Qin Jia Yuan Media Services Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 2366)

2009

ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

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

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

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

AUTHORISED REPRESENTATIVES

Dr. LEUNG Anita Fung Yee Maria
Ms. WONG Lai Wah

COMPANY SECRETARY

Ms. WONG Lai Wah

AUDITORS

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

TAX ADVISER

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

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

Corporate Information

BRANCH OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
18/F, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

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

LEGAL ADVISERS

As to Hong Kong Law

Troutman Sanders

As to Cayman Islands Law

Maples and Calder Asia

As to PRC Law

Jingtian & Gongcheng

STOCK CODE

The Stock Exchange of Hong Kong Limited: 2366

WEBSITE

http://www.qjymedia.com

Chairman's Statement

Dr. Honourable Wong Yu Hong, Philip, GBS
Chairman

Since the financial tsunami in the fourth quarter of 2008, the global economic outlook had remained uncertain up to the first half of 2009. During such difficult times, the Group decisively reduced its investment in large TV drama production projects that have long payback periods. While China adopted favourable state policies related to its media sector, the Group continued to establish its integrated media business platform with TV media as its core business. Our current principal businesses include domestic TV program production, TV advertising, TV home shopping and non-TV media advertising. These developments represent the entry to a new and prosperous era for the Group.

China's ability to maintain her resilient and outstanding economic growth despite the financial tsunami is strong evidence for the US and European countries of the bright prospects of China's overall markets. Coupled with supportive state policies and optimistic growth in income per capita, China's economic growth even during such difficult times points to a positive outlook for the PRC domestic market. Our hard work during the year has led to the expansion of our business to cover two strong areas in the domestic consumer market, namely, the "Cross-media Advertising" and "TV Retailing". This exciting achievement has demonstrated that it was wise for the Group to make a one-off write-off and impairment loss that did not involve any cash outflow and enable the Group to build up a unique and valuable domestic integrated-media business platform.

In July 2009, China's Premier Wen Jiabao announced the Plan for the Promotion of Cultural Industries, giving strong support to the development of eight major cultural businesses in China. The Group's principal businesses, including TV program production, advertising, variety show and entertainment promotion, and cultural creativity, all fall within the scope of the Plan and will receive great attention and strong support from the state. With over 10 years of extensive experience in mainland China's media industry, the Group's senior management are well-equipped to synchronize with state policies to maintain the healthy and fast growth of the Group's business.

Despite difficulties and challenges in 2009, not only has the Group continued to develop steadily but it has also had opportune breakthroughs. This year, the Group recorded its first loss after taxation since its listing. However, excluding the one-off write-off and impairment loss not involving further cash outflow and change in fair value of derivative financial instruments, the Group recorded profit after taxation for the year amounted to HK$66.0 million from its main operations. Qin Jia Yuan's position as a key integrated-media business group in China is attributable to the concerted and dedicated hard work of our staff. I would like to extend my appreciation to our staff and our domestic and overseas partners who have supported us in our growth.

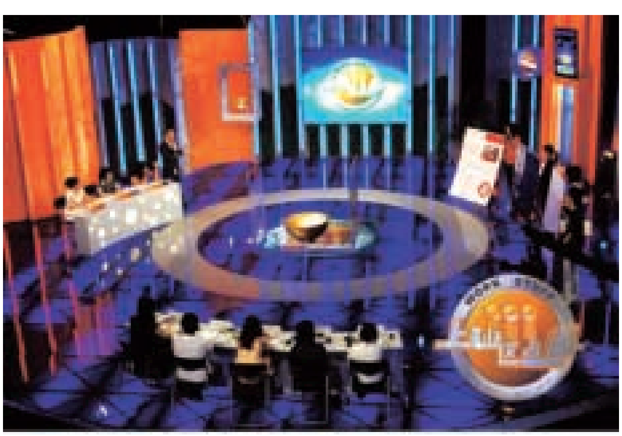
Wong Yu Hong, Philip, GBS
Chairman

Hong Kong, 26 November 2009

Management Discussion and Analysis

Over the past five years, the economy of the People's Republic of China ("China", the "State" or the "Mainland") continued to prosper with the GDP growing at an annual average rate of 10.4%. According to the National Bureau of Statistics of China, the annual GDP growth rates was 10.1% in 2004, 10.4% in 2005, 11.1% in 2006, 11.4% in 2007 and 9.0% in 2008, and the annual GDP growth rate in 2009 is expected to be around 8.0%.

After the financial tsunami swept the globe in the fourth quarter of 2008, the economic recession in Europe and the U.S. has greatly affected China's export sector. In response, one of the Chinese government's policies should be to encourage domestic demand in the long term. This should not come as a surprise as individual consumption has become the greatest driving force for China's GDP growth from as early as 2007. Moreover, since the beginning of 2009, European countries, the U.S. and Asian countries have undoubtedly begun to attend to, and are also becoming more active in developing the China market. China's sound economic growth in the first three quarters of 2009 has shown that the state's policies have achieved their intended results.



The Company has the exclusive advertising agency rights to a popular TV show "Work Stuff" broadcast at the Sunday prime time by China Business News Channel of Shanghai.

INDUSTRY OVERVIEW

The principal business of the Group is TV program production and TV advertising in China. Our TV program production projects have mainly focused on large-scale TV drama series planning and investment. The production period, from planning for the theme to production completion, generally lasts for a minimum of two years. The drama series produced may not be distributed until a distribution license is obtained from relevant government authorities. Investment return for a successful large-scale TV drama series is quite attractive. Owing to the financial tsunami in 2008 however, projects with a long payback period were not only subject to greater risks, but they also created difficulties in cash flow management. Accordingly, large-scale TV drama series investors have become particularly cautious, and a wave of divestments and project suspensions have been observed since the end of 2008. TV drama series sponsors did not accept projects with a long production period, and they inevitably diverted their sponsorship to channel programs or advertising programs for immediate returns.

The TV ratings in China have not been affected by the economic slowdown. TV advertising is still a shortcut to stimulate consumption and is preferred by branded consumer goods. In particular, advertisements for daily necessities such as health foods, beverages, cosmetics, bathroom supplies, communication products and personal care products, are still widely seen in popular TV programs.

BUSINESS OVERVIEW

In response to the financial tsunami, the Group suspended its plan to produce large-scale TV drama series and tried to make good use of cash on hand, so that it could reserve adequate cash resources to get

Management Discussion and Analysis

With its platform of the whole-channel, 24 hours per day exclusive advertising agency rights for multiple provincial TV stations, the Group teams up with the largest Korean TV shopping enterprise, GS Korea Co. Ltd, on the development of TV shopping business in 2009.

through this difficult period and seek other business opportunities brought by the changes in the market, while it continued to build up its integrated-media business platform as soon as possible. As a result, the Group made a one-off write-off and recognized an impairment loss which did not involve any further cash outflow, both of which amounting to HK$465.9 million, leading to a consolidated loss of HK$390.5 million for the first time since the Group's listing. Nevertheless, the Group has upheld a policy of dividend distribution since its listing and distributes dividends every year. Excluding the one-off write-off and impairment loss not involving further cash outflow and change in fair value of derivative financial instruments, the Group still recorded a net profit after taxation for 2009 of HK$66.0 million. Therefore, the Group intends to distribute a final dividend of HK0.88 cent per share, and shareholders may elect to receive shares in lieu of cash dividend.

During the year, the Group decided to suspend the production of all large-scale TV drama series in order to make full use of cash at hand. The Group developed and produced other non large-scale TV programs ("non-script programs") with shorter production and payback periods, including situational drama series, column shows, talk shows, variety shows, entertainment shows and documentaries, which were highly sought after by various local channels and were able to improve local audience ratings. This had a positive effect on both the advertising revenue and the reputation of the TV channels, to which the Group has exclusive advertising agency rights.

The Group also continued to strengthen its exclusive advertising agency rights of various TV channels. In addition to the whole-channel, 24 hours per day exclusive advertising agency rights to Yunnan Cultural Digital Channel and Tianjin Broadcast and TV Network Channel, the Group managed to obtain the exclusive advertising agency rights to the Sunday prime time for pilot programs of the China Business Network Channel ("CBN") of Shanghai under Shanghai Media Group ("SMG"), which was extremely helpful in increasing the Group's advertising agency income and strengthening its market position.

The Group was incorporated in 1995, and its sole business then was planning for and investing in large-scale TV drama series in exchange for accompanying advertisements airtime. From its listing in 2004 to 2008, the Group entered its second phase of development and became one-stop domestic TV-related business operation platform. In 2009, the Group successfully held onto the plan for its third phase development, and the Group will further develop three multimedia businesses, including outdoor advertising, show and entertainment, and TV home shopping businesses, besides its TV program production and TV advertising businesses, by the end of the year 2009.

In the fourth quarter of 2009, the Group entered into an agreement with Beijing Xin Hua Zhaoxun Culture

Management Discussion and Analysis

The Group provides one-stop integrated media services for Style Hong Kong Show launched by Hong Kong Trade Development Council in Chongqing.

and Media Co., Ltd ("Xin Hua Zhaoxun") in relation to Xin Hua Zhaoxun's exclusive advertising agency rights to outdoor news advertising boards. All of the contents broadcast in the outdoor news advertising boards are provided by the state's supreme news agency, Xinhua News Agency. In effect, the Group acquired the outdoor exclusive advertising agency rights from the sole outdoor media with coverage on real-time news. In the last quarter of 2009, the Group also managed to acquire an equity stake of approximately 8% in Xin Hua Zhaoxun. Xin Hua Zhaoxun currently owns a total of 6 large outdoor advertising boards in Beijing, Shanghai, Chengdu and Guangzhou. The Group will begin exercising the acquired rights starting in December 2009.

In view of the enormity of the Chinese consumer market, the Group made good use of certain airtimes of five TV channels to expand into TV home shopping operations. According to the statistics of TV home shopping, the U.S. has a population of 300 million, and its revenue from TV home shopping in 2008 amounted to RMB2,300 billion, representing 10% of domestic retail sales in the US; the revenue from TV home shopping in 2008 in mainland China amounted to RMB20 billion, representing 0.2% of domestic retail sales in China. It is expected that by 2017, retail sales from TV home shopping in mainland China will reach RMB500 billion. The TV home shopping business of the Group has two unique characteristics. Firstly, the Group cooperates with GS Korea Co Limited, Korea's biggest TV shopping company, and the Group provided TV shopping channel/airtime to which it has exclusive agency rights. Secondly, GS Korea Co Limited administers the remaining operations, including logistics, production and supply. The Group thereby earns additional revenue with no additional risk exposure and investments.

