

Corporate Governance Report

The board of Directors of the Company (the "Board") is committed to achieving high standards of corporate governance. It believes that high standards of corporate governance provide a framework and solid foundation for achieving, attracting and retaining the high standard and quality of the Group's management, promoting high standards of accountability and transparency and meeting the expectations of all the Group's various shareholders.

The principles of corporate governance adopted by the Group emphasis a quality board, sound internal control, and transparency and accountability to all the shareholders.

The Company has complied with the Code on Corporate Governance Practices of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31st December 2005 except that Non-executive Directors had no set term of office but retire on rotation basis.

Below are the corporate governance practices adopted by the Group.

THE BOARD

The Board is responsible for the oversight of the management of the Company's business and affairs of the organisation with the objective of enhancing shareholders value.

The Board, led by the Chairman, is responsible for the approval and monitoring of Group wide strategies and policies, approval of annual budgets and business plans, responsible for the day-to-day operations of the Group under the leadership of the Acting Chief Executive Officer.

As at 31st December 2005, the Board comprised eight Directors, including Chairman, one Acting Chief Executive Officer, one Executive Director-Media Division, three Independent Non-executive Directors and two Non-executive Directors. Biographical details of the Directors is contained in the Report of the Directors in this annual report.

For a Director to be considered independent, the Board must determine that the Director does not have any direct or indirect material relationship with the Group. In determining the independent of Directors, the Board follows the requirement set out in the Listing Rules. The Board considers all the Independent Non-executive Directors to be independent during the year and as at this annual report date.

The roles of the Chairman are separated from that of the Acting Chief Executive Officer. Such division of responsibilities helps to reinforce their independent and accountability.

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THE BOARD *(Continued)*

The Chairman is responsible for providing leadership to, and overseeing, the functioning of the Board to ensure that the Board acts in the best interests for the Group so that Board meetings are planned and conducted effectively. The Chairman is primarily responsible for approving the agenda for each Board meeting, taking into account, where appropriate, matters proposed by other Directors for inclusion in the agenda. With the support of Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. The Chairman also actively encourages Directors to be fully engaged in the Board's affairs and make contributions to the Board's functions. The Board, under the Chairman's leadership, have adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders.

The Chief Executive Officer and the Executive Director(s), are responsible for managing the businesses of the Group, attending to the formulation and successful implementation of group policies and assuming full accountability to the Board for all group operations. Acting as the principal managers of the Group's businesses, the Executive Directors attend to developing strategic operating plans that reflect the longer-term objectives and priorities established by the Board and are directly responsible for maintaining the operational performance of the Group. Working with the executive management team of each core business division, they ensure that the Board is fully apprised of the funding requirements of the businesses of the Group. In addition, the Executive Directors ensure that the funding requirements of the businesses are met and closely monitor the operating and financial results against plans and budgets, taking remedial actions when necessary and advising the Board of significant developments and issues. Ongoing dialogue is maintained with the Chairman and all Directors to keep them fully informed of all major business developments and issues.

The Board meets regularly, and at least four times a year. Between scheduled meetings, senior management of the Group provides to Directors information on a timely basis on the activities and development in the businesses of the Group and when required, additional Board meetings are held. In addition, Directors have full access to information on the Group and independent professional advice whenever deemed necessary by the Directors.

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THE BOARD *(Continued)*

The Board held four meetings in 2005 and one meeting to date in 2006 with an average attendance rate of 100%.

	Name of Director	Attended/Eligible to attend
Chairman	Ko Chun Shun, Johnson	5/5
Executive Directors	Dong Ping (<i>Executive Director — Media Division</i>)	3/3
	Shen Ka Yip, Timothy (<i>Acting Chief Executive Officer and Chief Financial Officer</i>)	4/4
Non-executive Director	Cheong Chow Yin	5/5
	Tsoi Tong Hoo, Tony (<i>Note</i>)	5/5
Independent Non- Executive Directors	Wilton Timothy Carr Ingram	5/5
	Dr. Wong Yau Kar David	5/5
	Yuen Kin	5/5

Note: Re-designated from Executive Director to Non-executive Director from 14th March 2005.

All Directors are subject to re-election by shareholders at the annual general meeting following their appointment and at least every three years on a rotation basis. None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation). Where vacancies exist at the Board, candidates are proposed and put forward to the Board for consideration and approval, with a view of appointing to the Board individuals with leadership capabilities so as to enable the Company to retain as well as improve its competitive position.

Upon appointment to the Board, the Director receives a package of orientation materials and attends extensive presentations given by senior executives to review the Group's businesses. Information is provided to Directors regularly to help ensure that Directors are aware of the latest changes in the commercial and regulatory environment in which the Group conducts its businesses.

