Master Degree of Science in Finance from the Chinese University of Hong Kong. He is a member of the American Institute of Certified Public Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Before joining our group, he has worked for several multi-national corporations and accounting firms.

Ms. CHIN Yuen Lan, Anna, aged 47, Bachelor Degree in Business Studies from City Polytechnic of Hong Kong (now named as City University of Hong Kong). She is responsible for project management and business development for the Creative Marketing Services of the Group. She has over 20 years extensive experiences in handling a wide variety of marketing projects including brand-building, sales promotion, customer relationship building, publicity events etc.

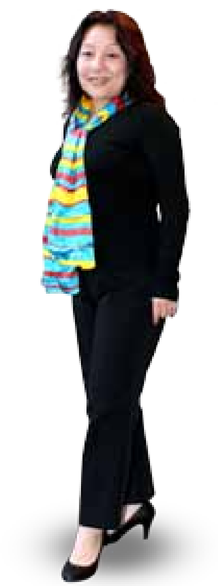


Ms. LAM Chit Ping, aged 38, is the Financial Controller (China) of the Group. Ms. Lam is a Bachelor of Business Administration of The Chinese University of Hong Kong. Ms. Lam is also an associate member of the Certified Public Accountant of Illinois of USA. Before joining the Group, Ms. Lam has worked listed companies and multi-national corporations.

Mr. LAU Wing Hing, Jansen, aged 56, is the Managing Director of OOH Division of the Group. Mr. Lau was born in Hong Kong and educated in Canada. After graduated in Canada in the 70's, Mr. Lau returned to Hong Kong and start his career in the outdoor advertising industry as a sales executive. He moved back to Canada in mid 80's and started his own restaurant and entertainment business. Early 90's, Mr. Lau again decided to return to Hong Kong and started his outdoor planning and buying business in China and Singapore. He also spent two years leading the operation of Initial Hong Kong in the role of Managing Director. Mr. Lau has over 20 years experience in the outdoor media and entertainment experience and established strong relationship with some of the largest outdoor media spending clients in Hong Kong, Singapore and China.

Mr. LOH Eddy, aged 38, a Malaysian who spent more than a decade in IT for media advertising sector in Singapore. Mr. Loh is IS/IT Director of the Group and currently based in Beijing. He was the Regional IT Director to Rentokil Initial before joining the Group. He had also spent years of IT careers with the media advertising industries such as Carat Media Services Asia Pacific and MindShare Singapore.

Mr. NG Chit Sing, aged 38, is the Company Secretary of the Group. Mr. Ng obtained a LLB degree from the University of London. He is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Before joining the Group, Mr. Ng has worked for various international accounting firms and listed companies.



Ms. SHEN Lily, aged 44, is the Director of Human Resources Department of the Group. Ms. Shen holds a Bachelor of Education degree from Capital Normal College, Beijing, China. Ms. Shen used to study in Tokyo Foreign Language University, major in Education. Ms. Shen has more than ten years human resource working experiences in multinational companies. Before joining the group, Ms. Shen has worked for multinational companies, such as Air Bus (China), e-Long, etc.

Mr. TAM Yip Man, Rodney, aged 43, the inventor of Total Opportunity Marketing concept and techniques. He is the Creative Director of the Group responsible for generating marketing ideas and creative strategies to empower the integrated services & creative execution quality of the Group. Mr. Tam has joined the international advertising agency since he finished school at 19, and been named the Managing Director of the Hong Kong branch at 23. He founded Triangle Worldwide Group Limited in 1995 which was known for offering Total Opportunity Marketing services (such as branding, advertising, promotion & event management) to the clients whom were seeking for new strategic-driven-creative-ideas. In 1997, Mr. Tam became the first Chinese in Hong Kong being awarded the "Agency Man of the Year", and his creative works have also won him many other creative awards in Hong Kong and overseas.

Ms. Tang Man Wai, Juliana, aged 44, is the Managing Director of Advertising and Business Development Division of the Group. Before joining the Group, Juliana worked for Carat as National Media Buying & Negotiation Director, managing TV, print and OOH's negotiation for both national and local clients in China. She has over 17 years in China media experience.

Mr. WONG Kwan Lap, Chris, aged 63, is the Managing Director of TV Advertising Division 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 on 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 38 years.

Ms. ZHANG Ying, Doris, aged 34, is the Business Director of TV Advertising Division. Ms. Zhang owns over 12 years experience in advertising industry in mainland China and is well acquainted with media and advertising agency, advertising operation procedure and market research. Before joining the Group, Doris is the marketing director of Cosmedia Group Holdings Limited responsible for promotion and sales support of a satellite TV channel. Before that, Doris worked for 4A advertising agencies like Carat and Zenithmedia, responsible for media planning and buying for Coca-Cola, Nokia and Master Kong etc.

Ms. ZHAO Hui Xia, aged 48, is the Public Relationship Officer of the Group. Before joining the Group in December 2003, she had over 21 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.

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 the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules during the year under review except the Chairman of the Company, Dr. Honourable Wong Yu Hong, Philip, did not attend the 2009 annual general meeting held on 15 January 2010 as required by the Code Provision E.1.2 of the Listing Rules due to his personal commitment in the Legislative Council on that day.

The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the CG 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 eighteen Directors, is responsible for supervising the management of the Group. Thirteen of the eighteen 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 Senior Management" 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. Wayne Chou, 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, Re-election of Directors

All non-executive Directors (including independent non-executive Directors) have entered into letters of appointment with the Company for a specific term of two years except Mr. Stanley Emmett Thomas, Mr. Lincoln Pan Lin Feng and Mr. Su Xiao Shan who are appointed for a term of three years.

In accordance with the CG 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 12 to 21.

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. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. 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.

During the year, Mr. Stanley Emmett Thomas and Mr. Lincoln Pan Lin Feng were appointed by shareholders of the Company at an extraordinary general meeting held on 30 June 2010. The appointment took effect on 8 July 2010.

Two Board meetings were held during the year (i) to note and accept the resignation of Mr. Hung Hak Hip, Peter as a non-executive Director; and (ii) to approve the appointment of Mr. Tse Wai Kuen, Gary as an executive Director, Mr. Peter Alphonse Zaldivar and Mr. Su Xiao Shan as non-executive Directors and Mr. Wayne Chou as an independent non-executive Director and to approve the re-designation of directorship of Mr. Lam Haw Shun, Dennis, JP from independent non-executive Director to non-executive Director and to note and accept the resignation of Mr. Pfitzner Kym Richard, Mr. Zinger Simon and Ms. Lee Kwei-Fen as non-executive Directors.

Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer of the Company are currently held by Dr. Honourable 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 2010, 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 Directors	Number of meetings attended/held
Executive Directors	
Dr. LEUNG Anita Fung Yee Maria *(Chief Executive Officer)*	14/15
Mr. TSE Wai Kuen, Gary* *(Chief Operating Officer)*	0/0
Mr. YIU Yan Chi, Bernard	10/15
Mr. TSIANG Hoi Fong	13/15
Mr. YEUNG Ching Wan**	0/0
Non-executive Directors	
Dr. Honourable WONG Yu Hong, Philip, GBS *(Chairman)*	10/15
Mr. LIU Yuk Chi, David *(Vice-Chairman)*	6/15
Dr. WONG Ying Ho, Kennedy, BBS, JP******	6/15
Mr. LAM Haw Shun, Dennis, JP***	13/15
Ms. HO Chiu King, Pansy Catilina	1/15
Mr. FLYNN Douglas Ronald	8/15
Mr. OWYANG Loong Shui, Ivan	6/15
Mr. Stanley Emmett THOMAS*	0/0
Mr. Lincoln PAN Lin Feng*	0/0
Mr. Peter Alphonse ZALDIVAR*	0/0
Mr. SU Xiao Shan*	0/0
Mr. HUNG Hak Hip, Peter****	0/2
Mr. PFITZNER Kym Richard*****	2/15
Mr. ZINGER Simon*****	2/15
Ms. LEE Kwei-Fen*****	0/15
Independent Non-executive Directors	
Mr. LAU Hon Chuen, GBS, JP	8/15
Mr. HUI Koon Man, Michael, JP	4/15
Mr. Wayne CHOU*	0/0

* *appointed on 8 July 2010 and no Board meeting was held after their appointment as Directors*

** *to be appointed on 1 December 2010*

*** *redesignated from Independent Non-executive Director on 8 July 2010*

**** *resigned on 4 December 2009*

***** *resigned on 8 July 2010*

****** *resigned on 29 November 2010*

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 CG Code.

Remuneration Committee

The Chairman of the Remuneration Committee is Mr. Lau Hon Chuen, GBS, JP and other members are Mr. Wayne Chou, Mr. Hui Koon Man, Michael, JP, Mr. Lam Haw Shun, Dennis, JP and Mr. Stanley Emmett Thomas, the majority being independent non-executive Directors. 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 CG Code have been adopted by the Board and are available on the Company's website, www.qjymedia.com.

During the year ended 30 September 2010, the Remuneration Committee held three meetings, with attendance record as follows:

Name of members	**Number of meetings attended/ held**
Mr. LAU Hon Chuen, *GBS*, JP^ *(Chairman)*	3/3
Mr. LIU Yuk Chi, David^^^	1/3
Mr. LAM Haw Shun, Dennis, JP^^^^	3/3
Mr. HUI Koon Man, Michael, JP^^	0/0
Mr. Stanley Emmett THOMAS^^	0/0
Mr. Wayne CHOU^^	0/0

^ *appointed as Chairman on 8 July 2010*

^^ *appointed on 8 July 2010 and no Remuneration Committee meeting was held after their appointment as members of Remuneration Committee*

^^^ *resigned on 8 July 2010*

^^^^ *resigned as Chairman on 8 July 2010*

During the year, 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. Wayne Chou and other members are Mr. Lau Hon Chuen, GBS, JP, Mr. Lam Haw Shun, Dennis, JP, Mr. Hui Koon Man, Micheal, JP and Mr. Lincoln Pan Lin Feng, the majority being independent non-executive Directors. 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 2010, the Audit Committee held two meetings with attendance record as follows:

Name of members	**Number of meetings attended/ held**
Mr. LIU Yuk Chi, David###	0/2
Mr. Wayne CHOU# *(Chairman)*	0/0
Mr. LAU Hon Chuen, GBS, JP	2/2
Mr. LAM Haw Shun, Dennis, JP####	2/2
Mr. HUI Koon Man, Michael, JP##	0/0
Mr. Lincoln PAN Lin Feng##	0/0

appointed as Chairman on 8 July 2010 and no Audit Committee meeting was held after his appointment as member of Audit Committee

appointed on 8 July 2010 and no Audit Committee meeting was held after their appointment as members of Audit Committee

resigned on 8 July 2010

resigned as Chairman on 8 July 2010

At the meetings, the Audit Committee has reviewed the audited financial statements for the year ended 30 September 2009 and the interim report for the six months ended 31 March 2010 with senior management and the Company's external auditors. The Audit Committee has also reviewed the Group's accounting policies and practices, the Listing Rules and statutory compliance, internal controls and financial reporting matters.

AUDITOR'S 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 2010, the remuneration to the auditor of the Company were approximately HK$1,308,000 for audit services and HK$370,000 for non-audit services.

DIRECTORS' AND AUDITOR'S 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 2010, 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 is responsible for reviewing the effectiveness of the internal control system of the Group. The scope of the review is determined and recommended by the Audit Committee and approved by the Board annually. The review covers all material controls, including financial, operational and compliance controls and risks management functions. Such annual review also considers the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The internal control review function reports directly to the Chairman of the Audit Committee. Regular internal control review reports are circulated to the Audit Committee members and the Board in accordance with the approved scope.

During the year, management has conducted regular review 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. 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 2010. The Audit Committee is satisfied that the internal control system maintained by the Group is sufficient to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded against loss from unauthorized use or disposition, transactions are properly authorised and proper accounting records are maintained.

In addition, an independent professional firm has been engaged to review and assess certain internal control system of the Group for the year ended 30 September 2010 and reported the review and recommended procedures whereas no material control failure were noted.

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 for Securities Transactions") 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 for Securities Transactions throughout the year ended 30 September 2010. The Board has also adopted the Model Code for Securities Transactions 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 announcements and other relevant financial and non-financial information electronically on a timely basis.

Voting by way of poll

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at the AGM must be taken by poll. The chairman of the meeting demanded a poll for every resolution put to the vote of the 2010 AGM pursuant to article 76 of the Articles. Relevant details of the proposed resolutions, including biographies of each Director standing for re-election, were included in the circular to shareholders dispatched together with the annual report. The Company announced the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

The Directors submit herewith their annual report together with the audited financial statements for the year ended 30 September 2010.

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 2010 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 51 to 129.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year are set out in note 27(c) to the financial statements.

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

There were no purchases, sales or redemption of the Company's listed securities by the Company and any of its subsidiaries during the year ended 30 September 2010.

RESULTS AND RESERVES

The results of the Group for the year ended 30 September 2010 are set out in the consolidated income statement on page 51 of the annual report. The movements in reserves are out in the consolidated statement of changes in equity on page 56 of the annual report.

An interim dividend in scrip form of HK1.28 cents per share with a cash option (2009: interim dividend in scrip form of HK0.5 cents per share with a cash option) was paid on 9 August 2010.

The Directors recommend the payment of a final scrip dividend for the year ended 30 September 2010 of HK1.28 cents per share (2009: final dividend in scrip form of HK0.88 cents per share), by way of issue of new shares with an alternative to the shareholders to elect to receive the final dividend (or part thereof) in cash in lieu of such allotment.

CHARITABLE DONATIONS

During the year, the Group made donations of HK$67,000 (2009: HK$662,000) 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 130 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.

CONVERTIBLE NOTES

Details of the convertible notes of the Group are set out in note 25 to the financial statements.