During the year, the Group established QJY IMPACT (China) Entertainment Services Company Limited, a joint venture in which the Group owns 65% equity

Management Discussion and Analysis

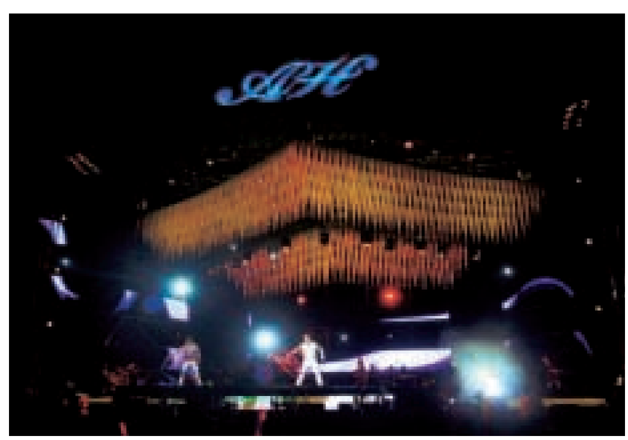
interest, with IMPACT Entertainment (International) Ltd, which has a history of operating the show and entertainment business for 25 years. The joint venture will focus on developing and producing large scale concerts and artist training/agency operations in mainland China. The Group will introduce at least three added values to this new show and entertainment operation. With its distribution network of 200 key TV stations and TV channels to which it has exclusive advertising agency rights, the Group will provide concerts and artists with extensive promotion opportunities, and edit concert highlights as TV programs for distribution nationwide. This will not only generate income, but also will provide advertisers of the Group with opportunities to sponsor concerts.

In response to the favourable state policies for encouraging production of non-script programs, the Group started its investments in production of TV programs with shorter production and payback period.

Chairman of the Board, the Honourable Dr. Wong Yu Hong, Philip, GBS, at the military parade in celebration of the 60th anniversary of the People's Republic of China.

In order to strengthen its market planning business, in the third quarter of 2009, the Group acquired a 90% equity interest in Triangle Marketing Services Company Limited, a highly reputable company in the industry, to expand the Group's market planning team. The goal was to provide international customers who need to expand the China market with comprehensive one-stop integrated media services. The first corporate customer for market planning during the year was the Hong Kong Trade Development Council.

Through rigorous business expansion over the year, the Group has now become an integrated media group engaged in TV production and distribution, TV advertising, TV shopping and non-TV cross-media advertising business. With support from the newly-announced state policy to promote cultural industries, we believe the Group has taken the lead in becoming an exceptional foreign-owned listed company, with a focus on the two major consumer businesses of integrated media, namely, Advertising and TV shopping.



The establishment of QJY IMPACT (China) Entertainment Services Company Limited will help us penetrate into the concert market in mainland China in 2010.

Management Discussion and Analysis

OPERATING RESULTS

For the year ended 30 September 2009, the Group recorded a turnover of HK$226.1 million, a decrease of 29.8% compared to that in last fiscal year. The Group recorded a loss for the year ended 30 September 2009 of HK$390.5 million while the Group recorded a profit of HK$217.5 million for the year ended 30 September 2008. The loss for the year ended 30 September 2009 was mainly attributable to a one-off write-off and impairment loss of HK$465.9 million which did not involve any further cash outflow and a decrease in exchange gain from HK$57.2 million for the year ended 30 September 2008 to HK$0.5 million for the year ended 30 September 2009.

The drop of the general administrative expenses by 30.8% to HK$40.2 million (2008: HK$58.0 million) was mainly due to a decrease in directors' emoluments. Finance cost went up to HK$26.1 million (2008: HK$17.2 million) because of an increase in bank borrowings and issue of convertible notes during the year ended 30 September 2009.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent funding and treasury policy with regards to its overall business operation. As at 30 September 2009, the Group's cash level stood at HK$400.3 million (2008: HK$320.1 million). The balances are mainly in Hong Kong Dollar and Renminbi.

As at the balance sheet date, the Group had outstanding bank borrowings of approximately HK$418.4 million, comprising short term revolving loans of HK$316.9 million, term loan of HK$88.0 million and mortgage bank loans of HK$13.5 million. All the Group's bank borrowings are at floating interest rates and denominated in Hong Kong Dollar and Renminbi. The unutilized bank loan facilities amounted to HK$93.0 million (2008: HK$185.8 million).

In addition, the Group has outstanding convertible notes with principal amount of HK$100 million as of 30 September 2009, of which HK$50 million is due on 15 May 2014 while the remaining HK$50 million is due for settlement on 7 August 2014. The convertible notes bear interest at 5% per annum, handling fee of 3% per annum and also redemption premium.

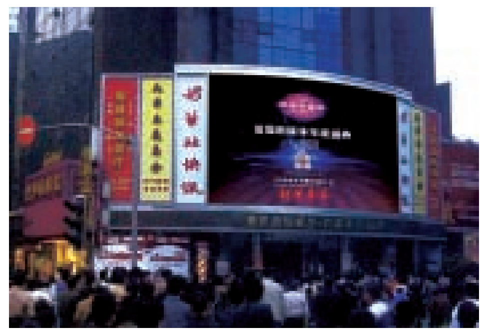
The gearing ratio (expressed as a percentage of total borrowings net of pledged deposits over total equity of the Group) was 29.0% (2008: 14.1%).

MORTGAGES AND CHARGES

Bank deposits of HK$191.5 million (2008: HK$107.3 million) were pledged to banks to secure general banking facilities granted to the Group.

Certain land and buildings with carrying value of HK$20.1 million (2008: HK$5.4 million) were secured for mortgage bank loans of HK$13.5 million (2008: HK$3.6 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$100 million (2008: HK$Nil). Aggregated net assets held by those subsidiaries amounted to HK$144.2 million (2008: HK$Nil) which consist of purchased license rights with carrying value of HK$495.9 million (2008: HK$Nil) as of 30 September 2009.



The Company is the exclusive advertising agent for LED boards broadcasting news contents provided by Xinhua News Agency, and its first six LED has successfully infiltrated its advertising business into the four metropolitan cities, namely, Beijing, Shanghai, Guangzhou, and Chengdu.

EMPLOYEES

As at 30 September 2009, the Group had a total staff of 47 (2008:51). Staff remuneration is maintained at competitive levels and bonuses are calculated based on an evaluation of efforts and the financial performance of the Group. The Group also provides provident funds, insurance, medical cover and share option scheme.

BUSINESS PROSPECTS

Since its listing, the Group has intentionally strengthened the quality and quantity in its film library, and possessing more than 5,000 hours of films to date. The Group receives stable income from the broadcasting rights each year. Shattered by the global financial tsunami, a number of producers on the Mainland have stopped or abandoned large TV program productions. Thus, there will be immense demands for the re-broadcast of quality TV drama series. Accordingly, it is believed that the Group's film library, capitalizing on its distribution capability, will generate considerable income in the coming year.

Earlier than scheduled, the Group has successfully built up its own integrated media service platform on the mainland China, allowing the Group to develop its integrated media business, which focuses on Media Advertising and Retailing-TV Home Shopping.

The Group will continue with its strategies of temporarily suspending the production of large scale TV drama series. Instead, it is the Group's strategy to procure one to two large-scale completed TV programs that will avoid the risk of overly long term payback periods. Alternatively, the production of small-scale TV drama series generates stable and optimistic growth.

Management Discussion and Analysis

Under the "segregation of TV program production and broadcasting" policy recommended by the State Administration of Radio, Film and Television, domestic TV stations are expected to allocate considerable amount of programme funds to source TV programs other than large scale drama series from the private sector in order to meet the growth in market share of such programs. All these phenomena will prove to be favourable to the Group's investment policy in TV program productions.

In 2010, the Group will continue to expand its exclusive advertising agency business, in addition to the collaboration with GS Korea Co Ltd or in-house operation on TV shopping business, thereby expanding the Group's share in the mainland giant retail market through the maturing of the TV shopping platform.

It is anticipated that the outdoor LED advertising business with proprietary news content from the Xinhua News Agency which will start in December 2009 will bring new source of revenue to the Group. The Group is confident to turn this into a starting point to expand its outdoor advertising business in the coming few years.

More than 100 large-scale concerts were hosted in the developed cities in China in 2008, with ticket sales and revenue topping the league in Asia. The consumption power of the mainland's younger generation should not be underestimated. Hence, this newly-established performance business platform is expected to add another source of revenue to the Group in 2010.

Businesses developed under the Group's integrated media platform fall well within the eight key cultural industries which foreign and local investments are actively encouraged under the "Cultural Ventures Planning" as announced by the Prime Minister, Mr. Wen Jiabao, in July 2009. Based on its well-established and consolidated integrated-media platform, the Group in 2010 will continue to explore new business opportunities in the eight key cultural industries across mainland China with an aim to build the Group into a full fledged and even more comprehensive and influential integrated media group in mainland China.

EXECUTIVE DIRECTORS

Dr. LEUNG Anita Fung Yee Maria, aged 60, is the co-founder and the Chief Executive Officer of the Group. Dr. Leung is responsible for business development strategies and overall direction of the Group. She also participates in the provision of concepts and ideas for television ("TV") program production and the contribution of original novels and play scripts of TV dramas.

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

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

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

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

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

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 of Beijing in the People's Republic of China (the "PRC"). She is the spouse of Dr. 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".

Biographies of Directors and Officers

Mr. YIU Yan Chi, Bernard, aged 58, 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 34 years' experience in marketing and media communication in Greater China. Mr. Yiu has spent 25 years with the McCann-Erickson Group and was responsible for the launch of the McCann-Erickson China operation in 1991. Mr. Yiu was appointed as the Marketing Director during the launch of Asia Television in 1983 and achieved record sales during his tenure. Mr. Yiu then returned to the advertising industry and held senior position with McCann-Erickson China and Dentsu, Young & Rubicam. After leaving the advertising industry, Mr. Yiu spent two years until 2004 with one of the world's leading media group, Aegis Media, as the Executive Director of Carat Media in 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 46, is the production/ distribution controller of the Group. Mr. Tsiang joined the Group in February 2001 and is responsible for overseeing the Group's TV program related services, in particular the coordination and negotiation with the TV stations to promote TV programs and commercial airtime to meet the requirements of advertisers and the launch of their public relations events and promotional activities. Mr. Tsiang graduated from Xiamen University in the PRC with a Bachelor degree in Science in 1984 and graduated from the faculty of Economy of Xiamen University in 1999. Before joining the Group, Mr. Tsiang worked for several companies in the PRC and Hong Kong and was responsible for the marketing and sales functions.

NON-EXECUTIVE DIRECTORS

Honourable Dr. WONG Yu Hong, Philip, GBS, aged 70, is the co-founder and the Non-executive Director and Chairman of the Group. He oversees overall strategic planning of the Group and particularly, the impact of regulatory development to the business of the Group. Dr. Wong holds a Bachelor of Science degree and a Master of Science degree in Engineering from University of California, USA, a Doctorate degree in Law from Southland University, USA and a Doctorate degree in Engineering from California Coast University, USA. Dr. Wong has more than 30 years' experience in business management and is now the Chairman of his own business, Winco Paper Products Company Limited. He also serves as the director of a number of companies, including Hop Hing 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 Hong Kong government in 2003. He received the Courvoisier Awards for Business Excellency from the then Chief Justice of Hong Kong, Sir Denys Roberts, in 1986. Dr. Wong concurrently provides services to a number of public bodies. He is a member of the Legislative Council of Hong Kong, Life Honorary Chairman of the Chinese General Chamber of Commerce in Hong Kong, and a board member of the Hong Kong Trade Development Council. He was a Deputy of the National People's Congress of the PRC. Dr. Wong is the spouse of Dr. Leung Anita Fung Yee Maria, an executive Director. Dr. Wong is also a director of certain subsidiaries of the Group.

