



The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 September 2005.

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 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 2005 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 33 to 73.

An interim dividend of HK1.5 cents (2004: \$Nil) per share was paid on 25 July 2005. The Directors now recommend the payment of a final dividend of HK1.7 cents (2004: HK2.9 cents) per share in respect of the year ended 30 September 2005.

SHARE CAPITAL

On 3 August 2005, 70,000,000 existing ordinary shares of the Company were placed at a price of HK\$1.83 per share (the "Placing Price") through a share placement arrangement (the "Share Placement") and the Company subsequently issued 70,000,000 new ordinary shares (the "New Shares"), with a view to broaden the capital base of the Company. The placees included not less than six independent professional, institutional and/or individual investors to be procured by the placing agents on a best effort basis. The Placing Price represented a discount of approximately 8.5% to the closing price of HK\$2.00 per share of the Company quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 July 2005, the last day of trading of the Company's shares on the Stock Exchange before the signing of the Placing and Subscription Agreement.

The New Shares represented approximately 17.5% of the issued share capital of the Company prior to the Share Placement. The issue price of each New Shares was approximately HK\$1.72, which is equivalent to the Placing Price less expenses and commissions of the Share Placement. Proceeds of approximately HK\$120.1 million net of expenses were received from the Share Placement.

The net proceeds received from the Share Placement will be used as follows:

- HK\$38.01 million to finance the Group's share of capital injection to the Advertising Joint Venture (note 22(b)(iii));
- HK\$58.07 million to finance the initial stage of production of television programmes in the form of reimbursement receivables to investors of such television programmes; and
- The remaining balance of HK\$24.02 million as general working capital of the Group.

Details of the movements in share capital of the Company during the year are set out in note 20 on the financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in note 21 on the financial statements.

CHARITABLE DONATIONS

During the year, the Group made charitable donations of HK\$375,000 (2004: HK\$200,000).

FIVE YEAR 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 74 of the annual report.

FIXED ASSETS

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

BANK LOANS

The bank loans of the Group are set out in note 19 on 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. TSIANG Hoi Fong

Non-executive Directors

Honourable Dr. WONG Yu Hong, Philip, GBS (*Chairman*)

Mr. LEE Woo Sing

Mr. PFITZNER Kym Richard

Mr. ZINGER Simon

Mr. WONG Seung Ho, Thomas

Mr. HUNG Hak Hip

Mr. WONG Ying Ho, Kennedy, BBS, JP

Independent non-executive Directors

Mr. LAU Hon Chuen, GBS, JP

Mr. LAM Haw Shun, Dennis, JP

Mr. HUI Koon Man, Michael, JP

In accordance with the Company's Articles of Association, Mr. Tsiang Hoi Fong, Mr. Lee Woo Sing, Mr. Pfitzner Kym Richard and Mr. Lam Haw Shun, Dennis, JP will retire by rotation. Mr. Lee Woo Sing confirmed that he will not seek for re-election at the forthcoming annual general meeting ("AGM"). All the other retiring Directors, being eligible, will offer themselves for re-election at the AGM.

The Board proposes to fill the vacancy of office vacated by the retirement of Mr. Lee Woo Sing by electing Mr. Liu Yuk Chi, David as a non-executive Director at the AGM.

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

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

At 30 September 2005, 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 (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:

(i) Interests in the Company

Name of Director	Number of ordinary shares of the Company			Total	Per cent of total issued share capital of the Company as at 30 September 2005
	Personal interests	Family interests	Corporate interests		
Dr. LEUNG Anita Fung Yee Maria ("Dr. Leung")	Nil	Nil	185,340,000 (Note 1)	185,340,000	39.43%
Honourable Dr. WONG Yu Hong, Philip, GBS ("Dr. Wong")	Nil	12,720,000 (Note 2)	172,620,000 (Note 3)	185,340,000	39.43%
Mr. LEE Woo Sing	Nil	4,110,000 (Note 4)	3,525,000 (Note 5)	7,635,000	1.62%
Mr. LAM Haw Shun, Dennis, JP	231,000	Nil	Nil	231,000	0.05%