In 2004, the Board adopted the Model Code for Securities Transactions by Directors of Listed issuers in the Listing Rules (the "Model Code") as the Group's code of conduct regarding Directors' securities transactions. All Directors confirmed that they have complied with the Model Code in their securities transactions throughout the year.

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DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The following statements, which set out the responsibilities of the Directors in relation to the financial statements, should be read in conjunction with, but distinguished from, the Report of the Auditors which acknowledges the reporting responsibilities of the Group's Auditors.

Annual Report and Accounts

The Directors acknowledge their responsibilities to prepare financial statements for each financial year which give a true and fair view of the state of the Group.

Accounting Policies

The Directors consider that in preparing the financial statements, the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the Hong Kong Companies Ordinance and the applicable accounting standards.

Safeguarding Assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Going Concern

The Directors, having made appropriate enquires, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

COMPANY SECRETARY

The Company Secretary is responsible to the Board for ensuring that board procedures are followed and that activities of the Board are efficient and effective by assisting the Chairman to prepare agendas for meeting and by preparing and disseminating Board papers to the Directors and Board Committees in a timely and comprehensive manner.

The Company Secretary is responsible for ensuring that the Board is fully briefed on all legislative, regulatory and corporate governance developments and that it has regard to them when making decisions. The Company Secretary is also directly responsible for the Group's compliance with the continuing obligations of the Listing Rules and Codes on Takeovers and Mergers and Share Repurchases, including publication and dissemination of Report and Accounts and interim reports within the period laid down in the Listing Rules, timely dissemination of announcements and information relating to the Group to the Group to the market and ensuring that proper notification is made of directors' dealings in securities of the Group.

Corporate Governance Report

COMPANY SECRETARY *(Continued)*

The Company Secretary also advises the Directors on their obligations for disclosure of interests in securities, connected transactions and price-sensitive information and ensure that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the annual report of the Directors.

With respect to the Group secretarial function within the Group, the Company Secretary leads a team that maintains formal minutes for Board and other meetings.

In relation to connected transactions, regular briefings to legal counsels within the Group are made to ensure that such transactions are handled in compliance with the Listing Rules. Detailed analyses are performed on all potential connected transactions for presentation to directors of relevant companies for their consideration in approving transactions.

AUDITORS' REMUNERATION

A summary of fees for audit and non-audit services is as follows:

Nature of the services	2005	2004
	HK'000	HK'000
Audit services	2,299	521
Other services	2,197	—
	4,496	521

Other services rendered to the Group included principally professional fee in relation to the acquisition of Anglo Alliance Group.

AUDIT COMMITTEE

The Audit Committee, comprises three independent Non-executive Directors who possess the appropriate business and financial experience and skills to understand financial statements. The Committee is chaired by Mr. Wilton Timothy Carr Ingram and the other members of the Committee are Dr. Wong Yau Kar David and Mr. Yuen Kin.

Under its terms of reference, the Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's preliminary results, interim results and annual financial statements, to monitor compliance with statutory and listing requirements, to review the scope, extent and effectiveness of the Internal Audit Department of the Group's holding company, to engage independent legal or other advisers as it determines is necessary and to perform investigations.

The terms of reference of the Audit Committee adopted by the Board are published on the Group's website.

Corporate Governance Report

AUDIT COMMITTEE *(Continued)*

The Audit Committee held two meetings in 2005 and one meeting to date in 2006.

Name of Member	Attended/Eligible to attend
Wilton Timothy Carr Ingram	3/3
Dr. Wong Yau Kar David	3/3
Yuen Kin	3/3

The Audit Committee held two meetings in 2005 during the year ended 31st December 2005, There are no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

The Audit Committee has reviewed with Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the interim financial statements and the annual consolidated financial statements, so as to ensure that an effective control environment is maintained.

Financial Statements

The Audit Committee meets and holds discussions with the Executive Directors and other senior management of the Group on the interim results, preliminary results announcement and Annual Report. The Committee reviews and discusses the management's report and representations with a view to ensuring that the Group's consolidated financial statements are prepared in accordance with accounting principles general accepted in Hong Kong. It also considers reports from the Group's principal external auditors, PricewaterhouseCoopers ("PwC"), on the scope and outcome of their annual audit of the consolidated financial statements.

External Auditors

The Committee reviews each year a letter from PwC confirming their independence and objectivity and holds meetings with PwC to discuss the scope of their audit.

The Committee also makes recommendations to the Board on the appointment and retention of the external auditors.