BANK LOANS

Particulars of bank loans of the Group as at 30 September 2010 are set out in note 23 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. TSE Wai Kuen, Gary *(Chief Operating Officer)*	(appointed on 8 July 2010)
Mr. YIU Yan Chi, Bernard	
Mr. TSIANG Hoi Fong	
Mr. YEUNG Ching Wan *(Chief Financial Officer)*	(to be appointed on 1 December 2010)

Non-executive Directors

Dr. Honourable WONG Yu Hong, Philip, GBS *(Chairman)*	
Mr. LIU Yuk Chi, David *(Vice-Chairman)*	
Dr. WONG Ying Ho, Kennedy, BBS, JP	(resigned on 29 November 2010)
Mr. LAM Haw Shun, Dennis, JP	(redesignated from Independent Non-executive Director on 8 July 2010)
Ms. HO Chiu King, Pansy Catilina	
Mr. FLYNN Douglas Ronald	
Mr. OWYANG Loong Shui, Ivan	
Mr. Stanley Emmett THOMAS	(appointed on 8 July 2010)
Mr. Lincoln PAN Lin Feng	(appointed on 8 July 2010)
Mr. Peter Alphonse ZALDIVAR	(appointed on 8 July 2010)
Mr. SU Xiao Shan	(appointed on 8 July 2010)
Mr. HUNG Hak Hip, Peter	(resigned on 4 December 2009)
Mr. PFITZNER Kym Richard	(resigned on 8 July 2010)
Mr. ZINGER Simon	(resigned on 8 July 2010)
Ms. LEE Kwei-Fen	(resigned on 8 July 2010)

Independent Non-executive Directors

Mr. LAU Hon Chuen, GBS, JP	
Mr. HUI Koon Man, Michael, JP	
Mr. Wayne CHOU	(appointed on 8 July 2010)

At the Board Meeting of the Company held on 29 November 2010, Mr. Yeung Ching Wan was appointed as an Executive Director effective on 1 December 2010.

In accordance with Clause 95 of the Company's Articles of Association, Mr. Tse Wai Kuen, Gary, Mr. Peter Alphonse Zaldivar, Mr. Su Xiao Shan and Mr. Wayne Chou, who were appointed as new directors by the Board on 8 July 2010, and Mr. Yeung Ching Wan, who was appointed as a new Director on 1 December 2010, will hold office until the forthcoming annual general meeting ("AGM"), and being eligible, offer themselves for re-election.

In accordance with Clause 96 of the Company's Articles of Association, Mr. Stanley Emmett Thomas and Mr. Lincoln Pan Lin Feng, who were appointed as new Directors on 8 July 2010 by the Shareholders at an extraordinary general meeting of the Company held on 30 June 2010, will hold office until the forthcoming AGM, and being eligible, offer themselves for re-election.

In accordance with Clause 96A of the Company's Articles of Association, Dr. Leung Anita Fung Yee Maria, Mr. Yiu Yan Chi, Bernard, Mr. Tsiang Hoi Fong, Mr. Flynn Douglas Ronald, Mr. Lam Haw Shun Dennis, JP and Ms. Ho Chiu King, Pansy Catilina, will retire by rotation at the forthcoming AGM, and being eligible, offer themselves for re-election at the 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.

The Company has received, from each of the independent non-executive directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive directors are independent.

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

At 30 September 2010, 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 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**	**Number of underlying shares**	**Per cent of total issued share capital of the Company as at 30 September 2010**
Dr. LEUNG Anita Fung Yee Maria ("Dr. Leung")	Interests in controlled corporation and beneficial owner and interests of spouse	285,494	287,064 *(Note 1)*	199,493,118 *(Note 2)*	200,065,676	—	24.45%
Dr. Honourable WONG Yu Hong, Philip, GBS ("Dr. Wong")	Interests in controlled corporation and beneficial owner and interests of spouse	287,064	11,262,922 *(Note 3)*	188,515,690 *(Note 4)*	200,065,676	—	24.45%
Mr. LIU Yuk Chi, David	Beneficial owner	3,172,334	Nil	Nil	3,172,334	7,000,000 *(Note 5)*	1.24%
Mr. YIU Yan Chi, Bernard	Beneficial owner	550,000	Nil	Nil	550,000	—	0.07%
Mr. OWYANG Loong Shui, Ivan	Beneficial owner	110,000	Nil	Nil	110,000	—	0.01%
Mr. HUI Koon Man, Michael, JP	Beneficial owner	456,534	Nil	Nil	456,534	—	0.06%

Notes:

1. The family interest of 287,064 shares refers to those shares beneficially owned by Dr. Wong, spouse of Dr. Leung.

2. The 199,493,118 shares are held as to 186,623,993 shares by Dynamic Master Developments Limited, 1,111,963 shares by Hunterland City Limited, 1,891,697 shares by Goodhold Limited and 9,865,465 shares by Up & Rise Limited. Dynamic Master Developments Limited is owned as to 58.37% 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 199,493,118 shares under the SFO.

3. The family interest of 11,262,922 shares refers to 285,494 shares beneficially owned by Dr. Leung, spouse of Dr. Wong, 1,111,963 shares held by Hunterland City Limited and 9,865,465 shares held by Up & Rise Limited which are included in corporate interests of 199,493,118 shares held by Dr. Leung.

4. The 188,515,690 shares are held as to 186,623,993 shares by Dynamic Master Developments Limited and 1,891,697 shares by Goodhold Limited. Dynamic Master Developments Limited is owned as to 58.37% by Goodhold Limited. Dr. Wong is entitled to exercise control of 50% in Goodhold Limited and therefore is deemed to be interested in the 188,515,690 shares under the SFO.

5. The 7,000,000 shares will be issued and allotted to Mr. Liu Yuk Chi, David as remuneration shares, credited as fully paid, being 3,500,000 shares upon completion of each year of services.

(ii) Share options of the Company

Directors	Date of Grant	Exercise Period	Closing price immediately before date of grant HK$	Exercise price per share HK$	As at 1 October 2009	Grant during the year	Exercise during the year	Lapsed/ Cancelled during the year	As at 30 September 2010	Per cent of total issued share capital of the Company as at 30 September 2010
					Number of share options					
Dr. Honourable WONG Yu Hong, Philip, GBS	21 December 2009	7 January 2010 to 13 June 2014	1.57	1.63	—	500,000	—	—	500,000	0.061%
Mr. LIU Yuk Chi, David	21 December 2009	27 January 2010 to 13 June 2014	1.57	1.63	—	1,500,000	—	—	1,500,000	0.183%
Mr. YIU Yan Chi, Bernard	16 April 2008	16 April 2008 to 13 June 2014	4.50	4.12*	1,365,861	—	—	—	1,365,861	0.167%
	21 December 2009	11 January 2010 to 13 June 2014	1.57	1.63	—	500,000	—	—	500,000	0.061%
Mr. TSIANG Hoi Fong	15 March 2007	15 March 2007 to 13 June 2014	2.04	2.05*	5,608,453	—	—	—	5,608,453	0.685%
	21 December 2009	7 January 2010 to 13 June 2014	1.57	1.63	—	500,000	—	—	500,000	0.061%
Mr. PFITZNER Kym Richard	21 December 2009	—	1.57	1.63	—	500,000	—	(500,000)	—	—
Mr. ZINGER Simon	21 December 2009	—	1.57	1.63	—	500,000	—	(500,000)	—	—
Ms. LEE Kwei-Fen	21 December 2009	—	1.57	1.63	—	500,000	—	(500,000)	—	—
Mr. HUNG Hak Hip, Peter	6 March 2007	6 March 2007 to 13 June 2014	2.04	2.05*	560,844	—	—	(560,844)	—	—
Dr. WONG Ying Ho, Kennedy, GBS, JP	21 December 2009	12 January 2010 to 13 June 2014	1.57	1.63	—	500,000	—	—	500,000	0.061%
Mr. FLYNN Douglas Ronald	22 May 2008	22 May 2008 to 13 June 2014	5.46	5.14*	682,930	—	—	—	682,930	0.083%
	21 December 2009	19 January 2010 to 13 June 2014	1.57	1.63	—	500,000	—	—	500,000	0.061%
Ms. HO Chiu King, Pansy Catilina	10 June 2008	10 June 2008 to 13 June 2014	5.16	5.14*	682,930	—	—	—	682,930	0.083%
	21 December 2009	29 January 2010 to 13 June 2014	1.57	1.63	—	500,000	—	—	500,000	0.061%
Mr. OWYANG Loong Shui, Ivan	21 December 2009	30 January 2010 to 13 June 2014	1.57	1.63	—	500,000	—	—	500,000	0.061%
Mr. LAU Hon Chuen, GBS, JP	21 March 2007	21 March 2007 to 13 June 2014	2.09	2.05*	560,844	—	—	—	560,844	0.069%
	21 December 2009	8 January 2010 to 13 June 2014	1.57	1.63	—	500,000	—	—	500,000	0.061%
Mr. LAM Haw Shun, Dennis, JP	6 March 2007	6 March 2007 to 13 June 2014	2.04	2.05*	560,844	—	—	—	560,844	0.069%
	21 December 2009	7 January 2010 to 13 June 2014	1.57	1.63	—	500,000	—	—	500,000	0.061%
Mr. HUI Koon Man, Michael, JP	21 December 2009	15 January 2010 to 13 June 2014	1.57	1.63	—	500,000	—	—	500,000	0.061%
Employee	16 April 2008	16 April 2008 to 13 June 2014	4.50	4.12*	1,365,861	—	—	(1,365,861)	—	—
Total					11,388,567	8,000,000	—	(3,426,705)	15,961,862	

* *Exercise price was adjusted after bonus issue of one share for every ten existing shares on 29 January 2009.*

Notes:

1. These share options represent personal interest held by the Directors as beneficial owners.

2. Mr. Hung Hak Hip, Peter resigned as Director on 4 December 2009, Mr. Pfitzner Kym Richard, Mr. Zinger Simon and Ms. Lee Kwei-Fen resigned as Directors on 8 July 2010.

(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 relevant class of associated corporation as at 30 September 2010
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)*	100%
	Dr. Honourable WONG Yu Hong, Philip, GBS	Beneficial owner and interests of spouse	Class A (non-voting)	1	1	Nil	2 *(Note 1)*	100%
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	100%
	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	100%

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 interests held by Dr. Leung, spouse of Dr. Wong.

Save as mentioned above, as at 30 September 2010, 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 for Securities Transactions.

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 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.

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 of 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 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 being not less than six months and not more than ten years from the date of grant and expiring at the close of business on the last day of such period, or the date falling on the expiry of the Scheme Period, whichever is the earlier, subject to the provisions of early termination hereof.

During the year ended 30 September 2010, the Company has granted 8,000,000 options (2009: Nil) to Directors to subscribe for shares of the Company, of which 1,500,000 options were lapsed due to non-acceptance of the offer. Details of the options granted to the Directors and employees 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 26(c) to the financial statements. Save for the said options granted to Directors, no other option has been granted during the year.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

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 at 30 September 2010, which have been notified to the Company and 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	Total number of underlying shares pursuant to convertible notes/warrants held	Per cent of total issued share capital as at 30 September 2010	Notes
Dynamic Master Developments Limited	Beneficial owner	Beneficial interest	186,623,993	—	22.81%	1
Goodhold Limited	Interested in controlled corporation and beneficial owner	Corporate interest/ Beneficial interest	188,515,690	—	23.04%	2
Hunterland City Limited	Interested in controlled corporation and beneficial owner	Corporate interest/ Beneficial interest	187,735,956	—	22.94%	2
Aegis Media Asia Pacific Pte. Ltd.	Beneficial owner	Beneficial interest	108,094,706	—	13.21%	3
Aegis International Limited	Interested in controlled corporation	Corporate interest	108,094,706	—	13.21%	3
Aegis Group plc	Interested in controlled corporation	Corporate interest	108,094,706	—	13.21%	3
Smart Peace Investment Limited	Beneficial owner	Beneficial interest	—	58,775,126	7.18%	4
CCB International Asset Management Limited	Interested in controlled corporation	Corporate interest	—	58,775,126	7.18%	4
CCB International Asset Management (Cayman) Limited	Interested in controlled corporation	Corporate interest	—	58,775,126	7.18%	4
CCB International (Holdings) Limited	Interested in controlled corporation	Corporate interest	—	58,775,126	7.18%	4
CCB Financial Holdings Limited	Interested in controlled corporation	Corporate interest	—	58,775,126	7.18%	4

Name of substantial shareholder	Capacity	Nature of interest	Total number of ordinary shares held	Total number of underlying shares pursuant to convertible notes/warrants held	Per cent of total issued share capital as at 30 September 2010	Notes
CCB International Group Holdings Limited	Interested in controlled corporation	Corporate interest	—	58,775,126	7.18%	4
China Construction Bank Corporation	Interested in controlled corporation	Corporate interest	—	58,775,126	7.18%	4
Central Huijin Investment Limited	Interested in controlled corporation	Corporate interest	—	58,775,126	7.18%	4
Star Group International Investment Limited	Beneficial owner	Beneficial interest	—	41,375,688	5.06%	5
Li Tak Tai Leada	Interested in controlled corporation	Corporate interest	—	41,375,688	5.06%	5
First Media Holdings, Ltd.	Beneficial owner	Beneficial interest	37,936,475	130,751,884	20.61%	6
Kabouter Management LLC	Investment manager	Corporate interest	47,014,276	—	5.75%	

Notes:

1. The issued share capital of Dynamic Master Developments Limited is owned as to 58.37%, 32.76%, 3.55%, 3.55% and 1.77% by Goodhold Limited, Hunterland City Limited, Madam Au Tak Yee, Y. Y. Yao & Co., Limited and Up & Rise Limited.

2. The issued share capital of Dynamic Master Developments Limited is owned as to 58.37% 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 186,623,993 shares held by Dynamic Master Developments Limited under the SFO. In addition, Goodhold Limited directly holds 1,891,697 shares and Hunterland City Limited directly holds 1,111,963 shares.

3. Aegis Media Asia Pacific Pte. Ltd. is the beneficial registered owner of the 108,094,706 shares, which is a directly wholly owned subsidiary of Aegis International Limited, a company incorporated in the United Kingdom. Aegis International Limited is a directly wholly owned subsidiary of Aegis Group plc which is a company listed on the London Stock Exchange. Accordingly, Aegis International Limited and Aegis Group plc are deemed to be interested in the 108,094,706 shares held by Aegis Media Asia Pacific Pte. Ltd. under the SFO.

4. Smart Peace Investment Limited ("Smart Peace") is wholly owned by CCB International Asset Management Limited ("CCB IAM") which in turn is wholly owned by CCB International Asset Management (Cayman) Limited ("CCB IAM Cayman"). CCB IAM Cayman is wholly owned by CCB International (Holdings) Limited ("CCB Holdings") which in turn is wholly owned by CCB Financial Holdings Limited ("CCB Financial"). CCB Financial is wholly owned by CCB International Group Holdings Limited ("CCB Group") which in turn is wholly owned by China Construction Bank Corporation ("CCBC") which is a company listed on the Stock Exchange and Shanghai Stock Exchange. Central Huijin Investment Limited ("Central Huijin") (formerly known as "Central SAFE Investments Limited") has 57.09% control in CCBC. Accordingly, Central Huijin, CCBC, CCB Group,

CCB Financial, CCB Holdings, CCB IAM Cayman and CCB IAM are deemed to be interested in the 58,775,126 underlying shares held by Smart Peace under the SFO. The terms of the convertible notes and warrants are set out in note 25 to the financial statements and the announcement made by the Company on 29 April 2009.