Dr. Wong is a director of Dynamic Master 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".

Biographies of Directors and Officers

Mr. PFITZNER Kym Richard, aged 46, joined the Group in December, 2003. Mr. Pfitzner was appointed as the Aegis Media Regional Chief Financial Officer for Asia Pacific of Aegis Group plc in February 2003 and is based in Singapore. Mr. Pfitzner is a Chartered Accountant and has membership of the Institute of Chartered Accountants in Australia. He holds a degree in Accounting from South Australian Institute of Technology (currently the University of South Australia) with Distinction. Mr. Pfitzner has vast commercial financial experience through holding senior financial roles in the past, including several years of experience with multinational advertising/media/marketing groups. Prior to joining Aegis Group plc, Mr. Pfitzner was employed by Totam Communications Limited, a public unlisted company based in Sydney as the Chief Financial Officer, the McManus Group, which was a multinational advertising group headquartered in New York as Regional Chief Financial Officer of Asia Pacific South and South Africa and Ayers Resort Company Limited as Finance Director and acting Company Secretary.

Mr. ZINGER Simon, aged 39, joined the Group in December 2003. Mr. Zinger joined Aegis Group plc in January 2003 as General Counsel of the Aegis Media division of the Aegis Group plc. In this capacity he primarily oversees a variety of legal and corporate issues in operations including mergers and acquisitions and corporate strategy. Prior to joining Aegis Group plc, he was from 1999 based in Paris with Vivendi as Vice President and Assistant to the General Counsel. He had also worked in San Francisco as a Corporate Attorney with the international law firm of Baker & McKenzie. Mr. Zinger received his Jurisdoctorate degree from the University of San Francisco School of Law in the USA in 1996 and his Bachelors degree with Distinction from McGill University in Canada.

Ms. LEE Kwei Fen, aged 54, joined the Group in July 2006. She is the Chief Executive Officer of Aegis/Carat Greater China, joined the Carat Taiwan in 2000. Prior to joining Carat, Ms. Lee held various senior positions in D, Y&R Taiwan, Saatchi & Saatchi Advertising Taiwan and United Advertising Taiwan. She was awarded the ''Best Manager of Media Agency" in Taiwan by Brian Magazine in 2005, 2006 and 2007. She was also presented the "Best Manager of the Year" by D, Y&R Global. Ms. Lee received her Master of Science in Advertising from University of Illinois and Master of Science in Chemistry from University of Notre Dame, both in the U.S.A. Ms. Lee also holds a Bachelor Degree in Chemistry from University of Tunghai in Taiwan.

Mr. HUNG Hak Hip Peter, aged 64, joined the Group in December 2000. He has about 33 years' experience in the production and distribution of edible oils by serving Hop Hing Holdings Limited, a listed company on the Main Board of the Stock Exchange of which Mr. Hung is the Chairman. Mr. Hung is also a Chartered Accountant.

Biographies of Directors and Officers

Mr. LIU Yuk Chi, David, age 54, 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 29 years' of experience in the media and services sector across several markets in Asia Pacific, Europe and America. A Hong Kong born Chinese, Mr. Liu was graduated from the University of Alberta, Canada in the 70's and started his career in the advertising industry with McCann-Erickson Worldwide Group.

Dr. WONG Ying Ho, Kennedy, BBS, JP, aged 46, joined the Group in September 2000. Dr. Wong obtained a Bachelor of Arts in Law and Hon Doctor of Civil Law from University of Kent, UK. He has over 20 years of practising experience in the legal field and is currently the managing partner of Philip K.H. Wong, Kennedy Y.H. Wong & Co. a firm of solicitors in Hong Kong. He is also an attesting officer appointed by the Ministry of Justice of the PRC. Dr. Wong is the chairman of Hong Kong Resources Holdings Company Limited and also a director of a number of companies in Hong Kong, including Asia Cement (China) Holdings Corporation, China Overseas Land & Investment Limited, Goldlion Holdings Limited and Great Wall Technology Company Limited, which are listed companies on the Main Board of the Stock Exchange. In addition, Dr. Wong serves a number of public bodies and is currently a national committee member of the Chinese People's Political Consultative Conference and Vice-Chairman of the All China Youth Federation. Dr. Wong is also a director of a subsidiary of the Group.

Mr. FLYNN Douglas Ronald, aged 59, 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.

Biographies of Directors and Officers

Ms. HO Chiu King, Pansy Catilina, aged 46, 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 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 Stock Exchange, director of Sociedade de Turismo e Diversões de Macau, S.A.R.L., chairman of Macau Tower Convention & Entertainment Centre and executive director of Air Macau 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 of the Hong Kong Girl Guides Association and council member of The Better Hong Kong Foundation. In Macau, Ms. Ho acts as committee member of The Government of Macau SAR Tourism Development Committee, vice chairperson of Macau Convention and Exhibition Association, Standing Committee Member of Board of Directors of Macao Chamber of Commerce and Vice Chairman of its Ladies Committee. 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.

Mr. OWYANG Loong Shui, Ivan, aged 38, joined the Group in April 2009 and he is a member of the Strategic Committee of the Board. He also 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 Products Company Limited ("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.

Biographies of Directors and Officers

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM Haw Shun, Dennis, JP, aged 63, joined the Group in May 2004. Mr. Lam has a Bachelor's degree in Electrical Engineering from the University of Washington and a Master of Business Administration degree from the University of California, Los Angeles. Mr. Lam has over 30 years' experience in the finance industry. He is currently a senior adviser of Mizuho Securities Asia Limited. Prior to his current appointment, Mr. Lam has held senior positions in various financial institutions. Mr. Lam also held directorships in China Travel International Investment H.K. Limited and Asia Financial Holdings Limited, both of which are companies listed on the Main Board of the Stock Exchange. Mr. Lam was also the first Vice-Chairman of the Stock Exchange, first Deputy Chairman of HKSCC, member of the Securities & Futures Appeals Panel.

Mr. LAU Hon Chuen, GBS, JP, aged 62, obtained a LLB degree from the University of London and is a Solicitor of the High Court of the HKSAR, a China-Appointed Attesting Officer and a Notary Public, the Senior Partner of Messrs Chu and Lau, Solicitors & Notaries. 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. Mr. Lau is an independent non-executive director of a number of companies listed on the Main Board of the Stock Exchange including Glorious Sun Enterprises Limited, Guangzhou Investment Company Limited, GZI Transport Limited, The Hong Kong Parkview Group Limited, Wing Hang Bank Limited, Franshion Properties (China) Limited and Brightoil Petroleum (Holdings) Limited.

Mr. HUI Koon Man, Michael, JP, aged 67, joined the Group in December 2003. He graduated from The Chinese University of Hong Kong with a Bachelor degree in Social Science in 1969. He has more than 34 years' experience in the film industry as actor, script-writer, director and producer. Mr. Hui founded the Hui's Film Production Company Limited in 1975. Mr. Hui was awarded with the "Best Actor" by the Hong Kong Film Awards in 1982 and the "Best Performance Actor" by the American Film Institute in 1989. Mr. Hui is engaged in promoting the film making industry of Hong Kong and is the Consultant of Hong Kong Screen-Writers' Guild and the Honourary President of Hong Kong Performing Artistes' Guild for life.

SENIOR MANAGEMENT

Mr. WONG Kwan Lap, Chris, aged 62, is the Regional General Manager of the Group. Before joining the Group, he served as the Chief Operating Officer of Cosmedia Group Holdings Limited and the Executive Director of Carat China providing consultancy services 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 30 years.

Ms. TANG Man Wei, Juliana, aged 43, is the Corporate Sales Controller of the Group. Ms Tang has over 18 years extensive experience in media negotiation and buying for both national and local media in mainland China.

Biographies of Directors and Officers

Mr. TAM Yip Man, Rodney, aged 42, the inventor of Total Opportunity Marketing concept and techniques. He is the Executive Creative Director of the Group responsible for generating marketing ideas and creative strategies to empower the integrated services & creative execution quality of the Group. Rodney 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, Rodney 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.

Mr. WONG Ka Kong, Adam, aged 43, is the Acting Chief Financial Officer of the Group. He holds an Honors Diploma in Accounting in Lingnan College. Mr. Wong is a fellow member of Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Before joining the Group in June 2008, he worked in a big four accounting firm and held senior financial position in several listed groups.

Ms. WONG Lai Wah, aged 34, is the Finance Director and Company Secretary of the Group. Ms. Wong holds a Bachelor Degree of Business Administration majoring in Accountancy from The Hong Kong Polytechnic University. Ms. Wong is a member of the Hong Kong Institute of Certified Public Accountants. Before joining the Group in July 2009, she worked in a big four accounting firm.

Ms. ZHAO Hui Xia, aged 47, is the Public Relationship Officer of the Group. Before joining the Group in December 2003, she had over 20 years' experience in media industry by serving as a reporter, program producer, editor of radio stations such as Radio Guangdong, Voice of City and newspaper "Voice". Since 1997, Ms. Zhao has worked for the Group as a representative from Voice of City and Voice and has completed a number of public relation projects.

Corporate Governance Report

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

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

The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the Model 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 sixteen Directors, is responsible for supervising the management of the Group. Thirteen of the sixteen Directors are non-executive Directors with three of them being independent non-executive Directors.

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

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

Independent Non-executive Directors

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

Appointment, Re-election of Directors

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

In accordance with the Model 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 13 to 18.

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

Mr. Owyang Loong Shui, Ivan was appointed as non-executive Director on 28 April 2009. His appointment was recommended by Chief Executive Officer and considered and approved by the Board at a meeting at which twelve Directors were present (except Ms. Lee Kwei-Fen, Mr. Hung Hak Hip, Peter and Mr. Flynn Douglas Ronald). There was no other change in directorship during the year and up to the date of this report.

Chairman and Chief Executive Officer

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

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

Corporate Governance Report

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 2009, the Board held four regular board meetings and additional board meetings were held as and when necessary. The Directors participated in person or through electronic means of communication. The attendance of each Director is set out as follows:

Name of Director	Number of meetings attended/held
Executive Directors	
Dr. LEUNG Anita Fung Yee Maria *(Chief Executive Officer)*	8/8
Mr. YIU Yan Chi, Bernard	7/8
Mr. TSIANG Hoi Fong	8/8
Non-executive Directors	
Dr. Honourable WONG Yu Hong, Philip, GBS *(Chairman)*	8/8
Mr. PFITZNER Kym Richard	5/8
Mr. ZINGER Simon	3/8
Ms. LEE Kwei-Fen	1/8
Mr. HUNG Hak Hip, Peter	1/8
Mr. LIU Yuk Chi, David	7/8
Dr. WONG Ying Ho, Kennedy, BBS, JP	4/8
Mr. FLYNN Douglas Ronald	6/8
Ms. HO Chiu King, Pansy Catilina	2/8
Mr. OWYANG Loong Shui, Ivan	1/2*
Independent Non-executive Directors	
Mr. LAM Haw Shun, Dennis, JP	8/8
Mr. LAU Hon Chuen, GBS, JP	7/8
Mr. HUI Koon Man, Michael, JP	5/8

* Appointed on 28 April 2009 and only two Board meetings were held after his appointment as Director.