Notes:

- (1) 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. Dynamic Master Developments Limited is owned as to 53.07% and 32.76% by Goodhold Limited and Hunterland City Limited respectively. Dr. Leung is entitled to exercise control of 99.99% in Hunterland City Limited and 50% in Goodhold Limited and therefore is deemed to be interested in the 185,340,000 shares under the SFO.
- (2) The family interest of 12,720,000 shares refers to the 12,720,000 shares held by Hunterland City Limited which are included in corporate interests of 185,340,000 shares held by Dr. Leung, spouse of Dr. Wong.

- (3) The 172,620,000 shares are held as to 162,360,000 shares by Dynamic Master Developments Limited and 10,260,000 shares by Goodhold Limited. Dynamic Master Developments Limited is owned as to 53.07% by Goodhold Limited. Dr. Wong is entitled to exercise control of 50% in Goodhold Limited and therefore is deemed to be interested in the 172,620,000 shares under the SFO.
- (4) The 4,110,000 shares are held by Y. Y. Yao & Co., Limited. Madam Y. Y. Yao, spouse of Mr. Lee Woo Sing, is entitled to exercise control of 99% in Y. Y. Yao & Co., Limited. Therefore, Mr. Lee is deemed to be interested in the 4,110,000 shares under the SFO.
- (5) The 3,525,000 shares are held by Master Asset International Limited as beneficial owner. Mr. Lee Woo Sing is entitled to exercise control over Master Asset International Limited and therefore is deemed to be interested in the 3,525,000 shares under the SFO.

(ii) Interests in associated corporations

Name of associated corporations	Name of Director	Class of shares	Number of shares of the associated corporation			Per cent of total issued share capital of associated corporation as at	
			Personal interests	Family interests	Corporate interests	Total	30 September 2005
Qin Jia Yuan Cultural Assets (Hong Kong) Company Limited ("QJY Cultural")	Dr. LEUNG Anita	Class A	1	1	Nil	2	2.13%
	Fung Yee Maria	(non-voting)				(Note 1)	
	Honourable Dr. WONG Yu	Class A	1	1	Nil	2	2.13%
	Hong, Philip, GBS	(non-voting)				(Note 1)	
Qin Jia Yuan Publishing Company Limited ("QJY Publishing")	Dr. LEUNG Anita	Class A	1	Nil	1	2	50%
	Fung Yee Maria	(non-voting)			(Note 2)		
	Honourable Dr. WONG Yu	Class A	Nil	1	1	2	50%
	Hong, Philip, GBS	(non-voting)		(Note 3)	(Note 2)		

Notes:

- (1) The 2 shares in QJY Cultural are held as to 1 share by Dr. Leung and 1 share by Dr. Wong. As Dr. Leung and Dr. Wong are a married couple, they are deemed to be interested in these 2 shares.
- (2) The 1 share in QJY Publishing is held by Triglory Corporation. Triglory Corporation is owned as to 60% by Dr. Leung and 40% by Dr. Wong. Dr. Leung and Dr. Wong are entitled to exercise control over the Triglory Corporation, and therefore, Dr Leung and Dr. Wong are deemed to be interested in this 1 share in QJY Publishing.
- (3) The family interest of 1 share in QJY Publishing is the personal interest held by Dr. Leung, spouse of Dr. Wong.

Save as mentioned above, as at 30 September 2005, 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.

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 service contract with 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.