5. Star Group International Investment Limited ("Star Group") is wholly owned by Ms. Li Tak Tai, Leada. Accordingly, Ms. Li is deemed to be interested in the 41,375,688 underlying shares held by Star Group. The terms of the convertible notes and warrants are set out in note 25 to the financial statements and the announcement made by the Company on 29 April 2009.

6. First Media Holdings, Ltd. is the beneficial owner of the 37,936,475 shares and 130,751,884 underlying shares. The terms of the convertible notes and warrants are set out in note 25 to the financial statements and the announcement of the Company dated 27 May 2010.

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 2010.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 30 September 2010, the Group has entered into certain tenancy agreements which constituted continuing connected transactions under Rule 14A.34 of the Listing rules. Details of the connected transactions required to be disclosed are set out as follows:

Connected person	Date of agreement	Terms	Premises	Annual Rental payable
Beli Yongfu Investment Consulting (Shenzhen) Co Ltd ("Beli Yongfu") *(Note (a))*	26 September 2008	3 years commencing from 1 October 2008	Flat 1110, Chuang Zhan Da Sha, No. 928 Xikang Road, Jiang'an District, Shanghai, the PRC	2010: HK$267,000 (2009: HK$266,000)
Winco (Dongguan) Paper Products Co., Ltd *(Note (b))*	28 December 2006 and 31 December 2009	3 years commencing from 1 January 2007 and 1 January 2010	Certain blocks of factory and office buildings in Shitanbu Control Zone, Tangsha, Dongguan, Guangdong Province, the PRC	2010: HK$1,163,000 (2009: HK$1,173,000)

(a) Beli Yongfu is a company wholly owned by Dr. Leung.

(b) Winco (Dongguan) Paper Products Co., Ltd., a company controlled by Dr. Wong and Dr. Leung.

All the continuing connected transactions were entered in the ordinary course of business on normal commercial terms.

The independent non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed 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 Company's auditors have confirmed in a letter to the board of directors that:

— The connected transactions have received the approval of the Company's board of directors;

— There was an agreement in place governing each transaction; and

— The connected transactions had not exceeded the respective amount approved by shareholders.

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 44.6% (2009: 78.8%) and the largest customer accounted for approximately 11.3% (2009: 20.0%) of the Group's total turnover for the year ended 30 September 2010.

The aggregate purchase attributable to the Group's five largest suppliers accounted for approximately 58.1% (2009: 55.9%) and the largest supplier accounted for approximately 22.2% (2009: 13.0%) of the Group's total purchases for the year ended 30 September 2010.

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 as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

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, 29 November 2010

KPMG

Independent auditor's report 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 51 to 129, which comprise the consolidated and company balance sheets as at 30 September 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow 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 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, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 2010 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 Charter Road
Central, Hong Kong

Hong Kong, 29 November 2010

Consolidated Income Statement

For the year ended 30 September 2010
(Expressed in Hong Kong dollars)

	Note	**2010 $'000**	2009 $'000
Turnover	3	**424,610**	226,129
Direct costs		**(257,812)**	(103,641)
		166,798	122,488
Other revenue	4(a)	**1,499**	3,912
Other net income	4(b)	**5,730**	7,083
Impairment loss for intangible assets, reimbursements receivable, long term deposits and other receivables	5(c), 14, 16	**—**	(426,355)
Write down of value of inventories	5(c), 18	**—**	(39,500)
Administrative and other operating expenses		**(67,366)**	(40,176)
Profit/(loss) from operations		**106,661**	(372,548)
Change in fair value of derivative financial instruments	25	**16,851**	9,357
Share of loss from an associate		**(55)**	—
Finance costs	5(a)	**(40,826)**	(26,116)
Profit/(loss) before taxation	5	**82,631**	(389,307)
Income tax	6	**(2,603)**	(1,154)
Profit/(loss) for the year		**80,028**	(390,461)
Attributable to:			
Equity shareholders of the Company		**80,472**	(390,374)
Minority interests		**(444)**	(87)
Profit/(loss) for the year		**80,028**	(390,461)
Dividends payable to equity shareholders of the Company attributable to the year:	27(b)		
Interim dividend declared during the year		**10,464**	3,586
Final dividend proposed after the balance sheet date		**10,474**	6,323
		20,938	9,909
Earnings/(loss) per share			
Basic	9(a)	**10.64 cents**	(55.96) cents
Diluted	9(b)	**N/A**	N/A

The notes on pages 59 to 129 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2010
(Expressed in Hong Kong dollars)

	Note	2010 $'000	2009 $'000
Profit/(loss) for the year		**80,028**	(390,461)
Other comprehensive income for the year			
Exchange difference on translation of financial statements of foreign subsidiaries		**(1,721)**	708
Cash flow hedge: effective portion of changes in fair value, net of deferred tax		**868**	(5,132)
		(853)	(4,424)
Total comprehensive income for the year		**79,175**	(394,885)
Attributable to:			
— Equity shareholders of the Company		**79,619**	(394,798)
— Minority interests		**(444)**	(87)
Total comprehensive income for the year		**79,175**	(394,885)

The notes on pages 59 to 129 form part of these financial statements.

At 30 September 2010
(Expressed in Hong Kong dollars)

	Note	**2010** **$'000**	2009 $'000
Non-current assets			
Fixed assets	11	**150,337**	63,396
Interest in an associate	13	**67,487**	—
Intangible assets	14	**783,804**	638,600
Other financial assets	15	**31,908**	—
Other asset		**380**	380
		1,033,916	702,376
Current assets			
Inventories	18	**341,089**	145,396
Accounts receivable	17	**311,472**	192,341
Reimbursements receivable	16	**—**	5,002
Prepayments, deposits and other receivables		**173,908**	102,216
Pledged deposits	20	**69,039**	191,525
Cash and cash equivalents	21	**236,796**	208,746
		1,132,304	845,226
Current liabilities			
Bank loans	23	**(348,252)**	(362,434)
Accruals and other payables		**(285,459)**	(135,134)
Current taxation		**(12,663)**	(9,576)
Derivative financial instruments	24	**(125,288)**	—
Convertible notes	25	**(116,144)**	—
		(887,806)	(507,144)
Net current assets		**244,498**	338,082
Total assets less current liabilities		**1,278,414**	1,040,458

Consolidated Balance Sheet (continued)

At 30 September 2010
(Expressed in Hong Kong dollars)

	Note	**2010** **$'000**	2009 $'000
Non-current liabilities			
Other payables	22	**(107,250)**	—
Bank loans	23	**(63,543)**	(55,958)
Derivative financial instruments	24	**—**	(57,011)
Convertible notes	25	**—**	(32,412)
Deferred tax liability	6(c)	**(2,008)**	(1,311)
		(172,801)	(146,692)
NET ASSETS		**1,105,613**	893,766
CAPITAL AND RESERVES	27		
Share capital		**63,827**	56,041
Reserves		**1,040,892**	837,023
Total equity attributable to equity shareholders of the Company		**1,104,719**	893,064
Minority interests		**894**	702
TOTAL EQUITY		**1,105,613**	893,766

Approved and authorised for issue by the board of directors on 29 November 2010.

LEUNG Anita Fung Yee Maria
Director

LAM Haw Shun, Dennis
Director

The notes on pages 59 to 129 form part of these financial statements.

At 30 September 2010
(Expressed in Hong Kong dollars)

	Note	2010 $'000	2009 $'000
Non-current asset			
Interests in subsidiaries	12	**60,943**	60,943
Current assets			
Amounts due from subsidiaries	19	**1,340,293**	853,336
Prepayments and other receivables		**932**	5,719
Cash and cash equivalents	21	**18,164**	28,966
		1,359,389	888,021
Current liabilities			
Amounts due to subsidiaries	19	**(14,567)**	(14,924)
Accruals and other payables		**(5,481)**	(5,443)
Derivative financial instruments	24	**(121,024)**	—
Convertible notes	25	**(116,144)**	—
		(257,216)	(20,367)
Net current assets		**1,102,173**	867,654
Total assets less current liabilities		**1,163,116**	928,597
Non-current liabilities			
Derivative financial instruments	24	**—**	(51,879)
Convertible notes	25	**—**	(32,412)
		—	(84,291)
NET ASSETS		**1,163,116**	844,306
CAPITAL AND RESERVES	27		
Share capital		**63,827**	56,041
Reserves		**1,099,289**	788,265
TOTAL EQUITY		**1,163,116**	844,306

Approved and authorised for issue by the board of directors on 29 November 2010.

LEUNG Anita Fung Yee Maria
Director

LAM Haw Shun, Dennis
Director

The notes on pages 59 to 129 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2010
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company											
	Note	Share capital $'000	Share premium $'000	General reserve $'000	Capital redemption reserve $'000	Capital reserve $'000	Exchange reserve $'000	Hedging reserve $'000	Warrant reserve $'000	Retained earnings $'000	Total $'000	Minority interests $'000	Total $'000
At 1 October 2008		48,502	680,838	666	95	2,562	(12,328)	—	—	521,770	1,242,105	—	1,242,105
Total comprehensive income for the year		—	—	—	—	—	708	(5,132)	—	(390,374)	(394,798)	(87)	(394,885)
Acquisition of subsidiaries	29(a)	—	—	—	—	—	—	—	—	—	—	789	789
Dividends declared in respect of the current year	27(b)(i), 27(c)(ii)	92	1,667	—	—	—	—	—	—	(3,586)	(1,827)	—	(1,827)
Placement of shares	27(c)(i)	2,597	41,627	—	—	—	—	—	—	—	44,224	—	44,224
Bonus issued	27(c)(iii)	4,850	(4,850)	—	—	—	—	—	—	—	—	—	—
Equity settled share-based transactions	7, 26, 27(c)(iv)	—	—	—	—	3,360	—	—	—	—	3,360	—	3,360
At 30 September 2009		56,041	719,282	666	95	5,922	(11,620)	(5,132)	—	127,810	893,064	702	893,766
At 1 October 2009		56,041	719,282	666	95	5,922	(11,620)	(5,132)	—	127,810	893,064	702	893,766
Total comprehensive income for the year		—	—	—	—	—	(1,721)	868	—	80,472	79,619	(444)	79,175
Dividends declared in respect of the previous year	27(b)(ii), 27(c)(ii)	65	1,269	—	—	—	—	—	—	(6,323)	(4,989)	—	(4,989)
Dividends declared in respect of the current year	27(b)(i), 27(c)(ii)	51	800	—	—	—	—	—	—	(10,464)	(9,613)	—	(9,613)
Placement of shares	27(c)(i)	5,761	96,632	—	—	—	—	—	—	—	102,393	—	102,393
Equity settled share-based transactions	7, 26, 27(c)(iv)	—	—	—	—	2,916	—	—	—	905	3,821	—	3,821
Issuance of convertible notes with warrants	25(iv), 27(d)(vii)	—	—	—	—	—	—	—	5,392	—	5,392	—	5,392
Remuneration shares	27(c)(iv)	273	4,767	—	—	—	—	—	—	—	5,040	—	5,040
Acquisition of subsidiaries	27(c)(v), 29(a)	1,636	28,356	—	—	—	—	—	—	—	29,992	636	30,628
At 30 September 2010		63,827	851,106	666	95	8,838	(13,341)	(4,264)	5,392	192,400	1,104,719	894	1,105,613

The notes on pages 59 to 129 form part of these financial statements.

Consolidated Statement of Cash Flow

For the year ended 30 September 2010
(Expressed in Hong Kong dollars)

	Note	**2010** $'000	**2010** $'000	2009 $'000	2009 $'000
Operating activities					
Profit/(loss) before taxation			**82,631**		(389,307)
Adjustments for					
Amortisation and depreciation	5(c)		**48,006**		41,306
Impairment loss for intangible assets	5(c)		**—**		133,465
Impairment loss for reimbursements receivables	5(c)		**—**		247,271
Impairment loss for other receivables	5(c)		**—**		32,172
Impairment loss for long term deposits	5(c)		**—**		13,447
Write down of value of inventories	5(c)		**—**		39,500
Change in fair value of derivative financial instruments	25		**(16,851)**		(9,357)
Interest income	4(a)		**(825)**		(3,484)
Share of loss from an associate			**55**		—
Finance costs	5(a)		**40,826**		26,116
(Gain)/loss on disposal of fixed assets	4(b)		**(7,151)**		1,750
Gain on disposal of a subsidiary	29(b)		**—**		(8,299)
Equity settled share-based payment expenses	7		**8,861**		3,360
Exchange difference			**(1,916)**		706
Operating profit before changes in working capital			**153,636**		128,646
Decrease/(increase) in inventories		**35,081**		(97,040)	
Increase in accounts receivable		**(119,131)**		(9,916)	
Decrease in reimbursements receivable		**5,002**		196,706	
Increase in prepayments, deposits and other receivables		**(70,836)**		(14,608)	
Increase in accruals and other payables		**113,237**		32,386	
			(36,647)		107,528
Net cash generated from operating activities			**116,989**		236,174

Consolidated Statement of Cash Flow (continued)

For the year ended 30 September 2010
(Expressed in Hong Kong dollars)

	Note	2010 $'000	2010 $'000	2009 $'000	2009 $'000
Investing activities					
Acquisition of subsidiaries	29(a)	**(149,240)**		(15,378)	
Proceeds from disposal of a subsidiary	29(b)	**—**		10,168	
Proceeds from disposal of fixed assets		**15,131**		5,603	
Payment for purchase of fixed assets		**(33,943)**		(20,123)	
Payment for purchase of intangible assets		**(228,364)**		(373,052)	
Payment for purchase of other financial assets		**(31,908)**		—	
Interest received		**828**		3,797	
Net cash used in investing activities			**(427,496)**		(388,985)
Financing activities					
Decrease/(increase) in pledged deposits		**122,486**		(84,270)	
Proceeds from new bank loans		**362,319**		122,524	
Repayment of bank loans		**(368,916)**		—	
Interest paid		**(27,057)**		(23,586)	
Proceeds from convertible notes	25	**161,934**		91,643	
Proceeds from issuance of shares		**102,393**		46,287	
Expenses paid in connection with the issuance of shares		**—**		(2,063)	
Dividends paid		**(14,602)**		(1,827)	
Net cash generated from financing activities			**338,557**		148,708
Net increase/(decrease) in cash and cash equivalents			**28,050**		(4,103)
Cash and cash equivalents at the beginning of the year			**208,746**		212,849
Cash and cash equivalents at the end of the year	21		**236,796**		208,746

The notes on pages 59 to 129 form part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The 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 certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 September 2010 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 except derivative financial instruments are stated at their fair value as explained in the accounting policies set out below.