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 Model Code.

Remuneration Committee

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

Corporate Governance Report

During the year ended 30 September 2009, the Remuneration Committee held four meetings, with attendance record as follows:

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

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. Lam Haw Shun, Dennis, JP and other members are Mr. Lau Hon Chuen, GBS, JP and Mr. Liu Yuk Chi, David, the majority being independent non-executive Directors of the Company. The Audit Committee is to oversee the Group's financial reporting system and internal control procedures, and to review and monitor the external auditor's 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 2009, the Audit Committee held three meetings with attendance record as follows:

Name of member	Number of meetings attended/held
Mr. LAM Haw Shun, Dennis, JP *(Chairman)*	3/3
Mr. LAU Hon Chuen, GBS, JP	3/3
Mr. LIU Yuk Chi, David	3/3

At the meetings, the Audit Committee has reviewed the audited financial statements for the year ended 30 September 2008, the interim report for the six months ended 31 March 2009 and the one-off write-off of certain assets, including reimbursement receivables, certain inventories, advertising rights of printed media and certain deposits and prepayments amounted to HK$465,855,000 with senior management and the Company's external auditor. The Audit Committee has also reviewed the Group's accounting policies and practices, 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 2009, the remuneration to the auditor of the Company were approximately HK$1,168,000 for audit services and HK$342,000 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 2009, 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 2009. 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 2009 and reported the review and recommended procedures whereas no material control failure were noted.

Corporate Governance Report

The Group will continue to enhance the system to cope with the changes in the business environment.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Confirmations have been sought from all Directors that they have complied with the required standards set out in the Model Code throughout the year ended 30 September 2009. The Board has also adopted the Model Code as guidelines for relevant employees in respect of their dealings in the securities of the Company.

COMMUNICATION WITH SHAREHOLDERS

Effective communication

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

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

To further promote effective communication, the corporate website is maintained to disseminate Company 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 2009 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.

Report of the Directors

The Directors submit herewith their annual report together with the audited financial statements for the year ended 30 September 2009.

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 loss of the Group for the year ended 30 September 2009 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 45 to 125.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year are set out in note 25(a) 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 2009.

RESULTS AND RESERVES

The results of the Group for the year ended 30 September 2009 are set out in the consolidated income statement on page 45 of the annual report. The movements in reserves are out in note 25(b) to the financial statements.

An interim dividend in scrip form of HK0.5 cent per share with a cash option (2008: interim dividend in scrip form of HK3.3 cents per share with a cash option) was paid on 7 August 2009.

The Directors recommend the payment of a final scrip dividend for the year ended 30 September 2009 of HK0.88 cent per share (2008: Nil), 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.

Report of the Directors

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 January 2010 to 15 January 2010, both dates inclusive. To qualify for the proposed final dividend, all share transfers must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited of 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration no later than 4:00 pm on 11 January 2010.

CHARITABLE DONATIONS

During the year, the Group made donations of HK$662,000 (2008: HK$649,000) 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 126 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 23 to the financial statements.

BANK LOANS

Particulars of bank loans of the Group as at 30 September 2009 are set out in note 21 to the financial statements.

DIRECTORS

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

Executive Directors

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

Non-executive Directors

Dr. Honourable WONG Yu Hong, Philip, GBS *(Chairman)*
Mr. PFITZNER Kym Richard
Mr. ZINGER Simon
Ms. LEE Kwei-Fen
Mr. HUNG Hak Hip, Peter
Mr. LIU Yuk Chi, David
Dr. WONG Ying Ho, Kennedy, BBS, JP
Mr. FLYNN Douglas Ronald
Ms. HO Chiu King, Pansy Catilina
Mr. OWYANG Loong Shui, Ivan (appointed on 28 April 2009)

Independent Non-executive Directors

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

In accordance with Clause 95 of the Company's Articles of Association, Mr. Owyang Loong Shui, Ivan, who was appointed to the Board on 28 April 2009, will hold office until the forthcoming annual general meeting ("AGM"). Mr. Owyang will retire at the forthcoming AGM, and being eligible, offer himself for re-election.

In accordance with Clause 96(A) of the Company's Articles of Association, Mr. Yiu Yan Chi, Bernard, Dr. Wong Yu Hong, Philip GBS, Mr. Zinger Simon, Dr. Wong Ying Ho, Kennedy, BBS, JP, Mr. Lau Hon Chuen, GBS, JP, and Mr. Hui Koon Man, Michael, JP, will retire by rotation at the forthcoming AGM and eligible 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.

Subsequent to the date of report of directors, Mr. HUNG Hak Hip, Peter tendered his resignation as non-executive director of the Company with effect from 4 December, 2009. Following the said resignation, the number of directors of the Company has been reduced from sixteen to fifteen and the number of directors to retire by rotation pursuant to Clause 96(A) of the Company's Articles of Association has been reduced from six to five. Accordingly, Dr. Wong Yu Hong, Philip GBS, Mr. Zinger Simon, Dr. Wong Ying Ho, Kennedy, BBS, JP, Mr. Lau Hon Chuen, GBS, JP and Mr. Hui Koon Man, Michael, JP, being the longest serving directors of the Company, will retire by rotation at the AGM and being eligible, will offer themselves for re-election at the AGM.

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

At 30 September 2009, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(i) Interests in the Company

		Number of ordinary shares of the Company					
Name of director	Capacity	Personal interests	Family interests	Corporate interests	Total	Number of underlying shares	Per cent of total issued share capital of the Company as at 30 September 2009
Dr. Leung Anita Fung Yee Maria ("Dr. Leung")	Interests in controlled corporation and beneficial owner and interests of spouse	285,494	285,494	212,160,404 (Note 1)	212,731,392	—	29.61%
Dr. Honourable Wong Yu Hong, Philip, GBS ("Dr. Wong")	Interests of spouse and interests in controlled corporation and beneficial owner	285,494	14,564,683 (Note 2)	197,881,215 (Note 3)	212,731,392	—	29.61%
Mr. Yiu Yan Chi, Bernard	Beneficial owner	550,000	—	—	550,000	—	0.08%
Mr. Pfitzner Kym Richard	Beneficial owner	110,367	—	—	110,367	—	0.02%
Mr. Liu Yuk Chi, David	Beneficial owner	121,403	—	—	121,403	3,500,000 (Note 4)	0.50%
Mr. Owyang Loong Shui, Ivan	Beneficial owner	110,000	—	—	110,000	—	0.02%
Mr. Hui Koon Man, Michael, JP	Beneficial owner	456,534	—	—	456,534	—	0.06%

Notes:

1. The 212,160,404 shares are held as to 186,119,596 shares by Dynamic Master Developments Limited, 1,111,963 shares by Hunterland City Limited, 11,761,619 shares by Goodhold Limited and 13,167,226 shares by Up & Rise Limited. Dynamic Master Developments Limited is owned as to 53.07% and 32.76% by Goodhold Limited and Hunterland City Limited respectively. Dr. Leung is entitled to exercise control of 99.99% in Hunterland City Limited, 50% in Goodhold Limited and 100% in Up & Rise Limited and therefore is deemed to be interested in the 212,160,404 shares under the SFO.

2. The family interests of 14,564,683 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 13,167,226 shares held by Up & Rise Limited which are included in corporate interests of 212,160,404 shares held by Dr. Leung.

3. The 197,881,215 shares are held as to 186,119,596 shares by Dynamic Master Developments Limited and 11,761,619 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 197,881,215 shares under the SFO.

4. The 3,500,000 shares will be issued and allotted to Mr. Liu Yuk Chi, David as remuneration shares, credited as fully paid, upon completion of his first year of service on 31 Jannary 2010.

(ii) Share options of the Company

Directors	Date of Grant	Exercise Period	Closing price immediately before date of grant HK$	Exercise price per share before adjustment (Note 1) HK$	Exercise price per share after adjustment (Note 1) HK$	Number of share options: As at 1 October 2008	Number of share options: Adjustment during the year	Number of share options: As at 30 September 2009	Per cent of total issued share capital of the Company as at 30 September 2009
Mr. Yiu Yan Chi, Bemard	16 April 2008	16 April 2008 to 13 June 2014	4.50	4.53	4.12	1,241,692	124,169	1,365,861	0.19%
Mr. Tsiang Hoi Fong	15 March 2007	15 March 2007 to 13 June 2014	2.04	2.26	2.05	5,098,594	509,859	5,608,453	0.78%
Mr. Hung Hak Hip, Peter	6 March 2007	6 March 2007 to 13 June 2014	2.04	2.26	2.05	509,859	50,985	560,844	0.08%
Mr. Flynn Douglas Ronald	22 May 2008	22 May 2008 to 13 June 2014	5.46	5.65	5.14	620,846	62,084	682,930	0.10%
Ms. Ho Chiu King, Pansy Catilina	10 June 2008	10 June 2008 to 13 June 2014	5.16	5.65	5.14	620,846	62,084	682,930	0.10%
Mr. Lau Hon Chuen, GBS, JP	21 March 2007	21 March 2007 to 13 June 2014	2.09	2.26	2.05	509,859	50,985	560,844	0.08%
Mr. Lam Haw Shun, Dennis, JP	6 March 2007	6 March 2007 to 13 June 2014	2.04	2.26	2.05	509,859	50,985	560,844	0.08%
Employees	16 April 2008	16 April 2008 to 13 June 2014	4.50	4.53	4.12	1,241,692	124,169	1,365,861	0.19%
Total						10,353,247	1,035,320	11,388,567	

Notes:

1. The exercise price and number of outstanding share options were adjusted after the bonus issue of one share for every ten existing shares on 29 January 2009.
2. During the year ended 30 September 2009, no share options were granted, exercised, lapsed or cancelled under the Share Option Scheme.
3. These share options represent personal interest held by the Directors as beneficial owners.

(iii) Interests in associated corporations

Name of associated corporation	Name of director	Capacity	Class of shares	Number of shares of the associated corporation: Personal interests	Family interests	Corporate interests	Total	Per cent of total issued share capital of relevant class of associated corporation as at 30 September 2009
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	—	2 (Note 1)	100%
	Dr. Honourable WONG Yu Hong, Philip, GBS	Beneficial owner and interests of spouse	Class A (non-voting)	1	1	—	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	—	1 (Note 2)	2	100%
	Dr. Honourable WONG Yu Hong, Philip, GBS	Interests of spouse and interests in controlled corporation	Class A (non-voting)	—	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 Triglory Corporation, and therefore, Dr. Leung and Dr. Wong are deemed to be interested in this 1 share in QJY Publishing.