The Group's policy regarding the engagement of PwC for the various services listed below in as follows:

- Audit service — includes audit services provided in connection with the audit of the consolidated financial statements. All such services are to be provided by external auditors.
- Audit related services — includes services that would normally be provided by an external auditor but not generally included in audit fees, for example, due diligence and accounting advice related to mergers and acquisitions, internal control reviews of systems and/or processes, and issuance of special audit report for tax or other purposes. The external auditors are to be invited to undertake these services that they must or are best placed to undertake in their capacity as auditors.

Corporate Governance Report

AUDIT COMMITTEE *(Continued)*

External Auditors *(Continued)*

- Taxation related services — includes all tax compliance and tax planning services, except for those services which are provided in connection with the audit. The Group uses the services of the external auditors where they are best suited. All other significant taxation related work is undertaken by other parties as appropriate.
- Other services — includes, for example, audits or reviews of third parties to assess compliance with contracts, risk management diagnostics and assessments, and non-financial systems consultations. The external auditors are also permitted to assist management and the Internal Auditors of the Group's holding company with internal investigations and fact-finding into alleged improprieties. These services are subject to specific approval by the Audit Committee.
- General consulting services — The Group's policy is that the external auditors are not eligible to provide services involving general consulting work.

Review of Risk Management and Internal Control

The Committee reviews the process by which the Group evaluates its control environment and its risk assessment process, and the way in which business and control risks are managed. The Committee discusses with the Internal Auditors of the Group's holding company the work plan for their audits on the Group together with their resource requirements and considers the Internal Auditors' reports to the Committee on the effectiveness of the internal controls in the Group business operations.

In reliance on these reviews and reports, the Committee makes a recommendation to the Board for approval of the consolidated financial statements for the year.

REMUNERATION COMMITTEE

The Remuneration Committee comprises four members with expertise in human resources and personnel emoluments. The Committee is chaired by the Chairman, Mr. Ko Chun Shun, Johnson with the Independent Non-executive Directors, Mr. Wilton Timothy Carr Ingram, Dr. Wong Yau Kar David and Mr. Yuen Kin, as members. The Committee meets towards the end of each year for the determination of the remuneration packages of Directors and senior management of the Group. In addition, the Committee also meets as and when required to consider remuneration related matters.

The responsibilities of the Remuneration Committee are to assist the Board in achieving its objective of attracting, retaining and motivating people of the highest caliber and experience needed to shape and execute strategy across the Group's substantial, diverse and international business operations. The Committee will assist the Group in the administration of the fair and transparent procedure for the setting policies on the remuneration of Directors and senior management of the Group and for determining their remuneration packages. Terms of reference of the Committee which have been adopted by the Board are available on the Group's website.

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REMUNERATION COMMITTEE *(Continued)*

Prior to the establishment of the Committee in 2005, for 2004, consistent with the principles applied in the past, the remuneration of Directors and senior executives was determined with reference to the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and the prevailing market conditions. Directors and employees also participate in bonus arrangements determined in accordance with the performance of the Group and the individual's performance.

The Remuneration Committee held one meeting in 2005.

Name of Member	Attended/Eligible to attend
Ko Chun Shun, Johnson	1/1
Wilton Timothy Carr Ingram	1/1
Dr. Wong Yau Kar David	1/1
Yuen Kin	1/1

Directors' emoluments comprise payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The amounts paid to each Director of the Company for 2005 are as below:

Name	Basis Salaries, Allowances and Benefits- in-kind		Discretionary Bonuses	Provident Fund Contributions	Total Emoluments
	Fees HK\$'000	HK\$'000			
Ko Chun Shun, Johnson (2)	—	2,053	79	12	2,144
Dong Ping	—	660	—	—	660
Shen Ka Yip Timothy	—	880	—	11	891
Tsoi Tong Hoo, Tony (1)	120	600	75	12	807
Cheong Chow Yin (1)	144	—	—	—	144
Wilton Timothy Carr Ingram (2), (3)	144	—	—	—	144
Dr. Wong Yau Kar, David (2), (3)	144	—	—	—	144
Yuen Kin (2), (3)	144	—	—	—	144

Notes:

- (1) Non-executive Director.
- (2) Members of the Remuneration Committee.
- (3) Independent Non-executive Directors and members of the Audit Committee.

During the year, no share options of the Company have been granted to directors.

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INTERNAL CONTROL AND GROUP RISK MANAGEMENT

Introduction

The Board has overall responsibility for the Group's system of internal control and for the assessment and management of the risk.

