



REPORT OF THE DIRECTORS

The Directors are pleased to present their first report together with the audited financial statements for the year ended 30 September 2004.

REORGANISATION

The Company was incorporated in the Cayman Islands on 29 October 2002 as an exempted company with limited liability under the Companies Law (Revised) Chapter 22 of the Cayman Islands. The Company has not carried on any business since the date of its incorporation save for the acquisition of certain companies through a share for share exchange pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Pursuant to the Reorganisation, the Company became the holding company of the Group on 17 November 2003. Details of the Reorganisation and the basis of the presentation of the financial statements are set out in notes 1 and 2 on the financial statements and in the Company's prospectus dated 18 June 2004. The shares of the Company have been listed on the Stock Exchange since 30 June 2004.

PRINCIPAL ACTIVITIES

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

The principal activities and other particulars of the subsidiaries are set out in note 16 on the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover attributable to the Group's five largest customers accounted for approximately 70.7% and the largest customer accounted for approximately 16.1% of the Group's total turnover for the year ended 30 September 2004.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 70.5% and the largest supplier accounted for approximately 32.1% of the Group's total purchases for the year ended 30 September 2004.

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.

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RESULT AND DIVIDENDS

The profit of the Group for the year ended 30 September 2004 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on page 33 to 75.

The Directors now recommend payment of a final dividend of HK 2.9 cents per ordinary share in respect of the year.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 28 on the financial statements. Shares were issued pursuant to the Reorganisation and the listing to increase the capital base of the Company.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 29 on the financial statements.

CHARITABLE DONATIONS

During the year, the Group's subsidiary made donations of HK\$200,000 for charitable purposes (2003: HK\$ 100,000).

FIXED ASSETS

Details of movements in fixed assets of the Group are set out in note 15 on the financial statements.

BANK LOANS AND OVERDRAFTS

The bank loans and overdrafts of the Group are set out in note 26 on the financial statements.

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DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive Directors

Dr. LEUNG Anita Fung Yee Maria (Chief Executive Officer)	(appointed on 29 October 2002)
Mr. TSIANG Hoi Fong	(appointed on 1 December 2003)

Non-executive Directors

Honourable Dr. WONG Yu Hong, Philip, GBS (Chairman) Offshore Incorporations (Cayman) Limited	(appointed on 29 October 2002) (appointed and resigned on 29 October 2002)
Mr. LEE Woo Sing	(appointed on 1 December 2003)
Mr. PFITZNER Kym Richard	(appointed on 1 December 2003)
Mr. ZINGER Simon	(appointed on 1 December 2003)
Mr. WONG Seung Ho, Thomas	(appointed on 1 December 2003, resigned on 16 January 2004 and re-appointed on 3 February 2004)
Mr. HUNG Hak Hip	(appointed on 1 December 2003)
Mr. WONG Ying Ho, Kennedy, JP	(appointed on 1 December 2003)
Mr. LAM Hoi Ham	(appointed on 1 December 2003 and resigned on 3 May 2004)
Ms. CHIANG Lai Wan Ann	(appointed on 1 December 2003 and resigned on 16 January 2004)
Mr. HE Ping	(appointed on 1 December 2003 and resigned on 16 January 2004)
Ms. AU Tak Yee	(appointed on 1 December 2003 and resigned on 16 January 2004)
Mr. LIU Yuk Chi, David	(appointed on 1 December 2003 and resigned on 3 February 2004)

Independent Non-executive Directors

Mr. LAU Hon Chuen, GBS, JP	(appointed on 1 December 2003)
Mr. LAM Haw Shun, Dennis, JP	(appointed on 3 May 2004)
Mr. HUI Koon Man, Michael, JP	(appointed on 1 December 2003)

In accordance with the Company's Articles of Association, the offices of all Directors shall expire at the Annual General Meeting ("AGM"). The Directors, being eligible, have offered themselves for re-election at the AGM.

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

At 30 September 2004, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its subsidiaries (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Name of Director	Number of Ordinary Shares Held				Per Cent of Total Issued Share Capital as at 30 September 2004
	Personal Interests	Family Interests	Corporate Interests	Total	
Dr. LEUNG Anita Fung Yee Maria	Nil	172,620,000 (Note 1)	185,340,000 (Note 2)	185,340,000	46.34%
Honourable Dr. WONG Yu Hong, Philip, GBS	Nil	185,340,000 (Note 3)	172,620,000 (Note 4)	185,340,000	46.34%
Mr. LEE Woo Sing	Nil	4,110,000 (Note 5)	18,283,000 (Note 6)	22,393,000	5.60%
Mr. LAM Haw Shun, Dennis, JP	231,000 (Note 7)	Nil	Nil	231,000	0.06%

Notes:

- The family interests of 172,620,000 shares are corporate interests held by Dr. Wong, spouse of Dr. Leung and are also included in the corporate interests of Dr. Leung.
- The 185,340,000 shares are held as to 162,360,000 shares by Dynamic Master Developments Limited, 12,720,000 shares by Hunterland City Limited and 10,260,000 shares by Goodhold Limited, over all of these companies Dr. Leung is entitled to exercise control and therefore Dr. Leung is deemed to be interested in the 185,340,000 shares under the SFO.
- The family interests of 185,340,000 shares are corporate interests held by Dr. Leung, spouse of Dr. Wong and out of which 172,620,000 shares also form corporate interests of Dr. Wong.
- The 172,620,000 shares are held as to 162,360,000 shares by Dynamic Master Developments Limited, a company over which Goodhold Limited is entitled to exercise control, and 10,260,000 shares by Goodhold Limited over which Dr. Wong is entitled to exercise control.