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 major sources of estimation uncertainty are discussed in note 32.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Subsidiaries and minority interests

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.

Minority interests represents the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss and total comprehensive income for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(k)(ii)).

(d) Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Associates *(Continued)*

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(k)(i)). The Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(e) Available-for-sale equity securities

Investments in available-for-sale equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs.

Investments in available-for-sale equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 1(k)(i)).

(f) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately to profit or loss, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 1(g)).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, the effective portion of any gains or losses on remeasurement of the derivative financial instrument to fair value are recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

(h) Fixed assets

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

(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 the unexpired terms of the leases and their estimated useful lives, being 50 years from the date of completion;

— 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	2–6 years
— Furniture and 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.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) 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(k)(ii)). 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.

(ii) Licence rights

Licence rights that are acquired by the Group intended for longer-term exploitations are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see note 1(k)(ii)). 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(k)(ii)). 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(k)(ii)).

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)*

(i) 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(k)(ii)).

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.

(j) 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.

(k) Impairment of assets

(i) Impairment of investments in equity securities

Investments in equity securities (other than interests in subsidiaries: see note 1(k)(ii)) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Impairment of assets *(Continued)*

(i) Impairment of investments in equity securities (Continued)

If such evidence exists, any impairment loss is determined and recognised as follows.

— For interest in an associate recognised using the equity method (see note 1(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 1(d). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(d).

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

(ii) Impairment of other 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

— interests in subsidiaries.

Objective evidence of impairment includes observable data comes to the attention of the Group about one or more of the following loss events:

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the asset; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its costs.

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.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Impairment of assets *(Continued)*

(ii) Impairment of other assets (Continued)

(a) 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).

(b) 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.

(c) 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.

(l) Inventories

Inventories represent the cost of acquisition of certain scripts, synopses and editing rights held for sale or production in the ordinary course of business 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.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of 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 allowance for impairment of 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 asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

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.

(n) Convertible notes

The Company issues convertible notes with and without detachable warrants. At initial recognition the derivative component of the convertible notes with and without detachable warrants is measured at fair value and presented as part of derivative financial instruments (see note 1(f)).

For convertible notes without detachable warrants, any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Convertible notes *(Continued)*

For convertible notes with detachable warrants, the liability component is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option and warrants. The warrants, being the excess of proceeds over the amount initially recognised as liability component and derivative financial instruments is recognised as the equity component.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability, derivative and equity components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability and equity component is recognised initially as part of the liability and equity respectively. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with note 1(f). The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the warrant reserve until either the warrants are exercised.

If the note is converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss. If the warrants are exercised, the warrant reserve, together with the proceeds received at the time of exercise, is transferred to share capital and share premium as consideration for the shares issued. If the warrants are not exercised upon expiry, the respective capital reserve is released directly to retained profits.

(o) 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.

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(t)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) 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.

(r) 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.

(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.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Employee benefits *(Continued)*

(iii) Share based payments *(Continued)*

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting 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 to reflect the 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 the 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.

(s) Income tax

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.

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.

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.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Income tax *(Continued)*

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 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)*

(s) Income tax *(Continued)*

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.

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(t)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Financial guarantees issued, provisions and contingent liabilities *(Continued)*

(ii) Provision 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.

(u) 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.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Revenue recognition *(Continued)*

(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.

(v) 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 in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation in reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(w) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) 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.

(y) 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 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs, which term collectively included individual HKFRSs, HKASs and Interpretations, that are first effective or available for early adoption for current accounting period of the Group. The Group has determined the accounting policies expected to be adopted in the preparation of the Group's financial statements for the year ended 30 September 2010 on the basis of HKFRSs currently in issue. There have been no significant changes to the accounting policies applied in these financial statements for the periods presented as a result of these developments, however the adoption of the following new and revised HKFRSs has resulted in accounting policy, financial statement presentation and disclosure changes.

As a result of the adoption of HKAS 1 (revised 2007), *Presentation of financial statements*, details of changes in equity during the year arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statements, if they are recognised as part of profit or loss for the year, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for the years presented.

As a result of the adoption of the amendments to HKFRS 7, *Financial instruments: Disclosure — improving disclosures about financial instruments*, the financial statements include expanded disclosures in note 28(e) about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market date. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

3 TURNOVER AND SEGMENT REPORTING

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

The Group provides comprehensive services to PRC TV production houses in relation to TV program production, starting from planning to completion of the production processes. The Group also purchases certain distribution licence rights directly from other right holders and either earns licence fees by granting such rights to film or TV program trading companies or sells the rights to distributors directly.

In addition, the Group provides other value-added services such as provision of scripts and script editing services of TV programs to its customers.

The Group also renders advertising related services in respect of placing advertisements with TV channels and outdoor LED screens to advertising agencies, as well as public relations services and product promotional services to advertisers, advertising firms and TV stations respectively.

Turnover represents TV program related, TV advertising, outdoor advertising 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:

	2010 **$'000**	2009 $'000
TV program related income	**296,774**	53,105
TV advertising income	**100,369**	169,059
Outdoor advertising income	**19,578**	—
Public relations service income	**7,889**	3,965
	424,610	226,129

3 TURNOVER AND SEGMENT REPORTING *(Continued)*

An operating segment is a component of the Group that engages in business activities from which the Group may earn revenues and incur expenses, and is identified on the basis of the internal financial reports that are provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. For the periods presented, management has determined that no operating segment has been presented as the Group is only engaged in media related services. The Group's assets located and operating revenues derived from activities outside the PRC are less than 5 per cent of the Group's assets and operating revenues, respectively. No geographical area information has been presented as such information is immaterial.

4 OTHER REVENUE AND OTHER NET INCOME

(a) Other revenue

	2010	2009
	$'000	$'000
Interest income	**825**	3,484
Others	**674**	428
	1,499	3,912

(b) Other net income

	2010	2009
	$'000	$'000
Net exchange (loss)/gain	**(1,421)**	534
Gain on disposal of a subsidiary	**—**	8,299
Gain/(loss) on disposal of fixed assets	**7,151**	(1,750)
	5,730	7,083

5 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

	2010	2009
	$'000	$'000
(a) Finance costs:		
Interest on bank advances and other borrowings wholly repayable within five years	**39,129**	25,859
Interest on other borrowings wholly repayable after five years	**1,635**	243
Other interest expense	**62**	14
	40,826	26,116
(b) Staff costs:		
Salaries, wages and other benefits	**19,800**	11,255
Contributions to defined contribution retirement plans	**790**	462
	20,590	11,717
(c) Other items:		
Amortisation of intangible assets	**37,669**	33,731
Depreciation of fixed assets	**10,337**	7,575
Auditor's remuneration		
— Audit services	**1,308**	1,168
— Other services	**370**	342
Operating lease charges in respect of properties	**7,828**	11,898
Cost of inventories	**44,447**	5,375
Impairment loss for intangible assets (note)	**—**	133,465
Impairment loss for reimbursements receivable (note)	**—**	247,271
Impairment loss for other receivables (note)	**—**	32,172
Impairment loss for long term deposits (note)	**—**	13,447
Write down of value of inventories (note)	**—**	39,500

Note: In light of the global economic turmoil occurred during the first half of the 2009 fiscal year, management has undertaken a review of the business and operation of the Group with a view to reallocate more resources to businesses which yield higher return and with a shorter collection cycle so as to enhance the return of the existing business. In line with this strategy, the Group has undertaken a review of its printed advertising related business and TV program production related business and considered it appropriate to continue with the Group's production of TV programs with relatively short production cycle and to reduce the Group's investments in production of TV programs with a long production cycle. As a result, the directors considered that a provision for impairment loss in respect of certain intangible assets (note 14), reimbursements receivable (note 16), long term deposits in respect of a co-operative agreement in connection with the construction of a production center and other receivables and a write down of value of certain inventories (note 18) were required during the year ended 30 September 2009.

6 INCOME TAX

(a) Income tax in the consolidated income statement represents:

	2010	2009
	$'000	$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	**128**	—
Current tax — Provision for taxation outside Hong Kong		
Provision for the year	**3,023**	1,199
Deferred taxation		
Origination and reversal of temporary differences	**(548)**	(45)
	2,603	1,154

(i) The provision for Hong Kong Profits Tax for the year ended 30 September 2010 is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the year.

(ii) 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.

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

— For subsidiaries which are foreign investment enterprises located and operated in Shenzhen, the PRC and approved to be established before 16 March 2007 by the State Administration of Industrial and Commerce, the Corporate Income Tax Law of the PRC provides a five-year transition period during which the transitional rates are 18%, 20%, 22%, 24% and 25% for the year ended 31 December 2008, 2009, 2010, 2011 and 2012 onwards, respectively. Profits of other subsidiaries established in the PRC are subject to PRC income tax. Pursuant to the Corporate Income Tax Law of the PRC income tax rates for domestic and foreign enterprises in the PRC are unified at 25%.

— Foreign enterprises with permanent establishment in the PRC are also subject to PRC income tax at a rate of 25% on a deemed profit basis on their PRC sourced income.

6 INCOME TAX *(Continued)*

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rate is as follows:

	2010 **$'000**	2009 $'000
Profit/(loss) before taxation	**82,631**	(389,307)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits	**1,800**	(55,052)
Tax effect of non-deductible expenses	**18,333**	73,115
Tax effect of non-taxable income	**(33,473)**	(24,774)
Tax effect of unused tax losses not recognised	**15,943**	7,865
Actual tax expense	**2,603**	1,154

(c) Deferred tax liability recognised:

The components of deferred tax liability recognised in the consolidated balance sheet and the movements during the year are as follows:

	Fair value adjustment on business combination $'000
Deferred tax arising from:	
At 1 October 2008	—
Acquisition of subsidiaries	1,356
Credited to profit or loss	(45)
At 30 September 2009	1,311
At 1 October 2009	1,311
Acquisition of subsidiaries	1,245
Credited to profit or loss	(548)
At 30 September 2010	2,008

6 INCOME TAX *(Continued)*

(d) Deferred tax asset not recognised:

The Group has not recognised deferred tax asset in respect of tax losses of $122,155,000 (2009: $70,064,000) 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, $84,747,000 (2009: $54,999,000) 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.

7 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

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

	Directors' fees	Basic salaries, other allowances and emoluments	Discretionary bonuses	Retirement scheme contributions	Equity settled share-based payment expenses (note 26)	2010 Total
	$'000	$'000	$'000	$'000	$'000	$'000
Executive directors						
Dr. LEUNG Anita Fung Yee Maria	—	6,360	—	10	—	6,370
Mr. YIU Yan Chi Bernard	—	360	—	12	215	587
Mr. TSIANG Hoi Fong	—	548	—	—	215	763
Mr. TSE Wai Kuen Gary	—	671	—	3	670	1,344
Non-executive directors						
Dr. Honourable WONG Yu Hong, Philip, GBS	100	—	—	—	215	315
Mr. LAM Haw Shun, Dennis, JP	—	210	—	—	801	1,011
Mr. Stanley Emmett THOMAS	25	—	—	—	—	25
Mr. Lincoln PAN Lin Feng	25	—	—	—	—	25
Mr. ZALDIVAR Peter Alphonse	25	—	—	—	—	25
Mr. LIU Yuk Chi, David	—	1,733	—	—	5,455	7,188
Mr. WONG Ying Ho, Kennedy, BBS, JP	100	—	—	—	215	315
Mr. FLYNN Douglas Ronald	—	1,000	—	—	215	1,215
Ms. HO Chiu King Pansy Catilina	100	—	—	—	215	315
Mr. OWYANG Loong Shui, Ivan	—	360	—	—	215	575
Mr. SU Xiao Shan	—	83	—	—	—	83
Ms. LEE Kwei Fen (resigned on 8 July 2010)	—	—	—	—	—	—
Mr. HUNG Hak Hip, Peter (resigned on 4 December 2009)	—	—	—	—	—	—
Mr. PFITZNER Kym Richard (resigned on 8 July 2010)	—	—	—	—	—	—
Mr. ZINGER Simon (resigned on 8 July 2010)	—	—	—	—	—	—
Independent non-executive directors						
Mr. LAU Hon Chuen, GBS, JP	100	—	—	—	215	315
Mr. HUI Koon Man, Michael, JP	100	—	—	—	215	315
Mr. CHOU Wayne	25	—	—	—	—	25
Total	600	11,325	—	25	8,861	20,811

7 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

	Directors' fees	Basic salaries, other allowances and emoluments	Discretionary bonuses	Retirement scheme contributions	Equity settled share-based payment expenses (note 26)	2009 Total
	$'000	$'000	$'000	$'000	$'000	$'000
Executive directors						
Dr. LEUNG Anita Fung Yee Maria	—	421	4	10	—	435
Mr. YIU Yan Chi Bernard	—	1,794	4	12	—	1,810
Mr. TSIANG Hoi Fong	—	545	4	—	—	549
Non-executive directors						
Dr. Honourable WONG Yu Hong, Philip, GBS	100	—	4	—	—	104
Mr. PFITZNER Kym Richard	—	—	4	—	—	4
Mr. ZINGER Simon	—	—	4	—	—	4
Ms. LEE Kwei-Fen	—	—	4	—	—	4
Mr. HUNG Hak Hip, Peter	100	—	4	—	—	104
Mr. LIU Yuk Chi, David	100	1,867	4	—	3,360	5,331
Mr. WONG Ying Ho, Kennedy, BBS, JP	100	—	4	—	—	104
Mr. FLYNN Douglas Ronald	100	1,000	4	—	—	1,104
Ms. HO Chiu King Pansy Catilina	100	—	4	—	—	104
Mr. OWYANG Loong Shui, Ivan	43	428	4	—	—	475
Independent non-executive directors						
Mr. LAU Hon Chuen, GBS, JP	100	—	4	—	—	104
Mr. LAM Haw Shun, Dennis, JP	100	—	4	—	—	104
Mr. HUI Koon Man, Michael, JP	100	—	4	—	—	104
Total	943	6,055	64	22	3,360	10,444

During the year ended 30 September 2010, three directors (2009: three) agreed to waive their emoluments totalling $225,000 (2009: $300,000).

The above analysis include four (2009: three) individuals whose emoluments are among the five highest paid individuals in the Group. Details of the emoluments paid to the remaining one (2009: two) individual are:

	2010	2009
	$'000	$'000
Basic salaries, housing and other allowances and benefits in kind	**1,440**	2,338
Retirement scheme contributions	**12**	12
	1,452	2,350

(Expressed in Hong Kong dollars unless otherwise indicated)

7 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

The emoluments of the individual fell within the following bands:

	2010 Number of individuals	2009 Number of individuals
\$0 — \$1,000,000	**—**	—
\$1,000,000 — \$1,500,000	**1**	2
	1	2

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.