3. The family interests 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 2009, none of the Directors or chief executive of the Company or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

DIRECTORS' INTERESTS IN CONTRACTS

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

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

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

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

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

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

SHARE OPTION SCHEME

Pursuant to the written resolutions of the shareholders passed on 13 June 2004, the Company has established a share option scheme (the "Scheme") whereby the Directors of the Company may, at their discretion, invite any full time or part time employees and Directors, consultants and advisers 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 as the Board may determine which shall not be more than ten years from the date of grant of the option subject to the provisions of early termination thereof.

During the year ended 30 September 2009, no share options were granted to Directors and employees and no share options were exercised during the year. 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".

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 September 2009, the interests and short positions of those persons (other than a Director or chief executive of the Company disclosed above) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Nature of interest	Total number of ordinary shares held	Total number of underlying shares pursuant to convertible notes/ warrants held	Per cent of total issued share capital as at 30 September 2009	Notes
Dynamic Master Developments Limited	Beneficial owner	Beneficial interest	186,119,596	—	25.90%	1
Goodhold Limited	Interested in controlled corporation and beneficial owner	Corporate interest/ beneficial interest	197,881,215	—	27.54%	2
Hunterland City Limited	Interested in controlled corporation and beneficial owner	Corporate interest/ beneficial interest	187,231,559	—	26.06%	2
Aegis Media Asia Pacific Pte. Ltd.	Beneficial owner	Beneficial interest	98,267,915	—	13.68%	3
Aegis International Limited	Interested in controlled corporation	Corporate interest	98,267,915	—	13.68%	3
Aegis Group plc	Interested in controlled corporation	Corporate interest	98,267,915	—	13.68%	3
Smart Peace Investment Limited	Beneficial owner	Beneficial interest	—	58,479,532	8.14%	4
CCB International Asset Management Limited	Interested in controlled corporation	Corporate interest	—	58,479,532	8.14%	4
CCB Internaitonal Asset Management (Cayman) Limited	Interested in controlled corporation	Corporate interest	—	58,479,532	8.14%	4
CCB International (Holdings) Limited	Interested in controlled corporation	Corporate interest	—	58,479,532	8.14%	4

Report of the Directors

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 2009	Notes
CCB Financial Holdings Limited	Interested in controlled corporation	Corporate interest	—	58,479,532	8.14%	4
CCB Internaitonal Group Holdings Limited	Interested in controlled corporation	Corporate interest	—	58,479,532	8.14%	4
China Construction Bank Corporation	Interested in controlled corporation	Corporate interest	—	58,479,532	8.14%	4
Central SAFE Investments Limited	Interested in controlled corporation	Corporate interest	—	58,479,532	8.14%	4
Star Group International Investment Limited	Beneficial owner	Beneficial Interest	—	41,375,688	5.76%	5
Li Tak Tai Leada	Interested in controlled corporation	Corporate interest	—	41,375,688	5.76%	5

Notes:

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

2. The issued share capital of Dynamic Master Developments Limited is owned as to 53.07% and 32.76% by Goodhold Limited and Hunterland City Limited. As each of Goodhold Limited and Hunterland City Limited is entitled to exercise control over Dynamic Master Developments Limited, they are deemed to be interested in the 186,119,596 shares held by Dynamic Master Developments Limited under the SFO. In addition, Goodhold Limited directly holds 11,761,619 shares and Hunterland City Limited directly holds 1,111,963 shares.

3. According to the register kept under Section 336 of the SFO, Aegis Media Asia Pacific Pte. Ltd is the beneficial owner of 98,267,915 shares, which is a directly wholly owned subsidiary of Aegis International Ltd, a company incorporated in the United Kingdom. Aegis International Ltd. is a directly wholly owned subsidiary of Aegis Group plc which is a company listed on The London Stock Exchange. Accordingly, Aegis International Ltd. and Aegis Group plc are deemed to be interested in the 98,267,915 shares held by Aegis Media Asia Pacific Pte. Ltd. under the SFO.

   According to the branch register of members of the Company at 30 September 2009, Aegis Media Asia Pacific Pte. Ltd. was interested in 108,094,706. The increase of 9,826,791 shares held by Aegis Media Pacific Pte. Ltd. was attributable to the issue and allotment of bonus issue of one new share for every ten existing shares by the Company on 29 January 2009.

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 SAFE Investments Limited ("Central SAFE") has 59.31% control in CCBC. Accordingly, Central SAFE, CCBC, CCB Group, CCB Financial, CCB Holdings, CCB IAM Cayman and CCB IAM are deemed to be interested in the 58,479,532 underlying shares held by Smart Peace under the SFO.

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.

6. The terms of the convertible notes and warrants are set out in note 23 to the financial statements and the announcement made by the Company on 29 April 2009.

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 2009.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 30 September 2009, 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 *(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	2009: HK$266,000 (2008: HK$Nil)
Dr. Leung Anita Fung Yee Maria	10 May 2007	3 years commencing from 1 June 2007 *(Terminated on 1 June 2009)*	Unit 1209, 12/F, Block A, Centre Plaza, No 161 Linhe Xi Road, Tianhe District, Guangdong, the PRC	2009: HK$257,000 (2008:HK$374,000)
Huge Smart Asia Limited *(Note (b))*	10 May 2007	3 years commencing from 1 June 2007 *(Terminated on 1 October 2008)*	House No. 11, Phase 3(B), Regancy Park, No. 8 Yinhu Road, Luohu District, Shenzhen, Guangdong, the PRC	2009: HK$Nil (2008:HK$1,096,000)
Winco (Dongguan) Paper Products Co., Ltd *(Note (c))*	28 December 2006	3 years commencing from 1 January 2007	Certain blocks of factory and office buildings in Shitanbu Control Zone, Tangsha, Dongguan, Guangdong Province,	2009: HK$1,173,000 (2008:HK$1,136,000)

(a) Beli Yongfu Investment Consulting (Shenzhen) Co Ltd is a company wholly owned by Dr. Leung.

(b) Huge Smart Asia Limited is a company wholly owned by Dr. Leung and Dr. Wong.

(c) 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 78.8% (2008: 56.7%) and the largest customer accounted for approximately 20.0% (2008: 21.1%) of the Group's total turnover for the year ended 30 September 2009.

The aggregate purchase attributable to the Group's five largest suppliers accounted for approximately 55.9% (2008: 50.9%) and the largest supplier accounted for approximately 13.0% (2008: 13.2%) of the Group's total purchases for the year ended 30 September 2009.

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.

Report of the Directors

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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, 26 November 2009

Independent Auditor's Report

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 45 to 125, which comprise the consolidated and company balance sheets as at 30 September 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the 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.

Independent Auditor's Report (Continued)

AUDITOR'S RESPONSIBILITY *(continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Hong Kong, 26 November 2009

Consolidated Income Statement

For the year ended 30 September 2009
(Expressed in Hong Kong dollars)

	Note	2009 $'000	2008 $'000
Turnover	2	**226,129**	322,258
Direct costs		**(103,641)**	(89,823)
		122,488	232,435
Other revenue	3(a)	**3,912**	3,959
Other net income	3(b)	**7,083**	58,458
Impairment loss for intangible assets, reimbursements receivable, long term deposits and other receivables	4(c),13, 14,16	**(426,355)**	—
Write down of value of inventories	4(c),17	**(39,500)**	—
Administrative and other operating expenses		**(40,176)**	(58,042)
(Loss)/profit from operations		**(372,548)**	236,810
Change in fair value of derivative financial instruments	23	**9,357**	—
Finance costs	4(a)	**(26,116)**	(17,193)
(Loss)/profit before taxation	4	**(389,307)**	219,617
Income tax	5	**(1,154)**	(2,154)
(Loss)/profit for the year		**(390,461)**	217,463
Attributable to:			
Equity shareholders of the Company	25(b)	**(390,374)**	217,463
Minority interests	25(b)	**(87)**	—
(Loss)/profit for the year		**(390,461)**	217,463
Dividends payable to equity shareholders of the Company attributable to the year:	8		
Interim dividend declared during the year		**3,586**	22,350
Final dividend proposed after the balance sheet date		**6,323**	—
		9,909	22,350
(Loss)/earnings per share			
Basic	9(a)	**(55.96) cents**	32.28 cents
Diluted	9(b)	**N/A**	32.09 cents

The notes on pages 52 to 125 form part of these financial statements.

Consolidated Balance Sheet

At 30 September 2009
(Expressed in Hong Kong dollars)

	Note	2009 $'000	2008 $'000
Non-current assets			
Fixed assets	11	63,396	27,184
Intangible assets	13	638,600	424,528
Reimbursements receivable	14	—	91,626
Long term receivables	15	—	21,368
Long term deposits	16	—	13,447
Other asset		380	380
		702,376	578,533
Current assets			
Inventories	17	145,396	87,856
Accounts receivable	15	192,341	161,057
Reimbursements receivable	14	5,002	357,353
Prepayments, deposits and other receivables		102,216	120,093
Pledged deposits	19	191,525	107,255
Cash and cash equivalents	20	208,746	212,849
		845,226	1,046,463
Current liabilities			
Bank loans	21	(362,434)	(243,220)
Accruals and other payables		(135,134)	(92,340)
Current taxation		(9,576)	(8,382)
		(507,144)	(343,942)
Net current assets		338,082	702,521
Total assets less current liabilities		1,040,458	1,281,054

Consolidated Balance Sheet (continued)

At 30 September 2009
(Expressed in Hong Kong dollars)

	Note	2009 $'000	2008 $'000
Non-current liabilities			
Bank loans	21	**(55,958)**	(38,949)
Derivative financial instruments	22	**(57,011)**	—
Convertible notes	23	**(32,412)**	—
Deferred tax liability	5(c)	**(1,311)**	—
		(146,692)	(38,949)
NET ASSETS		**893,766**	1,242,105
CAPITAL AND RESERVES	25		
Share capital		**56,041**	48,502
Reserves		**837,023**	1,193,603
Total equity attributable to equity shareholders of the Company		**893,064**	1,242,105
Minority interests		**702**	—
TOTAL EQUITY		**893,766**	1,242,105

Approved and authorised for issue by the Board of Directors on 26 November 2009.

Leung Anita Fung Yee Maria
Director

Lam Haw Shun, Dennis
Director

The notes on pages 52 to 125 form part of these financial statements.

Balance Sheet

At 30 September 2009
(Expressed in Hong Kong dollars)

	Note	2009 $'000	2008 $'000
Non-current asset			
Interests in subsidiaries	12	60,943	60,943
Current assets			
Amounts due from subsidiaries	18	853,336	743,667
Prepayments and other receivables		5,719	1,950
Cash and cash equivalents	20	28,966	5,437
		888,021	751,054
Current liabilities			
Amounts due to subsidiaries	18	(14,924)	(13,381)
Accruals and other payables		(5,443)	(2,512)
		(20,367)	(15,893)
Net current assets		867,654	735,161
Total assets less current liabilities		928,597	796,104
Non-current liabilities			
Derivative financial instruments	22	(51,879)	—
Convertible notes	23	(32,412)	—
		(84,291)	—
NET ASSETS		844,306	796,104
CAPITAL AND RESERVES	25		
Share capital		56,041	48,502
Reserves		788,265	747,602
TOTAL EQUITY		844,306	796,104

Approved and authorised for issue by the Board of Directors on 26 November 2009.