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 Rules Governing the Listing of Securities on the Stock Exchange (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 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 interests would be effectively mitigated given that the operations of the Group and the Aegis group of companies are operated separately and independently with the respective board of directors of the members of the Aegis group of companies and the Company performing their fiduciary duties and providing their oversight to safeguard the interests of their respective shareholders. Furthermore, the 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 (the "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 the 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 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 and exercised, cancelled or lapsed during the year and up to the date of this report.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 September 2005, 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:

Name of substantial shareholders	Capacity	Total number of ordinary shares held	Per cent of total issued share capital as at 30 September 2005	Notes
Dynamic Master Developments Limited	Beneficial owner	162,360,000	34.54%	1
Goodhold Limited	Interests in controlled corporation and beneficial owner	172,620,000	36.73%	2
Hunterland City Limited	Interests in controlled corporation and beneficial owner	175,080,000	37.25%	2
Aegis Media Asia Pacific Pte. Ltd.	Beneficial owner	96,000,000	20.43%	3
Aegis International Ltd.	Interests in controlled corporation	96,000,000	20.43%	4
Aegis Group plc	Interests in controlled corporation	96,000,000	20.43%	5

Notes:

- (1) The issued share capital of Dynamic Master Developments Limited is owned as to 53.07%, 32.76%, 5.3%, 3.55%, 3.55% and 1.77% by Goodhold Limited, Hunterland City Limited, 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 96,000,000 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 96,000,000 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 the 96,000,000 shares under the SFO.

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 2005.

CHANGE OF QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. Leung Sing Lim resigned as the Qualified Accountant and Company Secretary of the Company with effect from 4 May 2005. Ms. Lau Ho Yee was appointed as the Qualified Accountant and Company Secretary with effect from 4 May 2005 (subsequently resigned with effect from 15 September 2005).

Ms. Yuen Yee Fan has been appointed as the Qualified Accountant and Company Secretary with effect from 15 September 2005.

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

There were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

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 61.6% (2004: 70.7%) and the largest customer accounted for approximately 15.2% (2004: 16.1%) of the Group's total turnover for the year ended 30 September 2005.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 48.6% (2004: 70.5%) and the largest supplier accounted for approximately 16.1% (2004: 32.1%) of the Group's total purchases for the year ended 30 September 2005.

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.

Pursuant to paragraph 13.20 of Chapter 13 of Listing Rules, details of the receivables from Tianjin Qin Jia Yuan Advertising Company Limited ("Tianjin Advertising") as at 30 September 2005 which in aggregate exceeded 8% of the Group's consolidated total assets as at 30 September 2005 are set out below:

- (1) total reimbursements receivable due from Tianjin Advertising amounted to approximately HK\$37.3 million. The reimbursements receivable represented the funding provided to production houses on behalf of Tianjin Advertising for investment in the production of TV programmes. The reimbursements receivable are secured by certain benefits to be derived from the first round broadcasting license rights in China of the TV programmes. The reimbursements receivable are interest-free and have repayment dates determined with reference to the timing that Tianjin Advertising would be able to receive the sale proceeds of commercial airtime under syndication programmes.

- (2) total accounts receivable due from Tianjin Advertising amounted to approximately HK\$14.5 million. The accounts receivable are unsecured, interest-free and have a normal repayment term ranging from 6 to 12 months. All the accounts receivable arose from the Group's ordinary course of business.

CORPORATE GOVERNANCE

During the year, the Company continued to comply with the Code of Best Practice as set out by the Stock Exchange in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (in force prior to 1 January 2005). On 1 January 2005, the Code of Best Practices was replaced by the Code on Corporate Governance Practices (the "New Code"). Pursuant to the New Code, listed issuers are expected to comply with the code provisions starting from 1 January 2005.

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. Having made specific enquiry, the Company confirmed that all Directors have complied with the required standard of dealings set out therein throughout the year ended 30 September 2005.

PUBLIC FLOAT

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

AUDIT COMMITTEE

The Audit Committee review and supervise financial reporting process and internal control system of the Group and comprises 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 2005 audited financial statements before they were tabled for the Board's review and approval.

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 Annual General Meeting.

On behalf of the Board of Directors

LEUNG Anita Fung Yee Maria

Director

Hong Kong, 15 December 2005