8 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of \$186,774,000 (2009: \$2,445,000) which has been dealt with in the financial statements of the Company.

9 EARNINGS/(LOSS) PER SHARE

The weighted average numbers of ordinary shares for the purpose of the calculation of basic earnings/(loss) per share and diluted earnings/(loss) per share for the year ended 30 September 2010 have been adjusted for the effect of ten existing shares for one bonus new share issued and allotted on 29 January 2009 (note 27(c)(iii)). There was no bonus new share issued and allotted during the year ended 30 September 2010.

9 EARNINGS/(LOSS) PER SHARE *(Continued)*

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the earnings/(loss) attributable to ordinary equity shareholders of the Company of $80,472,000 (2009: loss of $390,374,000) and the weighted average number of 756,407,000 (2009: 697,588,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2010	2009
	'000	'000
Issued ordinary shares at 1 October 2009/2008	**718,474**	684,000
Effect of placement of share (note 27(c)(i))	**28,414**	13,411
Effect of scrip dividends (note 27(c)(ii))	**591**	177
Effect of acquisition of subsidiaries (note 27(c)(v))	**6,608**	—
Effect of remuneration shares (note 27(c)(iv))	**2,320**	—
Weighted average number of ordinary shares at 30 September	**756,407**	697,588

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for the year ended 30 September 2010 and 30 September 2009 is not presented because the existence of outstanding share options, equity settled share-based transactions with an executive director and two non-executive directors and conversion option for the convertible notes during the year have anti-dilutive effect on the basic earnings/(loss) per share. The then status of condition was assumed unchanged and the condition of reset and adjustment were not met.

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.

10 RETIREMENT BENEFIT SCHEMES *(Continued)*

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

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 2009	**46,415**	**22,377**	**15,610**	**2,852**	**15,463**	**102,717**
Additions	**30,192**	**1,297**	**2,433**	**9**	**12**	**33,943**
Acquisition of subsidiaries	**70,613**	**525**	**46**	**—**	**—**	**71,184**
Disposals	**(6,800)**	**—**	**(3,783)**	**—**	**(4,676)**	**(15,259)**
Exchange adjustments	**—**	**352**	**240**	**35**	**277**	**904**
At 30 September 2010	**140,420**	**24,551**	**14,546**	**2,896**	**11,076**	**193,489**
Accumulated depreciation:						
At 1 October 2009	**728**	**13,289**	**8,034**	**1,969**	**15,301**	**39,321**
Exchange adjustments	**22**	**262**	**195**	**18**	**276**	**773**
Charge for the year	**3,015**	**4,370**	**2,639**	**183**	**130**	**10,337**
Written back on disposal	**(194)**	**—**	**(2,416)**	**—**	**(4,669)**	**(7,279)**
At 30 September 2010	**3,571**	**17,921**	**8,452**	**2,170**	**11,038**	**43,152**
Net book value:						
At 30 September 2010	**136,849**	**6,630**	**6,094**	**726**	**38**	**150,337**
Cost:						
At 1 October 2008	9,436	20,182	12,298	2,281	15,426	59,623
Additions	27,442	2,329	3,443	571	37	33,822
Acquisition of subsidiaries	22,595	15	46	—	—	22,656
Disposals	(7,142)	(53)	(170)	—	—	(7,365)
Disposal of a subsidiary	(5,916)	(96)	(7)	—	—	(6,019)
At 30 September 2009	46,415	22,377	15,610	2,852	15,463	102,717
Accumulated depreciation:						
At 1 October 2008	906	9,223	5,765	1,744	14,801	32,439
Exchange adjustments	—	2	1	—	—	3
Charge for the year	424	4,145	2,281	225	500	7,575
Written back on disposal	—	—	(12)	—	—	(12)
Written back through disposal of a subsidiary	(602)	(81)	(1)	—	—	(684)
At 30 September 2009	728	13,289	8,034	1,969	15,301	39,321
Net book value:						
At 30 September 2009	45,687	9,088	7,576	883	162	63,396

(Expressed in Hong Kong dollars unless otherwise indicated)

11 FIXED ASSETS *(Continued)*

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

	The Group	
	2010	2009
	$'000	$'000
In Macau under short-term lease	**13,026**	13,382
In Hong Kong under medium-term lease	**16,254**	9,793
In the PRC under long leases	**107,569**	22,512
	136,849	45,687

(b) Land and buildings held by certain subsidiaries with carrying value of $133,889,000 (2009: $20,137,000) were pledged as security for mortgage bank loans of $78,232,000 (2009: $13,457,000) (note 23).

12 INTERESTS IN SUBSIDIARIES

	The Company	
	2010	2009
	$'000	$'000
Unlisted shares, at cost	**60,943**	60,943

(Expressed in Hong Kong dollars unless otherwise indicated)

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.

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	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
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 unless otherwise indicated)

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
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

(Expressed in Hong Kong dollars unless otherwise indicated)

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
Silver Knight Enterprises Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel
Triangle Marketing Services Company Limited	Hong Kong	Hong Kong	—	90%	$7,900	Provision of marketing, promotion & event management consultancy services
Step China Enterprise Limited	Hong Kong	PRC	—	100%	$1	Property holding
Qin Jia Yuan Impact (China) Entertainment Services Company Limited	Hong Kong	PRC	—	65%	$1,000,000	Investment holding
Qin Jia Yuan E-Commerce Investments Limited	BVI	Hong Kong	100%	—	US$1	Investment holding
Great Mean Enterprises Limited	BVI	Hong Kong	—	100%	US$1	Holding of adaptation rights of fiction series
Sharp Cheer Enterprises Limited	BVI	Hong Kong	—	100%	US$1	Holding of distribution rights
Emperor View Holdings Limited	Hong Kong	Macau	—	100%	$1	Property holding
Joyful Times Limited	Hong Kong	Macau	—	100%	$1	Property holding
Talent Step Group Holdings Limited	Hong Kong	Hong Kong	—	100%	$1	Property holding
Yo Harvest Limited	Hong Kong	Macau	—	100%	$1	Property holding
Luck Success Enterprise Limited	Hong Kong	PRC	—	100%	$1	Property holding
Qin Jia Yuan Digital Entertainment Company Limited	Hong Kong	Hong Kong	—	100%	$2	Investment holding
New Fine International Holdings Limited	Hong Kong	PRC	—	100%	$1	Property holding
QJY Advertising And Communication Holding Co. Ltd.	BVI	Hong Kong	—	100%	US$1	Investment holding
Rich State Media Enterprises Limited	Hong Kong	Hong Kong	51%	—	$100	Investment holding
Green Team Culture Asset Limited	BVI	Hong Kong	100%	—	US$10,000	Holding of publication and adaptation rights

12 INTERESTS IN SUBSIDIARIES *(Continued)*

* Wholly foreign owned enterprises established in the PRC.

Class A non-voting shares

Class B voting shares

+ For identification purpose only

++ Registered capital of Qin Jia Yuan (China) Advertising Company Limited is RMB 100,000,000 of which RMB50,000,000 has been paid up as of 30 September 2009. The outstanding amount of RMB 50,000,000 is due for contribution on or before December 2010.

13 INTEREST IN AN ASSOCIATE

	The Group	
	2010	2009
	$'000	$'000
Share of net assets	**67,487**	—

On 8 June 2010 ("Acquisition Date"), the Group acquired 51% of the issued share capital of Rich State Media Enterprises Limited ("Rich State Media"), a company incorporated in Hong Kong for a consideration of $67,492,000 to expand the Group's outdoor advertising business in the PRC. Rich State Media has no operations and its assets consist of 45% equity interest in an associate, CBS Outdoor (Beijing) Limited ("CBSO"). CBSO provides design and advertising services in the PRC. The directors are in the position that since Rich State Media has no operations, the Group would measure the fair value of the costs of the acquisition of CBSO as if the Group had acquired this interest in this associate directly. The Group has identified the fair value of all the assets acquired and all the liabilities assumed for CBSO and applied the effective interest holding of 22.95% on acquisition date as the initial share of net assets of CBSO.

Following the acquisition, Rich State Media had no turnover as it has no operations and the loss after taxation was $57,000 respectively from 8 June 2010 to 30 September 2010.

Had the acquisition taken place at the beginning of the year, the turnover and profit after taxation of the Group for the year ended 30 September 2010 would be increased by $Nil and $6,245,000 respectively.

13 INTEREST IN AN ASSOCIATE *(Continued)*

The particulars of the associate which is an unlisted corporate entity, that affected the results or assets of the Group is as follows:

				Proportion of ownership interest			
Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
CBS Outdoor (Beijing) Limited	Incorporated	PRC	14,000,000 ordinary shares of $1 each	22.95%	—	45%	Provision of design and advertising services

Summary financial information on an associate

	Assets $'000	Liabilities $'000	Equity $'000	Revenues $'000	Profit $'000
2010					
100 per cent	**103,200**	**32,230**	**70,970**	**123,657**	**15,412**
Group's effective interest	**23,684**	**7,397**	**16,287**	**28,379**	**3,537**
2009					
100 per cent	N/A	N/A	N/A	N/A	N/A
Group's effective interest	N/A	N/A	N/A	N/A	N/A

14 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 2009	**634,140**	**112,142**	**50,220**	**38,000**	**14,398**	**848,900**
Additions	**228,364**	**—**	**—**	**—**	**—**	**228,364**
Acquisition of a subsidiary	**—**	**—**	**—**	**—**	**7,951**	**7,951**
Disposals	**(54,866)**	**—**	**—**	**—**	**—**	**(54,866)**
At 30 September 2010	**807,638**	**112,142**	**50,220**	**38,000**	**22,349**	**1,030,349**
Accumulated amortisation and impairment loss:						
At 1 October 2009	**31,559**	**112,142**	**49,226**	**10,917**	**6,456**	**210,300**
Charge for the year	**28,703**	**—**	**994**	**4,652**	**3,320**	**37,669**
Written back on disposals	**(1,424)**	**—**	**—**	**—**	**—**	**(1,424)**
At 30 September 2010	**58,838**	**112,142**	**50,220**	**15,569**	**9,776**	**246,545**
Net book value:						
At 30 September 2010	**748,800**	**—**	**—**	**22,431**	**12,573**	**783,804**
Cost:						
At 1 October 2008	287,471	85,759	50,220	38,000	6,182	467,632
Additions	346,669	26,383	—	—	—	373,052
Acquisition of a subsidiary	—	—	—	—	8,216	8,216
At 30 September 2009	634,140	112,142	50,220	38,000	14,398	848,900
Accumulated amortisation and impairment loss:						
At 1 October 2008	11,300	—	24,612	6,265	927	43,104
Charge for the year	20,259	—	8,391	4,652	429	33,731
Impairment loss	—	112,142	16,223	—	5,100	133,465
At 30 September 2009	31,559	112,142	49,226	10,917	6,456	210,300
Net book value:						
At 30 September 2009	602,581	—	994	27,083	7,942	638,600

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

14 INTANGIBLE ASSETS *(Continued)*

Purchased licence right with carrying value of $468,631,000 (2009: $495,854,000) as of 30 September 2010 have been pledged for convertible notes with outstanding principal amount of $100,000,000 (2009: $100,000,000) (note 25).

15 OTHER FINANCIAL ASSETS

	The Group	
	2010	2009
	$'000	$'000
Available-for-sale equity securities		
— Unlisted	**31,908**	—

16 REIMBURSEMENTS RECEIVABLE

Reimbursements receivable represents funding advanced to production houses on behalf of advertising agencies for investment in the production of TV programs. During the year ended 30 September 2009, the Group has undertaken a review of its TV program production business and determined to reduce its investments in production of TV programs with a long production cycle. In this connection, the Group has entered into a Receivable/Payable Set-off Agreements with relevant parties on 24 April 2009 pursuant to which the financial and legal liabilities of the parties, including the Group's recoverability of certain related reimbursements receivable, and the Group's commitment to procure required funding to production houses for the production of TV programs were discharged. As a result, the Group recorded an impairment loss of $247,271,000 in respect of these reimbursements receivable during the year ended 30 September 2009. No impairment loss for reimbursements receivable was recorded for the year ended 30 September 2010.

17 ACCOUNTS RECEIVABLE

	The Group	
	2010	2009
	$'000	$'000
Accounts receivable	**311,472**	192,341

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	
	2010	2009
	$'000	$'000
Current	**311,472**	192,341

17 ACCOUNTS RECEIVABLE *(Continued)*

The Group's credit policy is set out in note 28(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 2010 and 30 September 2009, no amounts of significant accounts receivable were individually determined to be doubtful or impaired.

As at 30 September 2010 and 30 September 2009, the Group assessed that virtually all of the debtors and receivables are neither past due nor impaired.

18 INVENTORIES

The inventories as at 30 September 2010 represent the cost of acquisition of certain scripts, synopses, publication rights, copyrights and editing rights. They are carried at the lower of cost and net realisable value.

As mentioned in note 5(c), the Group has determined to reduce its investments in production of TV programs with a long production cycle. Accordingly, certain related inventories amounting to $39,500,000 were written off during the year ended 30 September 2009. No inventories were written off during the year ended 30 September 2010.

19 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The balances with subsidiaries are unsecured, interest-free and are repayable on demand.

20 PLEDGED DEPOSITS

The balance represents bank deposits pledged as security for banking facilities (note 23).

21 CASH AND CASH EQUIVALENTS

	The Group		**The Company**	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Deposits with banks and other financial institutions	**10,000**	43,403	**—**	—
Cash at bank and in hand	**226,796**	165,343	**18,164**	28,966
Cash and cash equivalents in the balance sheets	**236,796**	208,746	**18,164**	28,966

(Expressed in Hong Kong dollars unless otherwise indicated)

22 OTHER NON-CURRENT PAYABLES

The balances represent consideration payable in relation to the purchase of editing rights. The amount is unsecured, interest-free and payable in installment over four years.

23 BANK LOANS

	The Group 2010 $'000	2009 $'000
Secured bank loans		
Current portion	**333,563**	361,637
Non-current portion	**—**	43,298
	333,563	404,935
Mortgage bank loans		
Current portion	**14,689**	797
Non-current portion	**63,543**	12,660
	78,232	13,457
	411,795	418,392
Repayable as follows:		
— Within 1 year or on demand	**348,252**	362,434
— After 1 year but within 2 years	**5,140**	40,779
— After 2 years but within 5 years	**17,062**	5,886
— After 5 years	**41,341**	9,293
	63,543	55,958
	411,795	418,392

At 30 September 2010, certain bank loan facilities were secured by pledged deposits of $69,039,000 (2009: $191,525,000) (note 20) and the corporate guarantee provided by the Company and its subsidiary as, totalling $429,984,000 (2009: $497,922,000) were utilised to the extent of $333,563,000 (2009: $404,935,000) at year end.