Leung Anita Fung Yee Maria
Director

Lam Haw Shun, Dennis
Director

The notes on pages 52 to 125 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2009
(Expressed in Hong Kong dollars)

	Note	2009 $'000	2008 $'000
Total equity at the beginning of the year		**1,242,105**	897,405
Net loss recognised directly in equity:			
Cash flow hedge: effective portion of changes in fair value, net of deferred tax	25(b)	**(5,132)**	—
Exchange differences on translation of financial statements of PRC subsidiaries	25(b)	**708**	(7,343)
Net loss for the year recognised directly in equity		**(4,424)**	(7,343)
Net (loss)/profit for the year	25(b)	**(390,461)**	217,463
Total recognised income and expenses for the year		**(394,885)**	210,120
Attributable to:			
– Equity shareholders of the Company		**(394,798)**	210,120
– Minority interests		**(87)**	—
		(394,885)	210,120
Dividends declared or approved during the year	25(b)	**(3,586)**	(39,647)
Acquisition of subsidiaries		**789**	—
Movements in equity arising from capital transactions:			
Shares issued during the year			
– scrip dividends	25(b)	**1,759**	19,948
– share placement	25(b)	**44,224**	153,752
– shares issued under share option scheme	25(b)	**—**	2,304
– equity settled share-based transactions	25(b)	**3,360**	2,652
Shares repurchased during the year	25(b)	**—**	(4,429)
		49,343	174,227
Total equity at the end of the year		**893,766**	1,242,105

The notes on pages 52 to 125 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 September 2009
(Expressed in Hong Kong dollars)

	Note	2009		2008	
		$'000	$'000	$'000	$'000
Operating activities					
(Loss)/profit before taxation			(389,307)		219,617
Adjustments for:					
– Amortisation and depreciation			41,306		32,196
– Impairment loss for intangible assets			133,465		—
– Impairment loss for reimbursements receivable			247,271		—
– Impairment loss for other receivables			32,172		—
– Impairment loss for long term deposits			13,447		—
– Write down of value of inventories			39,500		—
– Change in fair value of derivative financial instruments			(9,357)		—
– Interest income			(3,484)		(3,903)
– Finance costs			26,116		17,193
– Loss on disposal of fixed assets			1,750		2
– Gain on disposal of a subsidiary			(8,299)		(1,304)
– Equity settled share-based transactions			3,360		2,652
– Exchange difference			706		(13,037)
Operating profit before changes in working capital			128,646		253,416
Increase in inventories		(97,040)		(16,473)	
Increase in accounts receivable		(9,916)		(53,468)	
Decrease / (increase) in reimbursements receivable		196,706		(136,780)	
Increase in prepayments, deposits and other receivables		(14,608)		(38,629)	
Increase in accruals and other payables		32,386		5,479	
			107,528		(239,871)
Net cash generated from operating activities			236,174		13,545

Consolidated Cash Flow Statement (continued)

For the year ended 30 September 2009
(Expressed in Hong Kong dollars)

	Note	2009 $'000	2009 $'000	2008 $'000	2008 $'000
Investing activities					
Acquisition of subsidiaries	27(a)	(15,378)		—	
Proceeds from disposal of a subsidiary	27(b)	10,168		2,430	
Proceeds from disposal of fixed assets		5,603		—	
Payment for purchase of fixed assets		(20,123)		(8,997)	
Payment for purchase of intangible assets		(373,052)		(224,001)	
Interest received		3,797		3,634	
Net cash used in investing activities			(388,985)		(226,934)
Financing activities					
Increase in pledged deposits		(84,270)		(47,428)	
Proceeds from bank loans		122,524		185,049	
Interests paid		(23,586)		(16,131)	
Net proceeds from convertible notes		91,643		—	
Proceeds from issuance of shares		46,287		159,250	
Expenses paid in connection with the issuance of shares		(2,063)		(5,498)	
Dividends paid		(1,827)		(19,699)	
Payment for repurchase of shares		—		(4,429)	
Exercise of share option		—		2,304	
Net cash generated from financing activities			148,708		253,418
Net (decrease)/increase in cash and cash equivalents			(4,103)		40,029
Cash and cash equivalents at the beginning of the year			212,849		168,705
Effect of foreign exchange rate changes			—		4,115
Cash and cash equivalents at the end of the year	20		208,746		212,849

The notes on pages 52 to 125 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued 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. However, none of these developments are relevant to the Group's or the Company's operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 32).

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 September 2009 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.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the financial statements *(continued)*

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in note 30.

(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 represent 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 for the year between minority interests and the equity shareholders of the Company.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Subsidiaries and minority interests *(continued)*

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(i)).

(d) 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(e)).

(e) 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 directly in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Fixed assets

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

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

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

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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)*

(g) 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(i)).

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.

(h) 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.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Impairment of assets

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

— fixed assets;

— intangible assets; and

— interests in subsidiaries.

Objective evidence of impairment includes observable data that 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 cost.

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

(i) Calculation of recoverable amount

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Impairment of assets *(continued)*

(ii) Recognition of impairment losses

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

(iii) Reversals of impairment losses

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

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

(j) Inventories

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

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

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

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) 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.

(l) Convertible notes

At initial recognition the derivative component of the convertible notes is measured at fair value and presented as part of derivative financial instruments (see note 1(d)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issue of the convertible notes are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Convertible notes *(continued)*

The derivative component is subsequently remeasured in accordance with note 1(d). 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.

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.

(m) 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.

(n) 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(r)(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.

(o) 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.

(p) 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.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Employee benefits *(continued)*

(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.

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 earnings).

(iv) Termination benefits

Termination benefits are recognised when, and 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.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) 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.

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

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

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Income tax *(continued)*

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.

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 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.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) 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(r)(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.

(ii) Provisions and contingent liabilities

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Revenue recognition

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

(i) Contract income

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

(ii) Service income

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

(iii) Licence fees

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

(iv) Costume rental

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

(v) Interest income

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Translation of foreign currencies

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

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

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

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

(u) Borrowing costs

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

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) 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.

(w) Segment reporting

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

2 TURNOVER AND SEGMENT REPORTING

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

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

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

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

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

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

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

	2009 $'000	2008 $'000
Marketing and advertising related income	169,059	197,378
TV program related income	53,105	72,231
Public relations service income	3,965	52,649
	226,129	322,258

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

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

3 OTHER REVENUE AND OTHER NET INCOME

	2009 $'000	2008 $'000
(a) Other revenue		
Interest income	3,484	3,903
Others	428	56
	3,912	3,959
(b) Other net income		
Net exchange gain	534	57,156
Gain on disposal of a subsidiary	8,299	1,304
Loss on disposal of fixed assets	(1,750)	(2)
	7,083	58,458

(Expressed in Hong Kong dollars)

4 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	2009 $'000	2008 $'000
(a) Finance costs:		
Interest on bank advances and other borrowings wholly repayable within five years	25,859	17,193
Interest on other borrowings wholly repayable after five years	243	—
Other interest expense	14	—
	26,116	17,193
(b) Staff costs:		
Salaries, wages and other benefits	11,255	10,060
Contributions to defined contribution retirement plans	462	292
	11,717	10,352
(c) Other items:		
Amortisation of intangible assets	33,731	25,351
Depreciation of fixed assets	7,575	6,845
Auditor's remuneration		
– Audit services	1,168	1,168
– Other services	342	292
Operating lease charges in respect of properties	11,898	10,182
Cost of inventories	5,375	4,643
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	—

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

4 (LOSS)/PROFIT BEFORE TAXATION *(continued)*

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 consider that a provision for impairment loss in respect of certain intangible assets (note 13), reimbursements receivable (note 14), long term deposits (note 16) and other receivables and a write down of value of certain inventories (note 17) are required during the year.

5 INCOME TAX

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

	2009	2008
	$'000	$'000
Current tax - Hong Kong Profits Tax		
Provision for the year	**—**	—
Current tax - outside Hong Kong		
Provision for the year	**1,199**	2,154
Deferred taxation		
Origination and reversal of temporary differences	**(45)**	—
	1,154	2,154

5 INCOME TAX *(continued)*

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

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

(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 33% on a deemed profit basis on their PRC sourced income for the period from 1 October 2007 to 31 December 2007 and 25% from 1 January 2008 onwards.

5 INCOME TAX *(continued)*

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

	2009 $'000	2008 $'000
(Loss)/profit before taxation	(389,307)	219,617
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits	(55,052)	24,639
Tax effect of non-deductible expenses	73,115	20,592
Tax effect of non-taxable income	(24,774)	(49,633)
Tax effect of unused tax losses not recognised	7,865	6,556
Actual tax expense	1,154	2,154

(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:	
As at 1 October 2007, 30 September 2008 and 1 October 2008	—
Acquisition of subsidiaries	1,356
Credited to profit or loss	(45)
At 30 September 2009	1,311

(d) Deferred tax asset not recognised:

The Group has not recognised deferred tax asset in respect of tax losses of $70,064,000 (2008: $54,418,000) 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, $54,999,000 (2008: $38,813,000) can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they were incurred, while the remaining tax losses do not expire under the current tax legislation.

6 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

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

	Directors' fees $'000	Basic salaries, other allowances and emolument $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Equity settled share-based transactions (note 25(b)) $'000	2009 Total $'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
Dr WONG Ying Ho, Kennedy, BBS, JP	100	—	4	—	—	104
Mr FLYNN Douglas Ronald	100	1,000	4	—	—	1,104
Ms HO Chiu King, Pancy 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

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

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

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

During the year ended 30 September 2009, three directors (2008: three) agreed to waive their emoluments totalling $300,000 (2008: $600,000).

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

The above analysis include three (2008: two) individuals whose emoluments are among the five highest paid individuals in the Group. Details of the emoluments paid to the remaining two (2008: three) individuals are:

	2009 $'000	2008 $'000
Basic salaries, housing and other allowances and benefits in kind	2,338	3,268
Retirement scheme contributions	12	30
	2,350	3,298

The emoluments of the individuals fell within the following bands:

	2009 Number of individuals	2008 Number of individuals
$0 - $1,000,000	—	—
$1,000,000 - $1,500,000	2	3
	2	3

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

7 (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated (loss)/profit attributable to equity shareholders of the Company includes a profit of $2,445,000 (2008: $11,557,000) which has been dealt with in the financial statements of the Company.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

8 DIVIDENDS

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

	2009 $'000	2008 $'000
Interim dividend declared and paid of 0.5 cent (2008: 3.3 cents) per share	3,586	22,350
Final dividend proposed after the balance sheet date of 0.88 cent (2008: nil cent) per share	6,323	—
	9,909	22,350

Interim scrip dividends declared during the years ended 30 September 2008 and 2009 were offered to shareholders with cash option. Details of dividends paid are disclosed in note 25(a)(ii).