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5. The 4,110,000 shares are held by Y. Y. Yao Company Limited, which is a company Madam Y. Y. Yao, spouse of Mr. Lee Woo Sing is entitled to exercise control. Therefore, Mr. Lee is deemed to be interested in the 4,110,000 shares under the SFO.
6. The 18,283,000 shares are held by Master Asset International Limited as beneficial owner and Mr. Lee Woo Sing is entitled to exercise control over Master Asset International Limited. Therefore Mr. Lee is deemed to be interested in the 18,283,000 shares under the SFO.
7. The 231,000 shares are held by Master Asset International Limited in trust for Mr. Lam Haw Shun, Dennis, JP.

Save as mentioned above, as at 30 September 2004, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its subsidiaries which had been 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.

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' SERVICE CONTRACTS

Pursuant to the service agreement with Dr. LEUNG Anita Fung Yee Maria entered into on 1 December 2003 with the Company for a fixed term of 7 years from 1 October 2003, the Company shall be entitled at any time during the fixed term to terminate the engagement by paying Dr. Leung her salary for the unexpired portion of the fixed term.

Mr. TSIANG Hoi Fong has entered into a service contract with a subsidiary of the Company for a term of five years commencing on 1 October 2003.

Save as mentioned above, no director proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' 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 programme production at a consideration of HK\$1 per episode. Dr. Leung was interested in this contract as a director and a controlling shareholder of the Company. The Company did not exercise such rights during the year.

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Apart from the foregoing, no contract of significance to which the Company or 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 Rules Governing the Listing of Securities on the Stock Exchange, 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 businesses, except for three non-executive Directors, namely Mr. PFITZNER Kim Richard, Mr. ZINGER Simon and Mr. WONG Seung Ho, Thomas. All of these three Non-executive Directors are employees of Aegis Group plc ("Aegis") which provides a broad range of marketing services. The Directors are of the view that any potential conflict of interest would be effectively mitigated given that the operations of the Group and the Aegis group of companies are operated separately and independently with the respective board of directors of the members of the Aegis group of companies and the Company performing their fiduciary duties and providing their oversight to safeguard the interests of their respective shareholders. Furthermore, the three Non-executive Directors nominated by Aegis only act as representatives of Aegis and do not control the Board. Except for the three Non-executive Directors nominated by Aegis, there is no common member between the management of the Group and the Aegis group of companies. In the event of conflict of interests, the three Non-executive Directors nominated by Aegis would be required to abstain from voting on the relevant resolution proposed in accordance with the Articles of Association of the Company which complied with the requirements of Appendix 3 and Appendix 13 to the Listing Rules.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the shareholders passed on 13 June 2004, the Company has established a Share Option Scheme whereby the Directors of the Company may, at their discretion, invite any full time or part time employees and Directors, consultants and advisers to the Group (subject to the eligibility requirements as set out therein) to take up options which entitle them to subscribe for shares representing up to a maximum in nominal value of 30% of the issued share capital of the Company from time to time. The total number of shares available for issue under the scheme and any other schemes must not in aggregate exceed 10% of the issued share capital of the Company as at the date of listing of the Company's shares on the Stock Exchange unless further shareholders' approval has been obtained. The total number of shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in any 12 months' period up to the date of grant to a substantial shareholder or an independent non-executive director or their associates would not exceed 0.1% of the shares in issue or an aggregate value of HK\$5,000,000 unless further shareholders' approval has been obtained; and to each other eligible person would not exceed 1% of the shares in issue. The purpose of the scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full time and part time), Directors, consultants and advisers of the Group and to promote the success of

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the business of the Group. The Share Option Scheme shall be valid and effective for a period of ten years ending on 12 June 2014. The exercise price of options shall be determined by the Board and shall not be less than the highest of the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options and the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer and the nominal value of a share of the Company. An option may be exercised at any time during a period as the Board may determine which shall not be more than ten years from the date of grant of the option subject to the provisions of early termination thereof.

No option has been granted, exercised, cancelled or lapsed during the year and up to the date of this report.