At 30 September 2010, mortgage bank loans of $78,232,000 (2009: $13,457,000) were secured by the Group's land and buildings with carrying value of $133,889,000 (2009: $20,137,000) (note 11), and the corporate guarantee provided by the Company.

24 DERIVATIVE FINANCIAL INSTRUMENTS

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Derivative financial liabilities:				
Conversion option of convertible notes (note 25)	**121,024**	50,732	**121,024**	50,732
Redemption option of convertible notes (note 25)	**—**	1,147	**—**	1,147
Cash flow hedges:				
— cross currency interest rate swap contracts	**4,264**	5,132	**—**	—
	125,288	57,011	**121,024**	51,879
Less: Amount expected to be settled after one year, included as non-current liability	**—**	(57,011)	**—**	(51,879)
	125,288	—	**121,024**	—

All the amounts of derivative financial instruments are stated at fair value.

The fair value of conversion option and redemption option are determined by an independent valuer, BMI Appraisal Limited, using the binomial option pricing model.

The aggregate notional principal amounts of the outstanding swap contracts at 30 September 2010 were RMB50,000,000 (2009: RMB50,000,000). These swap contracts comprise cross currency interest rate swap contracts, which were entered into to hedge against interest rate risk and foreign currency risk in relation to a secured bank loan. These swap contracts will mature on 9 September 2011 and are included as current liabilities as at 30 September 2010.

25 CONVERTIBLE NOTES

	The Group and the Company				
	Liability	**Conversion option** (note 24)	**Redemption option** (note 24)	**Warrant reserve** (note 27(d)(vii))	**Total**
	$'000	$'000	$'000	$'000	$'000
At 1 October 2008	—	—	—	—	—
Proceeds from issuance of convertible notes	38,764	59,033	2,203	—	100,000
Transaction costs	(8,357)	—	—	—	(8,357)
Net proceeds	30,407	59,033	2,203	—	91,643
Effective interest for the year	2,005	—	—	—	2,005
Change in fair value	—	(8,301)	(1,056)	—	(9,357)
At 30 September 2009	32,412	50,732	1,147	—	84,291
At 1 October 2009	**32,412**	**50,732**	**1,147**	**—**	**84,291**
Proceeds from issuance of convertible notes	**75,417**	**89,613**	**126**	**5,737**	**170,893**
Transaction costs	**(4,871)**	**(3,743)**	**—**	**(345)**	**(8,959)**
Net proceeds	**70,546**	**85,870**	**126**	**5,392**	**161,934**
Effective interest for the year	**13,186**	**—**	**—**	**—**	**13,186**
Change in fair value	**—**	**(15,578)**	**(1,273)**	**—**	**(16,851)**
At 30 September 2010	**116,144**	**121,024**	**—**	**5,392**	**242,560**

25 CONVERTIBLE NOTES *(Continued)*

During the year ended 30 September 2009, the Company entered into a subscription agreement with Smart Peace Development Limited ("Smart Peace"), a wholly owned subsidiary of CCB International Asset Management Limited, and Star Group International Investment Limited ("Star Group") respectively pursuant to which the Company agreed to issue up to $100,000,000 unlisted convertible notes (the "Notes to Smart Peace") and unlisted warrants with exercise monies not more than $100,000,000 to Smart Peace, and to issue up to $50,000,000 unlisted convertible notes (the "Notes to Star Group") and unlisted warrants with exercise monies not more than $25,000,000 to Star Group (collectively, the "2009 Notes").

On 15 May 2009 and 7 August 2009, two tranches of the Notes to Smart Peace with principal amount of $50,000,000 each ("Tranche 1 Smart Peace Note" and "Tranche 2 Smart Peace Note") were issued to Smart Peace.

The Notes to Smart Peace bear an interest at a rate of 5% per annum and a handling fee of 3.5% per annum, payable semi-annually in arrears with the first interest payment to be made on the date falling six months from the date of issue of such convertible notes.

On 18 November 2009 and 19 March 2010, two tranches of the Notes to Star Group with principal amount of $25,000,000 each ("Tranche 1 Star Group Note" and "Tranche 2 Star Group Note") were issued to Star Group.

The Notes to Star Group bear an interest at a rate of 6-month HIBOR per annum and a handling fee of 3.5% per annum for the unsecured Notes to Star Group, payable monthly in arrears.

The 2009 Notes will be redeemed at 100% of the principal amount plus any accrued and unpaid interest together with a redemption premium calculated at the 6-month Hong Kong Interbank Offered Rate ("HIBOR") plus 2.5% per annum of the principal amount on the maturity date, being the fifth year from the date of issue. The 2009 Notes holders can, by serving a 30-day notice to the Company, after the expiry of the first anniversary of the date of issue of the respective 2009 Notes, require the Company to redeem in whole or in part of the 2009 Notes plus any accrued and unpaid interest together with a redemption premium at 1.5% per annum, 6-month HIBOR plus 2% per annum, and 6 month HIBOR plus 2.5% per annum during the second year, third year and fourth year up to the maturity dates since the issue date of the 2009 Notes, respectively.

The 2009 Notes are convertible into the Company's ordinary shares at any time from the day falling on the 180th days after the date of issue and from the date after the date of issue of the respective 2009 Notes up to the fifth business day prior to the maturity date at a conversion price of $1.7014 per share (subject to reset and adjustment).

As at 30 September 2010, Smart Peace and Star Group have the rights to exercise the conversion option of the respective 2009 Notes and accordingly, during the year ended 30 September 2010, the related liability, conversion option and redemption option are reclassified as current liabilities.

25 CONVERTIBLE NOTES *(Continued)*

During the year ended 30 September 2010, the Company entered into a subscription agreement with First Media Holdings, Limited ("First Media") pursuant to which the Company agreed to issue up to $120,892,924 unlisted convertible notes (the "First Media Notes") and unlisted warrants (the "First Media Warrants") to purchase an additional 11,380,942 Company's ordinary shares.

On 8 July 2010, the two series of the First Media Notes with principal amount of $30,223,231 and $90,669,693 ("Series A Notes" and "Series B Notes") were issued to First Media.

The Series A Notes are non interest-bearing. The Series B Notes bear an interest at a rate of 7% per annum. Interest is capitalized quarterly and payable in kind when First Media exercises the conversion option or redemption option.

The First Media Notes will be redeemed at 100% of the principal amount plus uncapitalised interest accrued. First Media are entitled at any time after the first anniversary of the date of issue of the First Media Notes to redeem the First Media Notes at an amount equal to the principal amount of the First Media Notes subject to redemption plus uncapitalised interest accrued.

The First Media Notes are convertible into the Company's ordinary shares at anytime from the date of issue of the First Media Notes to the maturity date, which is five years from the date of issue at a conversion price of $1.3278 per share (subject to reset and adjustments, and automatic conversion features in accordance with the subscription agreement with First Media).

The net proceeds received from the issue of the 2009 Notes and the First Media Notes contain the following components that are required to be separately accounted for in accordance with Hong Kong Accounting Standard 39:

(i) Liability component for the 2009 Notes and the First Media Notes represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest determined by the market to instruments of comparable credit status taken into account the business risk of the Company as well as the large amount of the 2009 Notes and the First Media Notes, but without the conversion option. The effective interest rate of the liability component of the Tranche 1 Smart Peace Notes and Tranche 2 Smart Peace Notes are 46.6% and 37.3%, respectively. The effective interest rate of the liability component of the Tranche 1 Star Group Notes and Tranche 2 Star Group Notes are 29.7% and 23.9%, respectively. The effective interest rate of the liability component of the Series A Notes and Series B Notes are 26.4% and 26.4%, respectively.

25 CONVERTIBLE NOTES *(Continued)*

(ii) Conversion option of the 2009 Notes and the First Media Notes to be accounted for as a separate financial liability represents the fair value of the option to convert the liability into equity of the Company but the conversion will be settled other than by the exchange of a fixed number of the Company's own equity.

(iii) Redemption option represents the option of Smart Peace, Star Group and First Media to early redeem all or part of the 2009 Notes and First Media Notes. Smart Peace is allowed to redeem 100% of the principal amount plus any accrued and unpaid interest together with the redemption premium of the Notes to Smart Peace at any time after one year from the issue date of respective tranche. Star Group is allowed to redeem the Notes to Star Group at any time after the issue date of the respective tranche. First Media is allowed to redeem 100% of the principal amount plus any accrued and uncapitalised interest at any time after one year from the issue date of First Media Notes.

(iv) The First Media Warrants are exercisable from the issue date of the First Media Notes to the maturity date, which is five years from the date of issue with a subscription price of $1.3278 per share and are accounted for as an equity instrument in the Company's warrant reserve (Note 27(d)(vii)).

The entire amount of issued share capital of certain subsidiaries held by the Company are pledged for the 2009 Notes with outstanding principal amount of $100,000,000 (2009: $100,000,000). Aggregated net assets held by those subsidiaries amounted to $124,831,000 (2009: $144,236,000) which consist of purchased licence rights with carrying value of $468,631,000 (2009: $495,854,000) as of 30 September 2010 (note 14).

26 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.

(Expressed in Hong Kong dollars unless otherwise indicated)

26 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(a) The terms and conditions of the share options grants that existed during the year ended 30 September 2010 are as follows:

Date granted	Exercise period	Adjusted/ original exercise price (Note)	Number of options outstanding 2010	Number of options outstanding 2009
Options granted to directors				
6 March 2007	6 March 2007 to 13 June 2014	$2.05/$2.26	560,844	1,121,688
15 March 2007	15 March 2007 to 13 June 2014	$2.05/$2.26	5,608,453	5,608,453
21 March 2007	21 March 2007 to 13 June 2014	$2.05/$2.26	560,844	560,844
16 April 2008	16 April 2008 to 13 June 2014	$4.12/$4.53	1,365,861	1,365,861
22 May 2008	22 May 2008 to 13 June 2014	$5.14/$5.65	682,930	682,930
10 June 2008	10 June 2008 to 13 June 2014	$5.14/$5.65	682,930	682,930
7 January 2010	7 January 2010 to 13 June 2014	$1.63	1,500,000	—
8 January 2010	8 January 2010 to 13 June 2014	$1.63	500,000	—
11 January 2010	11 January 2010 to 13 June 2014	$1.63	500,000	—
12 January 2010	12 January 2010 to 13 June 2014	$1.63	500,000	—
15 January 2010	15 January 2010 to 13 June 2014	$1.63	500,000	—
19 January 2010	19 January 2010 to 13 June 2014	$1.63	500,000	—
27 January 2010	27 January 2010 to 13 June 2014	$1.63	1,500,000	—
29 January 2010	29 January 2010 to 13 June 2014	$1.63	500,000	—
30 January 2010	30 January 2010 to 13 June 2014	$1.63	500,000	—
Options granted to an employee				
16 April 2008	16 April 2008 to 13 June 2014	$4.12/$4.53	—	1,365,861
Total share options			15,961,862	11,388,567

Note: The exercise price and number of outstanding share options were adjusted upon the bonus issue of one new share for every ten existing shares on 29 January 2009 (see note 27(c)(iii)).

(Expressed in Hong Kong dollars unless otherwise indicated)

26 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

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

	2010 Weighted average exercise price $	**2010** Number of options	2009 Weighted average exercise price $	2009 Number of options
Outstanding at 1 October 2009/2008	**2.92**	**11,388,567**	3.21	10,353,247
Adjustment arising from bonus issue (note 27(c)(iii))	**—**	**—**	—	1,035,320
Granted during the year	**1.63**	**6,500,000**	—	—
Cancelled during the year	**2.92**	**(1,926,705)**	—	—
Outstanding at 30 September	**2.39**	**15,961,862**	2.92	11,388,567
Exercisable at 30 September	**2.39**	**15,961,862**	2.92	11,388,567

1,926,705 options were forfeited or expired during the year (2009: Nil). No options were exercised during the year (2009: Nil). All the share options outstanding as at 30 September 2010 and 2009 are exercisable.

The weighted average share price at the date of exercise for share options exercised during the year was $Nil (2009: $Nil).

All the options outstanding at 30 September 2010 had a weighted average remaining contractual life of 3.7 years (2009: 4.7 years).

(Expressed in Hong Kong dollars unless otherwise indicated)

26 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 measured based on a binomial option pricing model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions	**2010**	2009
Fair value at grant date	**$0.43**	N/A
Share price	**$1.54**	N/A
Exercise price	**$1.63**	N/A
Expected volatility (based on the historical volatility of the share prices of the Company over the period that is equal to the expected life before the grant date)	**50.72%**	N/A
Option life (based on the validity period of the options)	**4.5 years**	N/A
Expected dividends	**0.32%**	N/A
Risk-free interest rate (based on Hong Kong Exchange Fund Notes)	**1.54%**	N/A

The expected volatility is based on the historical volatility of the share prices of the Company over the period that is equal to the expected life before the grant date. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

(d) On 19 February 2009, the Company entered into a letter of appointment with a non-executive director in which subject to fulfilment of serving the Company as a non-executive director and the chairman of the strategic committee for a service period of one year commencing from 1 February 2009, the Company shall issue and allot 3,500,000 shares credited as fully paid to the non-executive director.

On 30 June 2010, the Company entered into a service agreement with an executive director in which subject to fulfilment of serving the Company as an executive director and Chief Operating Officer for a service period of two years commencing from 8 July 2010, the Company shall issue and allot 4,000,000 shares, to be issued and allotted as to 2,000,000 shares credited as fully paid, upon completion of every 12-month of service.

On 8 July 2010, the Company entered into a letter of appointment with a non-executive director for a service period of two years commencing from 8 July 2010, the Company shall issue and allot 3,500,000 shares, to be issued and allotted as to 1,750,000 shares credited as fully paid, upon completion of every 12-month of service.