The directors recommend a payment of final dividend of 0.88 cent (2008: nil cent) per share in respect of the year ended 30 September 2009. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

	2009 $'000	2008 $'000
Final dividend in respect of the previous financial year, approved and paid during the year of nil cent (2008: 2.5 cents) per share	—	17,297

9 (LOSS)/EARNINGS PER SHARE

The weighted average numbers of ordinary shares for the purpose of the calculation of basic (loss)/earnings per share for both years and diluted earnings per share for the year ended 30 September 2008 have been adjusted for the effect of ten existing shares for one bonus new share issued and allotted on 29 January 2009 (note 25(a)(iii)).

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

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of $390,374,000 (2008: profit of $217,463,000) and the weighted average number of 697,588,000 (2008 (adjusted): 673,573,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2009 '000	2008 '000
Issued ordinary shares at 1 October 2008/2007	684,000	640,671
Effect of placement of shares (note 25(a))	13,411	30,085
Effect of scrip dividends (note 25(a))	177	2,090
Effect of share options exercised (note 25(a))	—	870
Effect of shares repurchased (note 25(a))	—	(143)
Weighted average number of ordinary shares at 30 September	697,588	673,573

(b) Diluted (loss)/earnings per share

The calculation of diluted earnings per share for the year ended 30 September 2008 was based on the profit attributable to ordinary equity shareholders of the Company of $217,463,000 and the weighted average number of 677,630,000 ordinary shares after adjusting for the effect of dilutive potential ordinary shares.

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

Weighted average number of ordinary shares (diluted)

	2009 '000	2008 '000
Weighted average number of ordinary shares at 30 September	697,588	673,573
Effect of deemed issue of shares under the Company's share option scheme for nil consideration (note 24)	—	4,057
Weighted average number of ordinary shares (diluted) at 30 September	697,588	677,630

10 RETIREMENT BENEFIT SCHEMES

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

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

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

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 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**
Cost:						
At 1 October 2007	9,436	14,615	6,894	2,150	14,247	47,342
Exchange adjustments	—	1,317	777	87	1,106	3,287
Additions	—	4,250	4,630	44	73	8,997
Disposals	—	—	(3)	—	—	(3)
At 30 September 2008	9,436	20,182	12,298	2,281	15,426	59,623
Accumulated depreciation:						
At 1 October 2007	710	5,537	3,888	1,535	12,280	23,950
Exchange adjustments	—	433	221	30	961	1,645
Charge for the year	196	3,253	1,657	179	1,560	6,845
Written back on disposal	—	—	(1)	—	—	(1)
At 30 September 2008	906	9,223	5,765	1,744	14,801	32,439
Net book value:						
At 30 September 2008	8,530	10,959	6,533	537	625	27,184

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

11 FIXED ASSETS *(continued)*

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

	The Group	
	2009	2008
	$'000	$'000
In Macau under short-term lease	**13,382**	—
In Hong Kong under medium-term lease	**9,793**	3,117
In the PRC under long leases	**22,512**	5,413
	45,687	8,530

(b) Land and buildings held by certain subsidiaries with carrying value of $20,137,000 (2008: $5,413,000) were pledged as security for mortgage bank loans of $13,457,000 (2008: $3,626,000) (note 21).

12 INTERESTS IN SUBSIDIARIES

	The Company	
	2009	2008
	$'000	$'000
Unlisted shares, at cost	**60,943**	60,943

(Expressed in Hong Kong dollars)

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 Directly	Indirectly	Issued share capital/ registered capital	Principal activity
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

(Expressed in Hong Kong dollars)

12 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment	Place of operation	Proportion of attributable equity interest held Directly	Proportion of attributable equity interest held Indirectly	Issued share capital/ registered capital	Principal activity
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
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

(Expressed in Hong Kong dollars)

12 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment	Place of operation	Proportion of attributable equity interest held Directly	Proportion of attributable equity interest held Indirectly	Issued share capital/ registered capital	Principal activity
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

(Expressed in Hong Kong dollars)

12 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment	Place of operation	Proportion of attributable equity interest held Directly	Indirectly	Issued share capital/ registered capital	Principal activity
Sonic Wealth Investment Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel
Silver Knight Enterprises Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel
Triangle Marketing Services Company Limited	Hong Kong	Hong Kong	—	90%	$7,900	Provision of marketing, promotion & event management consultancy services
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

* 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 RMB100,000,000 of which RMB50,000,000 has been paid up as of 30 September 2009. The outstanding amount of RMB50,000,000 is due for contribution on or before December 2010.

13 INTANGIBLE ASSETS

	The Group					
	Purchased licence rights $'000	TV programs in progress $'000	Purchased advertising rights $'000	Customer contract costs $'000	Others $'000	Total $'000
Cost:						
At 1 October 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
Cost:						
At 1 October 2007	118,978	30,251	50,220	38,000	6,182	243,631
Additions	168,493	55,508	—	—	—	224,001
At 30 September 2008	287,471	85,759	50,220	38,000	6,182	467,632
Accumulated amortisation:						
At 1 October 2007	3,733	—	11,808	1,594	618	17,753
Charge for the year	7,567	—	12,804	4,671	309	25,351
At 30 September 2008	11,300	—	24,612	6,265	927	43,104
Net book value:						
At 30 September 2008	276,171	85,759	25,608	31,735	5,255	424,528

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(Expressed in Hong Kong dollars)

13 INTANGIBLE ASSETS *(continued)*

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

As mentioned in note 4, due to management's decision to reduce the Group's investments in production of TV programs with a long production cycle, a provision for an impairment loss totalling $133,465,000 (note 4) in respect of the Group's related TV programs in process, purchased advertising rights and other related intangible assets has been recognised during the year ended 30 September 2009 (2008: $Nil).

Purchased licence right with carrying value of $495,854,000 (2008: $Nil) as of 30 September 2009 have been pledged for convertible notes with outstanding principal amount of $100,000,000 (note 23).

14 REIMBURSEMENTS RECEIVABLE

	The Group	
	2009	2008
	$'000	$'000
Reimbursements receivable	**252,273**	448,979
Less: Impairment loss	**(247,271)**	—
	5,002	448,979
Less: Amount expected to be recovered after one year, included as non-current assets	**—**	(91,626)
	5,002	357,353

Reimbursements receivable represents funding advanced to production houses on behalf of advertising agencies for investment in the production of TV programs. As mentioned in note 4, 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 (2008: $Nil).

15 ACCOUNTS RECEIVABLE

	The Group	
	2009	2008
	$'000	$'000
Accounts receivable	**192,341**	182,425
Less: Amount expected to be recovered after one year, included as non-current assets	**—**	(21,368)
	192,341	161,057

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	
	2009	2008
	$'000	$'000
Current	**192,341**	161,057

The Group's credit policy is set out in note 26(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 2009 and 30 September 2008, no amounts of significant accounts receivable were individually determined to be doubtful or impaired.

As at 30 September 2009 and 30 September 2008, the Group assessed that of the total debtors and receivables, virtually all of them are neither past due nor impaired.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

16 LONG TERM DEPOSITS

On 24 October 2003, the Group entered into a co-operative agreement with Shanghai Yali Culture Communication Co., Ltd ("Shanghai Yali") (an independent third party) in respect of a piece of land in Dongguan in the PRC in connection with the construction of a production centre and the leasing arrangement of which upon its completion. Pursuant to the terms of the agreement, which was supplemented by four supplementary agreements signed during 2005 to 2007, the Group agreed to make instalment payments to Shanghai Yali totalling $30,000,000 on or before 30 November 2008, and in return the Group was granted the use of the production centre upon its completion for a period of 12 years. In addition, $3,000,000 deposit has been placed to Shanghai Yali to secure the right to purchase the property at 5% - 10% discount on its prevailing market value within the first 3 years after completion. As at 30 September 2008, the total progress payments including the said deposit that the Group has made to Shanghai Yali to secure the right to purchase the property at the discount amounted to $13,447,000.

As mentioned in note 4, as a result of the global economic turmoil occurred during the first half of the 2009 fiscal year, the Group has revised its TV program production business strategies and determined to reduce its investments in production of TV programs with a long production cycle. Accordingly, the Group has decided not to proceed with its investment plans in the production centre in Dongguan. The Group has also entered into an agreement with Shanghai Yali on 30 April 2009 which effectively terminated the co-operative agreement, pursuant to which, neither party had any other financial and legal liabilities or commitments towards the other party. Accordingly, the Group's progress payments including the said deposit made to Shanghai Yali totalling $13,447,000 has become irrecoverable and has been fully written off in the financial statements during the year ended 30 September 2009.

(Expressed in Hong Kong dollars)

17 INVENTORIES

The inventories as at 30 September 2009 represent the cost of acquisition of certain scripts, synopses and editing rights. They are carried at the lower of cost and net realisable value.

As mentioned in note 4, 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 (2008: $Nil).

18 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

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

19 PLEDGED DEPOSITS

The balance represents bank deposits pledged as security for banking facilities (note 21).

20 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Deposits with banks and other financial institutions	**43,403**	178,114	**—**	—
Cash at bank and in hand	**165,343**	34,735	**28,966**	5,437
Cash and cash equivalents in the balance sheets	**208,746**	212,849	**28,966**	5,437

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

21 BANK LOANS

	The Group	
	2009	2008
	$'000	$'000
Secured bank loans		
Current portion	361,637	243,044
Non-current portion	43,298	35,499
	404,935	278,543
Mortgage bank loans		
Current portion	797	176
Non-current portion	12,660	3,450
	13,457	3,626
	418,392	282,169

21 BANK LOANS *(continued)*

	The Group	
	2009	2008
	$'000	$'000
Repayable as follows:		
- Within 1 year or on demand	**362,434**	243,220
- After 1 year but within 2 years	**40,779**	21,552
- After 2 years but within 5 years	**5,886**	14,735
- After 5 years	**9,293**	2,662
	55,958	38,949
	418,392	282,169

At 30 September 2009, certain bank loan facilities were secured by pledged deposits of $191,525,000 (2008: $107,255,000) (note 19) and the corporate guarantee provided by the Company and its subsidiary as, totalling $497,922,000 (2008: $464,299,000) were utilised to the extent of $404,935,000 (2008: $278,543,000) at year end.

At 30 September 2009, mortgage bank loans of $13,457,000 (2008: $3,626,000) were secured by the Group's land and buildings with carrying value of $20,137,000 (2008: $5,413,000) (note 11), and the corporate guarantee provided by the Company.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

22 DERIVATIVE FINANCIAL INSTRUMENTS

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Derivative financial liabilities				
Conversion option of convertible notes (note 23)	**50,732**	—	**50,732**	—
Redemption option of convertible notes (notes 23)	**1,147**	—	**1,147**	—
Cash flow hedges:				
- cross currency interest rate swap contracts	**5,132**	—	**—**	—
	57,011	—	**51,879**	—

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 2009 were RMB50,000,000 (2008: Nil). 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.