In meeting its responsibility, the Board seeks to increase risk awareness across the Group's business operations and has put in place policies and procedures, including the parameters of delegated authority, which provide a framework for the identification and management of risk. Reporting and review activities include the review of Executive Directors and the Board and approval of detailed operational and financial reports, budgets and plans provided by the management of the business operations, the review by the Board of actual results against the budgets, the reviews by the Committees of the Board, the ongoing work of the Internal Audit and Risk Management Departments of the Group's holding company, as well as the regular business reviews by Executive Directors and the executive management team of each core business division.

Whilst these procedures are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material misstatement or loss.

Internal Control Environment

The Board is overall responsible for monitoring the operations of the businesses within the Group. Executive Directors are appointed to the boards of all significant material operation subsidiaries and associates to attend their board meetings and to oversee the operations of those companies. Monitoring activities include the review and approval of business strategies, budgets, and plans, and the setting of key business performance targets. The executive management team of each core business division is accountable for the conduct performance of each business in the division within the agreed strategies and similarly the management of each business is accountable for its conduct and performance.

The Group's internal control procedures include the comprehensive system for reporting information to the executive management teams of each core business and the Executive Directors.

Business plans and budgets are prepared annually by the management of individual business and the subject to review and approval by both the executive management teams and the Executive Directors as part of the Group's five-year corporate planning cycle. Budgets and forecasts on a quarterly basis and reviewed for differences to the budget and approval. When setting budgets and forecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

The Executive Directors review monthly management reports on the financial results and the key operating statistics of each business and hold monthly meetings with executive management team and senior management of business operations to review these reports, business performance against budgets, forecasts, significant business risk sensitivities and strategies. In addition, each month the finance managers of business operations attend meetings with the Chief Executive Officer and the members of the Group Finance team to review monthly performance and to address accounting and finance related matters.

Corporate Governance Report

INTERNAL CONTROL AND GROUP RISK MANAGEMENT *(Continued)*

Internal Control Environment *(Continued)*

The Group maintains a centralised cash management system for its subsidiary operations and the Group's Finance Department oversees the Group's investment and leading activities. A treasury report is distributed monthly to report on the Group's cash and liquid investments, borrowings and movements thereof.

The Chief Executive Officer has established guidelines and procedures for the approval and control of the expenditures. Operating expenditures are subject to overall budget control and are controlled within each business with approval levels for such expenditures being set by reference to each executives and officer's level of responsibility. Capital expenditures are subject to overall control within the annual budget review and approval process and, more specific control and approval prior to commitment by the Executive Director (Finance) or other Executive Directors reports are reviewed comparing actual against budgets and approved expenditures.

The Financial Controller of the Group's holding company, reporting directly to the Audit Committee, provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations, internal audit derives its yearly audit plan. The plan is reviewed by the Audit Committee, and reassessed during the year as needed to ensure that adequate resources are deployed and the plan's objectives are met. Internal Audit Department of the Group's holding company is responsible for the assessing the Group's internal control system, formulating the impartial opinion of the system, and to report its finding to the Audit Committee, the Chief Executive Officer and the senior management concerned and also to follow up on all reports to ensure that all issues have been satisfactorily resolved. In addition, a regular dialogue is maintained with the Group's external auditors so that both are aware of the significant factors which may affect their respective scope of work.

Depending on the nature of business and risk exposure of individual business units, the scope of work performed by the internal audit function includes financial and operations reviews, recurring and surprise audits, fraud investigations and productivity efficiency reviews

Reports from the external auditors on internal controls and relevant financial reporting matters, are to be presented to the Audit Committee, and, as appropriate to the Chief Executive Officer. These reports are reviewed and appropriate actions are taken.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Group actively promotes investor relations and communications by setting up regular briefing meetings with the investment community when the interim and year end financial results are announced. The Group, through the Chief Executive Officer, responds to request for information and queries from the investment community.

Corporate Governance Report

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS *(Continued)*

The Board is committed to providing clear and full performance information of the Group to shareholders through the publication and annual reports. In addition to dispatching circular, notices, financial reports to shareholders, additional information is also available to shareholders through Corporate Information on the Group's website.

Shareholders are encouraged to attend the annual general meeting for which at least 21 days' notice is given. The Chairman and Directors are available to answer questions on the Group's businesses at the meeting. All shareholders have statutory rights to call for special general meetings and put forward agenda items for consideration by shareholders. All substantive resolutions at the annual general meeting are decided on a poll. The poll is conducted by the Group's Registrars. Financial and other information is made available on the Group's website, which is regularly updated.

The Group values feedback from shareholders on its effort to promote transparencies and foster investor relationships. Comments and suggestions are always welcome.

By Order of the Board

Ko Chun Shun, Johnson

Chairman

Hong Kong, 26th April 2006