27 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Contributed surplus $'000	Warrant reserve $'000	Retained earnings $'000	Total $'000
At 1 October 2008		48,502	680,838	95	4,122	59,382	—	3,165	796,104
Total comprehensive income for the year		—	—	—	—	—	—	2,445	2,445
Dividends declared in respect of the current year	27(b)(i), 27(c)(ii)	92	1,667	—	—	—	—	(3,586)	(1,827)
Placement of shares	27(c)(i)	2,597	41,627	—	—	—	—	—	44,224
Equity settled share-based transactions	7, 26, 27(c)(iv)	—	—	—	3,360	—	—	—	3,360
Bonus issue	27(c)(iii)	4,850	(4,850)	—	—	—	—	—	—
At 30 September 2009		56,041	719,282	95	7,482	59,382	—	2,024	844,306
At 1 October 2009		**56,041**	**719,282**	**95**	**7,482**	**59,382**	**—**	**2,024**	**844,306**
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**—**	**—**	**186,774**	**186,774**
Dividends declared in respect of the previous year	27(b)(ii), 27(c)(ii)	**65**	**1,269**	**—**	**—**	**—**	**—**	**(6,323)**	**(4,989)**
Dividends declared in respect of the current year	27(b)(i), 27(c)(ii)	**51**	**800**	**—**	**—**	**—**	**—**	**(10,464)**	**(9,613)**
Placement of shares	27(c)(i)	**5,761**	**96,632**	**—**	**—**	**—**	**—**	**—**	**102,393**
Equity settled share-based transactions	7, 26, 27(c)(iv)	**—**	**—**	**—**	**2,916**	**—**	**—**	**905**	**3,821**
Issuance of convertible notes with warrants	25(iv), 27(d)(vii)	**—**	**—**	**—**	**—**	**—**	**5,392**	**—**	**5,392**
Remuneration shares	27(c)(iv)	**273**	**4,767**	**—**	**—**	**—**	**—**	**—**	**5,040**
Acquisition of subsidiaries	27(c)(v), 29(a)	**1,636**	**28,356**	**—**	**—**	**—**	**—**	**—**	**29,992**
At 30 September 2010		**63,827**	**851,106**	**95**	**10,398**	**59,382**	**5,392**	**172,916**	**1,163,116**

27 CAPITAL AND RESERVES *(Continued)*

(b) Dividends

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

	2010 **$'000**	2009 $'000
Interim dividend declared and paid of 1.28 cents (2009: 0.5 cents) per share	**10,464**	3,586
Final dividend proposed after the balance sheet date of 1.28 cents (2009: 0.88 cents) per share	**10,474**	6,323
	20,938	9,909

Interim scrip dividends declared during the years ended 30 September 2009 and 2010 were offered to shareholders with cash option. Details of dividends paid are disclosed in note 27(c)(ii).

The directors recommend a payment of final dividend of 1.28 cents (2009: 0.88 cents) per share in respect of the year ended 30 September 2010. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

	2010 **$'000**	2009 $'000
Final dividend in respect of the previous financial year, approved and paid during the year of 0.88 cents (2009: Nil cents) per share	**6,323**	—

(Expressed in Hong Kong dollars unless otherwise indicated)

27 CAPITAL AND RESERVES *(Continued)*

(c) Share capital

	Note	**2010** Number of shares '000	**2010** Amount $'000	2009 Number of shares '000	2009 Amount $'000
Authorised:					
Ordinary shares of US$0.01 each		**1,200,000**	**93,600**	800,000	62,400
Issued and fully paid:					
At 1 October		**718,474**	**56,041**	621,819	48,502
Placement of shares	(i)	**73,858**	**5,761**	33,300	2,597
Shares issued as scrip dividend	(ii)	**1,489**	**116**	1,174	92
Shares issued as bonus shares	(iii)	**—**	**—**	62,181	4,850
Remuneration shares	(iv)	**3,500**	**273**	—	—
Acquisition of subsidiaries	(v)	**20,973**	**1,636**	—	—
At 30 September		**818,294**	**63,827**	718,474	56,041

Notes:

(i) A placement of 33,300,000 shares of the Company at a price of $1.39 per share was made with independent investors on 7 May 2009. The placing price represented a discount of approximately 4.79% to the twenty trading days average closing price of $1.46 per share on and immediately preceding 27 April 2009, and a discount of approximately 11.46% to the ten trading days average closing price of $1.57 per share on and immediately preceding 27 April 2009. Subsequently, 33,300,000 new ordinary shares of the Company were issued at the same price per share. The net proceeds will be used as to finance the acquisition of the Group's adoption rights in novels and scripts, original concepts of TV programs, licence rights of TV programs, advertising agency rights in media, including TV channels and real properties for self use. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

A placement of existing 35,922,000 shares of the Company held by a substantial shareholder at a price of $1.48 per share was made with independent investors during the placing period from 3 March 2010 to 5 March 2010. A substantial shareholder thereafter at the same price subscribed for 35,922,000 new shares on 15 March 2010. The placing price represented a discount of approximately 5.12% to closing price of $1.56 per share on 3 March 2010, and a discount of approximately 0.67% to the ten trading days average closing price of $1.49 per share up to and including 3 March 2010. The net proceeds will be used to repay part of the outstanding bank borrowings of the Company and to finance the expansion of the Company's media advertising and retailing — TV home shopping businesses. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

A placement of 37,936,475 shares of the Company at a price of $1.3278 per share was made to First Media on 8 July 2010. The placing price presented a premium of approximately 15.46% to the closing price of $1.15 per share on 26 May 2010, and a premium of approximately 6.22% to the ten trading days average closing price of $1.25 per share up to and including 26 May 2010. The net proceeds will be used to support operational improvement and strategic planning based upon extensive business consulting expertise and operational experience. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

27 CAPITAL AND RESERVES *(Continued)*

(c) Share capital *(Continued)*

Notes: *(Continued)*

(ii) On 7 August 2009, the Company issued and allotted 1,173,034 ordinary shares of US$0.01 each at $1.50 to the shareholders who received shares of the Company in lieu of cash for 2009 interim dividend pursuant to a scrip dividend scheme announced by the Company on 14 July 2009. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

On 26 February 2010, the Company issued and allotted 833,689 ordinary shares of US$0.01 each at $1.60 per share to the shareholders who received shares of the Company in lieu of cash for 2009 final dividend pursuant to a scrip dividend scheme announced by the Company on 26 November 2009. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

On 9 August 2010, the Company issued and allotted 654,614 ordinary shares of US$0.01 each at $1.30 per share to the shareholders who received shares of the Company in lieu of cash for 2010 interim dividend pursuant to a scrip dividend scheme announced by the Company on 9 June 2010. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

(iii) On 29 January 2009, the Company issued and allotted 62,181,849 ordinary shares of US$0.01 to the shareholders pursuant to bonus issue of one new share for every ten existing shares as recommended by the Company on 17 November 2008. These shares rank pari passu with the existing ordinary shares of the Company in all respects and have been recorded in the Company's share premium account.

In accordance with the terms of the Scheme and the supplementary guidance issued by the Stock Exchange regarding adjustment of share options under rule 17.03(13) of the Listing Rules, the exercise price of and the number of shares falling to be allotted and issued upon full exercise of the outstanding share options have been adjusted accordingly.

(iv) Remuneration shares

At the extraordinary general meeting of the Company held on 30 March 2009, shareholders of the Company have approved to issue and allot 3,500,000 shares to Mr. Liu Yuk Chi, David ("Mr. Liu") upon his completion of 12 months of service. On 1 February 2010, 3,500,000 ordinary shares of US$0.01 per share was issued and allotted to Mr. Liu for his appointment as non-executive Director and Chairman of Strategic Committee pursuant to his letter of appointment. These shares rank pari passu with the existing ordinary shares of the Company in all respect.

(Expressed in Hong Kong dollars unless otherwise indicated)

27 CAPITAL AND RESERVES *(Continued)*

(c) Share capital *(Continued)*

Notes: *(Continued)*

(v) Acquisition of subsidiaries

At the extraordinary general meeting of the Company held on 3 June 2010, shareholders of the Company have approved to issue and allot 20,973,154 shares to owner of Rich State Media for acquisition of 51% of its issued share capital (Note 13 and 29). The consideration shares were issued at $1.43 per share, measured at the closing price on 8 June 2010. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

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

Exercise period	Adjusted/original exercise price	Number of options outstanding 2010	2009
6 March 2007 to 13 June 2014	$2.05/$2.26	**560,844**	1,121,688
15 March 2007 to 13 June 2014	$2.05/$2.26	**5,608,453**	5,608,453
21 March 2007 to 13 June 2014	$2.05/$2.26	**560,844**	560,844
16 April 2008 to 13 June 2014	$4.12/$4.53	**1,365,861**	2,731,722
22 May 2008 to 13 June 2014	$5.14/$5.65	**682,930**	682,930
10 June 2008 to 13 June 2014	$5.14/$5.65	**682,930**	682,930
7 January 2010 to 13 June 2014	$1.63	**1,500,000**	—
8 January 2010 to 13 June 2014	$1.63	**500,000**	—
11 January 2010 to 13 June 2014	$1.63	**500,000**	—
12 January 2010 to 13 June 2014	$1.63	**500,000**	—
15 January 2010 to 13 June 2014	$1.63	**500,000**	—
19 January 2010 to 13 June 2014	$1.63	**500,000**	—
27 January 2010 to 13 June 2014	$1.63	**1,500,000**	—
29 January 2010 to 13 June 2014	$1.63	**500,000**	—
30 January 2010 to 13 June 2014	$1.63	**500,000**	—
Outstanding at 30 September		**15,961,862**	11,388,567

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 26 to the financial statements.

(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.

27 CAPITAL AND RESERVES *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(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(r)(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(v).

(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.

(vi) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges in note 1(g).

27 CAPITAL AND RESERVES *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(vii) Warrant reserve

The warrant reserve represents the excess of proceeds of the convertible notes over the amount initially recognised as the liability component of convertible notes and the redemption call and put options.

(e) Distributability of reserves

At 30 September 2010, the aggregate amount of reserves available for distribution to equity shareholders of the Company was $1,099,289,000 (2009: $788,265,000), subject to the restriction stated in note 27(d)(i) above. After the balance sheet date the directors proposed a final dividend of 1.28 cents per ordinary share (2009: 0.88 cents), amounting to $10,474,000 (2009: $6,323,000). This dividend has not been recognised as a liability at the balance sheet date.

(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 for 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 net debt-to-equity ratio and cash flow requirements, taking into account its future financial obligations and commitments. For this purpose, the Group defines net debt as total loans less pledged deposits.

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

(Expressed in Hong Kong dollars unless otherwise indicated)

27 CAPITAL AND RESERVES *(Continued)*

(f) Capital management *(Continued)*

The net debt-to-equity ratio at 30 September 2010 and 2009 was as follows:

	Note	**2010 $'000**	2009 $'000
Secured bank loans	23	**333,563**	404,935
Mortgage bank loans	23	**78,232**	13,457
Convertible notes	25	**116,144**	32,412
Total loans		**527,939**	450,804
Less: Pledged deposits	20	**(69,039)**	(191,525)
Net debts		**458,900**	259,279
Total equity		**1,105,613**	893,766
Total debt-to-equity ratio		**41.51%**	29.01%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

28 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) 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 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.

28 FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

(i) Accounts receivable (Continued)

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 21% (2009: 33%) and 62% (2009: 88%) 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.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from accounts receivable are set out in note 17.

(ii) 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.

(iii) 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.

28 FINANCIAL INSTRUMENTS *(Continued)*

(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 non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay.

The Group

	2010					
	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**
Convertible notes	**116,144**	**312,681**	**312,681**	**—**	**—**	**—**
Secured bank loans	**333,563**	**340,457**	**319,099**	**21,358**	**—**	**—**
Mortgage bank loans	**78,232**	**100,058**	**9,246**	**9,246**	**27,738**	**53,828**
Accrual and other payables	**392,709**	**392,709**	**285,459**	**35,750**	**71,500**	**—**
Cross currency interest rate swaps (net settled)	**4,264**	**4,264**	**4,264**	**—**	**—**	**—**
	924,912	**1,150,169**	**930,749**	**66,354**	**99,238**	**53,828**

	2009					
	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
Convertible notes	32,412	142,798	9,350	133,448	—	—
Secured bank loans	404,935	411,966	366,767	39,156	6,043	—
Mortgage bank loans	13,457	15,750	1,081	1,081	3,242	10,346
Accrual and other payables	135,134	135,134	135,134	—	—	—
Cross currency interest rate swaps (net settled)	5,132	5,226	1,986	3,240	—	—
	591,070	710,874	514,318	176,925	9,285	10,346

28 FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

The Company

	2010					
	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**
Convertible notes	**116,144**	**312,681**	**312,681**	**—**	**—**	**—**
Accruals and other payables	**5,481**	**5,481**	**5,481**	**—**	**—**	**—**
	121,625	**318,162**	**318,162**	**—**	**—**	**—**

	2009					
	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
Convertible notes	32,412	142,798	9,350	133,448	—	—
Accruals and other payables	5,443	5,443	5,443	—	—	—
	37,855	148,241	14,793	133,448	—	—

28 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 of the Group and the Company, 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.

The Group

	2010						
	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**	**0.3**	**236,796**	**—**	**—**	**—**	**236,796**
Bank loans	**Floating**	**5.0**	**318,500**	**26,988**	**19,913**	**46,394**	**411,795**
Convertible notes	**Fixed**	**29.9**	**—**	**—**	**116,144**	**—**	**116,144**

	2009						
	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	0.6	208,746	—	—	—	208,746
Bank loans	Floating	5.5	362,434	40,779	5,886	9,293	418,392
Convertible notes	Fixed	41.9	—	—	32,412	—	32,412

The Company

	2010						
	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**
Convertible notes	**Fixed**	**29.9**	**—**	**—**	**116,144**	**—**	**116,144**

	2009						
	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*
Convertible notes	Fixed	41.9	—	—	32,412	—	32,412

28 FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk *(Continued)*

(i) Hedging

Cross currency interest rate swap contracts, denominated in Hong Kong dollars ("HKD") and Renminbi ("RMB"), have been entered into with a counterparty bank to hedge against, inter alia, the interest rate risk and foreign currency risk which may arise during the period between the issue date and the maturity date in respect of the certain amount of secured bank loans (see note 23). At 30 September 2010, the Group had cross currency interest rate swap contracts with aggregate notional amounts of RMB50 million (2009: RMB50 million), which were designated as cash flow hedges of the interest rate risk and foreign currency risk in relation to the secured bank loans since 9 September 2009.

The swap contracts will mature on 9 September 2011 matching the maturity of the related secured bank loans (see note 23) and have fixed swap interest rate of 3.6% (2009: 3.6%) per annum. The net fair value of such swap contracts entered into by the Group at 30 September 2010 amounted to $4,264,000 (2009: $5,132,000) (derivative financial liabilities). These amounts are recognised as derivative financial instruments at 30 September 2010 (see note 24).

(ii) Sensitivity analysis

Assuming that the interest rates had increased/decreased by not more than 100 basis points (2009: 100 basis points) at 30 September 2010 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/(loss) 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 period from the balance sheet date until the next annual balance sheet date.