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 September 2004, the interests and short positions of those persons (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Substantial Shareholders	Capacity	Total Number of Ordinary Shares Held	Per Cent of Total Issued Share Capital as at 30 September 2004	Remarks
Dynamic Master Developments Limited	Beneficial owner	162,360,000	40.59%	Note 1
Goodhold Limited	Interests in controlled corporation	172,620,000	43.16%	Note 2
Hunterland City Limited	Interests in controlled corporation	175,080,000	43.77%	Note 2
Aegis Media Asia Pacific Pte. Ltd.	Beneficial owner	80,000,000	20.00%	Note 3
Aegis International Ltd.	Interests in controlled corporation	80,000,000	20.00%	Note 4
Aegis Group plc	Interests in controlled corporation	80,000,000	20.00%	Note 5
Master Asset International Limited	Beneficial owner and trustee	27,286,000	6.82%	Note 6
Madam Yao Yuen Yuen	Interests in controlled corporation and family interests	22,393,000	5.60%	Note 7

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Notes:

1. The issued share capital of Dynamic Master Developments Limited is owned as to 53.07%, 32.76%, 5.3%, 3.55%, 3.55% and 1.77% by Goodhold Limited, Hunterland City Limited, Silver Well Limited, Madam Au Tak Yee, Y.Y. Yao & Co., Limited and Commanding Profits Limited respectively.
2. The issued share capital of Dynamic Master Developments Limited is owned as to 53.07% and 32.76% by Goodhold Limited and Hunterland City Limited. As each of Goodhold Limited and Hunterland City Limited is entitled to exercise control over Dynamic Master Developments Limited, they are deemed to be interested in the 162,360,000 shares held by Dynamic Master Developments Limited under the SFO. In addition, Goodhold Limited directly holds 10,260,000 shares and Hunterland City Limited directly holds 12,720,000 shares.
3. Aegis Media Asia Pacific Pte. Ltd. is the registered owner of the 80,000,000 shares.
4. Aegis Media Asia Pacific Pte. Ltd. is a directly wholly owned subsidiary of Aegis International Ltd., a company incorporated in the United Kingdom. Aegis International Ltd. is deemed to be interested in the 80,000,000 shares under the SFO.
5. Aegis Media Asia Pacific Pte. Ltd. is an indirectly wholly owned subsidiary of Aegis Group plc which is a company listed on the London Stock Exchange. Aegis Group plc is deemed to be interested in 80,000,000 shares under the SFO.
6. Included in the shares are 9,003,000 shares held in trust by Master Asset International Limited for others, including 231,000 shares for Mr. Dennis Lam Haw Shun, JP, an Independent Non-executive Director of the Company.
7. Madam Yao Yuen Yuen is the spouse of Mr. Lee Woo Sing, a Non-executive Director of the Company.

The Company had not been notified of any short positions in the shares of the Company as at 30 September 2004.

CHANGE OF QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. TSUI Yung Kwok resigned as the Qualified Accountant and Company Secretary of the Company with effect from 2 August 2004. Mr. LEUNG Sing Lim has been appointed as the Qualified Accountant and Company Secretary with effect from 2 August 2004.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group is set out on page 76 of this annual report.

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

The Company's shares have been listed on the Stock Exchange since 30 June 2004. Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year and up to the date of this report.

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PRE-EMPTIVE RIGHTS

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out by the Stock Exchange in the Model Code in Appendix 10 to the Listing Rules and all Directors have complied with the required standard of dealings set out therein.

CODE OF BEST PRACTICE

The Company has complied with the Code of Best Practice as set out by the Stock Exchange in Appendix 14 to the Listing Rules since the date of listing.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the per cent of its public float exceeds 25% as at 30 November 2004, the latest practicable date to ascertain such information prior to the issue of this annual report.

REMUNERATION COMMITTEE

The Remuneration Committee consists of three members. The functions of the Remuneration Committee include formulating and making recommendation to the Board of the Group's policy and structure for all remuneration of the Directors and senior management of the Group, establishing formal and transparent procedures for development policy on remuneration, determining specific remuneration packages of employees (including that for Executive Directors) in the manner specified in its terms of references, reviewing and approving performance-based remuneration, and receiving and giving recommendations to the shareholders of the Company as to the fairness and reasonableness of the terms of any Director's service agreement which is subject to the prior approval of the shareholders of the Company in general meeting pursuant to the Listing Rules. The current members of the Remuneration Committee are Mr. LAM Haw Shun, Dennis, JP, and Mr. HUI Koon Man, Michael, JP, both of whom are Independent Non-executive Directors, and Mr. PFITZNER Kym Richard, who is a Non-executive Director. Mr. LAM Haw Shun, Dennis, JP is the chairperson of the Remuneration Committee.

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AUDIT COMMITTEE

The Company set up an Audit Committee on 13 June 2004 to review and supervise financial reporting process and internal control system of the Group. The Committee has three members, namely Mr. LAM Haw Shun, Dennis, JP and Mr. HUI Koon Man, Michael, JP, both of whom are Independent Non-executive Directors, and Mr. PFITZNER Kym Richard, who is a Non-executive Director. Mr. LAM Haw Shun, Dennis, JP is the chairperson of the Audit Committee. The Committee reviewed the Group's 2004 audited financial statements before they were tabled for the Board's review and approval and are of the opinion that such statements complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

AUDITORS

KPMG were first appointed as auditors of the Company in 2003.

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 Annual General Meeting.

On behalf of the Board of Directors

LEUNG Anita Fung Yee Maria
Director

Hong Kong, 15 December 2004