(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 mainly arising from the translation of financial statements of subsidiaries in the PRC amounted to $1,721,000 (2009: gain of $708,000) 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.

28 FINANCIAL INSTRUMENTS *(Continued)*

(d) Foreign currency risk *(Continued)*

(i) 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.

	The Group	
	2010	2009
	RMB'000	RMB'000
Accounts receivable	**172,989**	106,776
Reimbursements receivable	**—**	4,400
	172,989	111,176

Hedging

The foreign currency risk attributable to the certain secured bank loans are being hedged by way of the swap contracts with aggregate notional amounts of RMB50,000,000 (equivalent to $56,840,000) (2009: RMB50,000,000 (equivalent to $56,840,000)) which was entered into between the Group and a counterparty bank during the year, details of which are set out in note 28(c)(i) above.

(ii) 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 increase/decrease the Group's profit by approximately $8.6 million (2009: $5.6 million) and increase/decrease the Group's total equity by approximately $8.6 million (2009: $5.6 million).

The sensitivity analysis includes balances between group companies where the denomination is in a currency other than the functional currencies of the Group's entities to which they relate.

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's 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 interest rates, remain constant.

28 FINANCIAL INSTRUMENTS *(Continued)*

(d) Foreign currency risk *(Continued)*

(ii) Sensitivity analysis (Continued)

Results of the analysis as presented above present 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 2009.

(e) Fair values

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in HKFRS 7, *Financial instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

— Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

— Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

— Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

2010

	The Group			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Liabilities				
Derivative financial instruments:				
— Conversion option embedded in convertible notes	—	121,024	—	121,024
— Cross currency interest rate swap contract	—	4,264	—	4,264
Total	—	125,288	—	125,288

28 FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair values *(Continued)*

(i) Financial instruments carried at fair value (Continued)

	The Company			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivative financial instruments:				
— Conversion option embedded in convertible notes	—	121,024	—	121,024

During the year there were no significant transfer between instruments in Level 1 and Level 2.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 September 2010 and 2009.

(f) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

(i) Derivative financial instruments

The fair value of cross currency interest rate swap contracts is calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract, discounted at market interest rates for a similar instrument at the measurement date.

The estimate of the fair value of the conversion option and redemption option embedded in the convertible notes issued to Smart Peace, Star Group and First Media are measured using a binomial option pricing model.

(Expressed in Hong Kong dollars unless otherwise indicated)

28 FINANCIAL INSTRUMENTS *(Continued)*

(f) Estimation of fair values *(Continued)*

(i) Derivative financial instruments (Continued)

	Tranche 1 Notes to Smart Peace		Tranche 2 Notes to Smart Peace	
	2010	2009	**2010**	2009
Fair value of conversion options and assumptions				
Share price	**$1.34**	$1.57	**$1.34**	$1.57
Initial conversion price	**$1.70**	$1.71	**$1.70**	$1.71
Expected volatility	**56.40%**	49.38%	**55.11%**	48.61%
Option life	**3.62 years**	4.62 years	**3.85 years**	4.85 years
Expected dividend yield	**1.39%**	0%	**1.42%**	0%
Risk-free interest rate	**0.82%**	1.65%	**0.87%**	1.70%

	Tranche 1 Notes to Star Group		Tranche 2 Notes to Star Group	
	2010	2009	**2010**	2009
Fair value of conversion options and assumptions				
Share price	**$1.34**	N/A	**$1.34**	N/A
Initial conversion price	**$1.70**	N/A	**$1.70**	N/A
Expected volatility	**53.58%**	N/A	**52.11%**	N/A
Option life	**4.13 years**	N/A	**4.47 years**	N/A
Expected dividend yield	**1.43%**	N/A	**1.44%**	N/A
Risk-free interest rate	**0.94%**	N/A	**1.03%**	N/A

	Series A First Media Notes		Series B First Media Notes	
	2010	2009	**2010**	2009
Fair value of conversion options and assumptions				
Share price	**$1.34**	N/A	**$1.34**	N/A
Initial conversion price	**$1.3278**	N/A	**$1.3278**	N/A
Expected volatility	**51.71%**	N/A	**51.71%**	N/A
Option life	**4.77 years**	N/A	**4.77 years**	N/A
Expected dividend yield	**1.45%**	N/A	**1.45%**	N/A
Risk-free interest rate	**1.11%**	N/A	**1.11%**	N/A

(Expressed in Hong Kong dollars unless otherwise indicated)

28 FINANCIAL INSTRUMENTS *(Continued)*

(f) Estimation of fair values *(Continued)*

(i) Derivative financial instruments (Continued)

	Tranche 1 Notes to Smart Peace		**Tranche 2 Notes to Smart Peace**	
	2010	2009	**2010**	2009
Fair value of redemption options and assumptions				
Exercise price	**Early redemption price**	Early redemption price	**Early redemption price**	Early redemption price
Option life	**3.62 years**	4.62 years	**3.85 years**	4.85 years
Risk-free interest rate	**0.82%**	1.65%	**0.87%**	1.70%

	Tranche 1 Notes to Star Group		**Tranche 2 Notes to Star Group**	
	2010	2009	**2010**	2009
Fair value of redemption options and assumptions				
Exercise price	**Early redemption price**	N/A	**Early redemption price**	N/A
Option life	**4.13 years**	N/A	**4.47 years**	N/A
Risk-free interest rate	**0.94%**	N/A	**1.03%**	N/A

	Series A First Media Notes		**Series B First Media Notes**	
	2010	2009	**2010**	2009
Fair value of redemption options and assumptions				
Exercise price	**Early redemption price**	N/A	**Early redemption price**	N/A
Option life	**4.77 years**	N/A	**4.77 years**	N/A
Risk-free interest rate	**1.11%**	N/A	**1.11%**	N/A

(ii) Interest-bearing borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

29 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

During the year ended 30 September 2010 and 2009, the Group entered into several agreements with certain parties in relation to the acquisition of subsidiaries. In addition to the Group's material business combination, Rich State Media, disclosed in note 13, the Group's other acquisitions of subsidiaries include acquisition of land and building, provision of marketing services, promotion and events management consultancy services, and inventories.

	The Group	
	2010	2009
	$'000	$'000
Net assets acquired:		
Intangible assets	**7,951**	8,216
Fixed assets	**71,184**	22,656
Inventories	**177,332**	—
Interest in an associate	**67,542**	—
Prepayments, deposits and other receivables	**859**	12
Cash and cash equivalents	**818**	230
Bank loans	**—**	(3,478)
Accruals and other payable	**(105)**	—
Deferred tax liability	**(1,245)**	(1,356)
Net identifiable assets and liabilities	**324,336**	26,280
Minority interests	**(636)**	(789)
Acquisition of net assets attributable to the Group	**323,700**	25,491
Less: Consideration shares	**(29,992)**	—
Less: Consideration paid	**(150,058)**	(15,608)
Consideration payable	**143,650**	9,883
Net cash outflow arising on acquisition:		
Cash consideration paid	**(150,058)**	(15,608)
Cash and cash equivalents acquired	**818**	230
	(149,240)	(15,378)

29 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of a subsidiary

There was no disposal of subsidiaries during the year ended 30 September 2010. Details of the subsidiary disposed of during the year ended 30 September 2009 are set out below:

	The Group 2009 $'000
Fixed assets	5,335
Prepayment, deposits and other receivables	12
Cash and cash equivalents	230
Bank loans	(3,478)
	2,099
Net gain on disposal of a subsidiary	8,299
Total consideration received	10,398
Net cash inflow arising on disposal:	
Cash consideration received	10,398
Cash and cash equivalents disposed of	(230)
	10,168

(c) Significant non-cash transactions

Other than the consideration shares issued by the Group for the acquisition of Rich State Media (see note 13), the Group incurred payables of $143,000,000 and $650,000 for acquisition of Green Team Culture Asset Limited and Qin Jia Yuan Impact (China) Entertainment Services Company Limited respectively during the year ended 30 September 2010.

30 COMMITMENTS

(a) Commitments under operating leases

At 30 September 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group 2010 $'000	2009 $'000
Within one year	**4,861**	8,909
After one year but within five years	**5,645**	13,490
After five years	**1,318**	—
	11,824	22,399

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) Capital commitments

The Group's capital commitments outstanding as at 30 September 2010 not provided for in the financial statements were as follows:

	The Group 2010 $'000	2009 $'000
Contracted for	**—**	17,405
Authorised but not contracted for	**—**	28,647
	—	46,052

Included in the Group's capital commitment for the acquisition of properties contracted for as at 30 September 2010, an amount of $Nil (2009: $11,373,000) was entered into with two of the Group's key management personnel.

30 COMMITMENTS *(Continued)*

(c) 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 2010, the Group did not procure any funding for the production of TV programs (2009: Nil). The total funding required for the remaining 5,713 hours (2009: 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 2010.

During the year ended 30 September 2010, 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 (2009: 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 programme; 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.

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

	The Group	
	2010	2009
	$'000	$'000
Within one year	**27,774**	186,268
After one year but within five years	**108,448**	568,122
After five years	**25,557**	187,572
	161,779	941,962

31 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, the PRC, at an annual rental of RMB1,032,000 from 1 January 2007 to 31 December 2009. It was renewed on 31 December 2009 at an annual rental of RMB1,014,000 from 1 January 2010 to 31 December 2012. Winco is a wholly foreign 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"). Rental expenses paid and payable to Winco amounted to $1,163,000 (2009: $1,173,000) for the year ended 30 September 2010.

(b) On 26 September 2008, the Group entered into a leasing arrangement with Beli Yongfu Investment Consulting (Shenzhen) Co Ltd ("Beli Yongfu"), a company wholly owned by Dr. Leung to lease a property located at Shanghai, the PRC, for a term of three years commencing on 1 October 2008 at an annual rental of RMB234,000. Rental expenses paid and payable to Beli Yongfu amounted to $267,000 (2009: $266,000) for the year ended 30 September 2010.

(c) On 2 February 2010, the Group entered into a leasing arrangement with Bili Yongsheng Investment & Consultation (Shenzhen) Co Ltd ("Bili Yongsheng"), a company wholly owned by Dr. Leung to lease two properties located at Beijing, the PRC, for a term of one year commencing on 18 February 2010 and 1 March 2010 at an annual rental of RMB96,000 and RMB108,000 respectively. Rental expenses paid and payable to Bili Yongsheng amounted to $141,000 in total for the year ended 30 September 2010.

On 24 June 2010, the Group entered into a lease agreement with Bili Yongsheng to lease a property located at Beijing, the PRC, for a term of one year commencing on 23 June 2010 at an annual rental of RMB96,000. Rental expenses paid and payable to Bili Yongsheng amounted to $27,000 for the year ended 30 September 2010.

(d) On 10 May 2007, the Group entered into a leasing arrangement with Dr. Leung to lease a property located at Guangzhou at an annual rental of RMB340,000 from 1 June 2007 to 31 May 2010. The lease agreement has been terminated on 1 June 2009. Rental expenses paid and payable to Dr. Leung amounted to $257,000 for the year ended 30 September 2009.

The directors are of the opinion that all the above transactions were carried out on normal commercial terms and in the ordinary course of business.

(e) **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 7.

32 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.

(Expressed in Hong Kong dollars unless otherwise indicated)

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 30 SEPTEMBER 2010

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 2010 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 is unlikely to have a significant impact on the Group's results of operations and financial position.

	Effective for accounting periods beginning on or after
Improvements to HKFRSs 2009	1 January 2010
Amendments to HKFRS 1, *"First-time adoption of International Financial Reporting Standards — Additional exemptions for first-time adopters"*	1 January 2010
Amendments to HKFRS 2, *"Share-based payment — Group cash-settled share-based payment transactions"*	1 January 2010
Amendments to HKAS 32, *"Financial instruments: Presentation — Classification of rights issues"*	1 February 2010
HK(IFRIC) 19, *"Extinguishing financial liabilities with equity instruments"*	1 July 2010
Improvements to HKFRSs 2010	1 July 2010 or 1 January 2011
HKAS 24 (revised), *"Related party disclosures"*	1 January 2011
Amendments to HK(IFRIC) 14, HKAS 19, *"The limit on a defined benefit asset, minimum funding requirements and their interaction — Prepayment of a minimum funding requirement"*	1 January 2011
Amendments to HKFRS 7, *"Financial Instruments: Disclosure — Transfer of financial assets"*	1 July 2011
HKFRS 9, *"Financial instruments"*	1 January 2013

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 position.

Financial Summary

(Expressed in Hong Kong dollars)

	2006 $'000	2007 $'000	2008 $'000	2009 $'000	**2010** **$'000**
INCOME STATEMENT					
Turnover	125,062	196,949	322,258	226,129	**424,610**
Profit/(loss) before taxation	83,976	140,095	219,617	(389,307)	**82,631**
Income tax	(371)	(696)	(2,154)	(1,154)	**(2,603)**
Profit/(loss) after taxation	83,605	139,399	217,463	(390,461)	**80,028**
Attributable to:					
Equity shareholders of the Company	83,605	139,399	217,463	(390,374)	**80,472**
Minority interests	—	—	—	(87)	**(444)**
Dividends	18,314	31,760	22,350	9,909	**20,938**
Earnings/(loss) per share (note)					
— Basic (cents)	15.65	23.77	32.28	(55.96)	**10.64**
— Diluted (cents)	N/A	23.73	32.09	N/A	**N/A**
BALANCE SHEET					
Fixed assets	30,038	23,392	27,184	63,396	**150,337**
Interest in an associate	—	—	—	—	**67,487**
Intangible assets	70,032	225,878	424,528	638,600	**783,804**
Long term reimbursements receivable	64,275	41,484	91,626	—	**—**
Long term receivables	9,707	695	21,368	—	**—**
Long term deposits	13,447	13,447	13,447	—	**—**
Other financial assets	—	—	—	—	**31,908**
Other asset	380	380	380	380	**380**
Net current assets	351,250	595,772	702,521	338,082	**244,498**
Non-current liabilities	(6,102)	(3,643)	(38,949)	(146,692)	**(172,801)**
Net assets	533,027	897,405	1,242,105	893,766	**1,105,613**
Total equity attributable to equity shareholders of the Company	533,027	897,405	1,242,105	893,064	**1,104,719**
Minority interests	—	—	—	702	**894**
Total equity	533,027	897,405	1,242,105	893,766	**1,105,613**

Note: Basic and diluted earnings/(loss) per share for the years ended 30 September 2006, 2007 and 2008 had been adjusted to reflect the effect of ten existing shares for one bonus new share issued and allotted on 29 January 2009.