23 CONVERTIBLE NOTES

	The Group and the Company			
	Liability	Conversion option (note 22)	Redemption option (note 22)	Total
	$'000	$'000	$'000	$'000
At 1 October 2007 and 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**

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

On 15 May 2009 and 7 August 2009, two tranches of unlisted convertible notes 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 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.

The 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 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 Notes, require the Company to redeem in whole or in part of the 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 Notes, respectively.

23 CONVERTIBLE NOTES *(continued)*

The Notes are convertible into the Company's ordinary shares at any time the day falling on 180th days after the date of issue of the Notes up to the fifth business day prior to the maturity date at a conversion price of $1.71 per share (subject to reset and adjustment).

The net proceeds received from the issue of the 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 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 Note, but without the conversion option. The effective interest rate of the liability component of the two tranches of the Notes are 46.6% and 37.3%, respectively (2008: Nil).

ii) Conversion option of the Notes to be accounted for as a separate financial liability represent 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 Smart Peace's option to early redeem all or part of the Notes. Smart Peace is allowed to redeem the Notes at any time after one year from the issue date of respective tranche of the Notes.

The entire amount of issued share capital of certain subsidiaries held by the Company are pledged for convertible notes issued to Smart Peace with outstanding principal amount of $100,000,000 (2008: $Nil). Aggregated net assets held by those subsidiaries amounted to $144,236,000 (2008: $Nil) which consist of purchased licence rights with carrying value of $495,854,000 (2008: $Nil) as of 30 September 2009.

24 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)

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

(a) The terms and conditions of the share option grants that existed during the year ended 30 September 2009 are as follows:

Date granted	Exercise period	Adjusted/original exercise price (note)	Number of options 2009	Number of options 2008
Options granted to directors				
28 February 2007	28 February 2007 to 13 June 2014	$2.05/$2.26	—	254,930
2 March 2007	2 March 2007 to 13 June 2014	$2.05/$2.26	—	254,929
6 March 2007	6 March 2007 to 13 June 2014	$2.05/$2.26	1,121,688	1,529,577
15 March 2007	15 March 2007 to 13 June 2014	$2.05/$2.26	5,608,453	5,098,594
21 March 2007	21 March 2007 to 13 June 2014	$2.05/$2.26	560,844	509,859
16 April 2008	16 April 2008 to 13 June 2014	$4.12/$4.53	1,365,861	1,241,692
22 May 2008	22 May 2008 to 13 June 2014	$5.14/$5.65	682,930	620,846
10 June 2008	10 June 2008 to 13 June 2014	$5.14/$5.65	682,930	620,846
Options granted to an employee				
16 April 2008	16 April 2008 to 13 June 2014	$4.12/$4.53	1,365,861	1,241,692
Total share options			11,388,567	11,372,965

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 25(a)(iii)).

(Expressed in Hong Kong dollars)

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

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

	2009		2008	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at 1 October 2008/2007	**$3.21**	**10,353,247**	$2.26	7,647,889
Adjustment arising from bonus issue (note 25(a)(iii))	**—**	**1,035,320**	—	—
Granted during the year	**—**	**—**	$4.90	3,725,076
Exercised during the year	**—**	**—**	$2.26	(1,019,718)
Outstanding at 30 September	**$2.92**	**11,388,567**	$3.21	10,353,247
Exercisable at 30 September	**$2.92**	**11,388,567**	$3.21	10,353,247

No options were forfeited or expired during the year (2008: Nil). All the share options outstanding as at 30 September 2009 and 2008 are exercisable.

The weighted average share price at the date of exercise for share options exercised during the year was $Nil (2008: $4.78).

All the options outstanding at 30 September 2009 had a weighted average remaining contractual life of 4.7 years (2008: 5.7 years).

(c) 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.

25 CAPITAL AND RESERVES

(a) Share capital

	Note	2009 Number of shares '000	2009 Amount $'000	2008 Number of shares '000	2008 Amount $'000
Authorised:					
Ordinary shares of US$0.01 each		800,000	62,400	800,000	62,400
Issued and fully paid:					
At 1 October		621,819	48,502	582,428	45,429
Placement of shares	(i)	33,300	2,597	35,000	2,730
Shares issued as scrip dividend	(ii)	1,174	92	4,599	359
Shares issued as bonus shares	(iii)	62,181	4,850	—	—
Shares issued under share options scheme	(iv)	—	—	1,020	79
Shares repurchased	(v)	—	—	(1,228)	(95)
At 30 September		718,474	56,041	621,819	48,502

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

25 CAPITAL AND RESERVES *(continued)*

(a) Share capital *(continued)*

Notes:

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

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 to finance the acquisition of the Group's adaption rights in novels and scripts, original concepts of TV programs, license rights of TV programs, advertising agency rights in media, including TV channels and properties for self use. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

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

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

On 7 August 2009, the Company issued and allotted 1,173,034 ordinary shares of US$0.01 each at $1.50 per share 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.

(Expressed in Hong Kong dollars)

25 CAPITAL AND RESERVES *(continued)*

(a) Share capital *(continued)*

Notes: *(continued)*

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

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

Exercise period	Adjusted/ original exercise price	Number of options outstanding 2009	2008
6 March 2007 to 13 June 2014	$2.05/$2.26	**1,121,688**	1,019,718
15 March 2007 to 13 June 2014	$2.05/$2.26	**5,608,453**	5,098,594
21 March 2007 to 13 June 2014	$2.05/$2.26	**560,844**	509,859
16 April 2008 to 13 June 2014	$4.12/$4.53	**2,731,722**	2,483,384
22 May 2008 to 13 June 2014	$5.14/$5.65	**682,930**	620,846
10 June 2008 to 13 June 2014	$5.14/$5.65	**682,930**	620,846
Outstanding at 30 September		**11,388,567**	10,353,247

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 24 to the financial statements.

25 CAPITAL AND RESERVES *(continued)*

(a) Share capital *(continued)*

Notes: *(continued)*

(v) Repurchase of own shares

During the year ended 30 September 2008, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

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

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to Companies Law (2007 Revision) of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of $95,000 was transferred from retained earnings to the capital redemption reserve. The premium on the repurchase of the shares of $4,317,000 and expenses incurred on the repurchase of $17,000 were charged to share premium account in the year ended 30 September 2008.

25 CAPITAL AND RESERVES *(continued)*

(b) The Group

	Attributable to equity shareholders of the Company										
	Share capital $'000	Share premium $'000	General reserve $'000	Capital redemption reserve $'000	Capital reserve $'000	Exchange reserve $'000	Hedging reserve $'000	Retained earnings $'000	Total $'000	Minority interests $'000	Total $'000
At 1 October 2007	45,429	512,110	666	–	136	(4,985)	–	344,049	897,405	–	897,405
Profit for the year	–	–	–	–	–	–	–	217,463	217,463	–	217,463
Dividends approved in respect of the previous year (notes 8(b) and 25(a)(ii))	187	9,526	–	–	–	–	–	(17,297)	(7,584)	–	(7,584)
Dividends declared in respect of the current year (notes 8(a) and 25(a)(ii))	172	10,063	–	–	–	–	–	(22,350)	(12,115)	–	(12,115)
Exchange differences on translation of financial statements of PRC subsidiaries	–	–	–	–	–	(7,343)	–	–	(7,343)	–	(7,343)
Exercise of share options (note 25(a)(iv))	79	2,451	–	–	(226)	–	–	–	2,304	–	2,304
Placement of shares (note 25(a)(i))	2,730	156,520	–	–	–	–	–	–	159,250	–	159,250
Share issuance costs	–	(5,498)	–	–	–	–	–	–	(5,498)	–	(5,498)
Equity settled share-based transactions (notes 6 and 25(a)(iv))	–	–	–	–	2,652	–	–	–	2,652	–	2,652
Repurchase of shares (note 25(a)(v))	(95)	(4,317)	–	95	–	–	–	(95)	(4,412)	–	(4,412)
Share repurchase expenses (note 25(a)(v))	–	(17)	–	–	–	–	–	–	(17)	–	(17)
At 30 September 2008	48,502	680,838	666	95	2,562	(12,328)	–	521,770	1,242,105	–	1,242,105

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

25 CAPITAL AND RESERVES *(continued)*

(b) The Group *(continued)*

	Attributable to equity shareholders of the Company										
	Share capital $'000	Share premium $'000	General reserve $'000	Capital redemption reserve $'000	Capital reserve $'000	Exchange reserve $'000	Hedging 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
Loss for the year	—	—	—	—	—	—	—	(390,374)	(390,374)	(87)	(390,461)
Dividends declared in respect of the current year (notes 8(a) and 25(a)(ii))	92	1,667	—	—	—	—	—	(3,586)	(1,827)	—	(1,827)
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	789	789
Exchange differences on translation of financial statements of PRC subsidiaries	—	—	—	—	—	708	—	—	708	—	708
Placement of shares (note 25(a)(i))	2,597	41,627	—	—	—	—	—	—	44,224	—	44,224
Cash flow hedge: effective portion of changes in fair value, net of deferred tax	—	—	—	—	—	—	(5,132)	—	(5,132)	—	(5,132)
Equity settled share-based transactions (notes 6 and 24(c))	—	—	—	—	3,360	—	—	—	3,360	—	3,360
Bonus issue (note 25(a)(iii))	4,850	(4,850)	—	—	—	—	—	—	—	—	—
At 30 September 2009	**56,041**	**719,282**	**666**	**95**	**5,922**	**(11,620)**	**(5,132)**	**127,810**	**893,064**	**702**	**893,766**

(Expressed in Hong Kong dollars)

25 CAPITAL AND RESERVES *(continued)*

(c) The Company

	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Contributed surplus $'000	Retained earnings $'000	Total $'000
At 1 October 2007	45,429	512,110	—	1,696	59,382	31,350	649,967
Profit for the year	—	—	—	—	—	11,557	11,557
Dividends approved in respect of the previous year (notes 8(b) and 25(a)(ii))	187	9,526	—	—	—	(17,297)	(7,584)
Dividends declared in respect of the current year (notes 8(a) and 25(a)(ii))	172	10,063	—	—	—	(22,350)	(12,115)
Exercise of share options (note 25(a)(iv))	79	2,451	—	(226)	—	—	2,304
Placement of shares (note 25(a)(i))	2,730	156,520	—	—	—	—	159,250
Share issuance costs	—	(5,498)	—	—	—	—	(5,498)
Equity settled share-based transactions (notes 6 and 25(a)(iv))	—	—	—	2,652	—	—	2,652
Repurchase of shares (note 25(a)(v))	(95)	(4,317)	95	—	—	(95)	(4,412)
Share repurchase expenses (note 25(a)(v))	—	(17)	—	—	—	—	(17)
At 30 September 2008	48,502	680,838	95	4,122	59,382	3,165	796,104

25 CAPITAL AND RESERVES *(continued)*

(c) The Company *(continued)*

	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Contributed surplus $'000	Retained earnings $'000	Total $'000
At 1 October 2008	48,502	680,838	95	4,122	59,382	3,165	796,104
Profit for the year	—	—	—	—	—	2,445	2,445
Dividends declared in respect of the current year (notes 8(a) and 25(a)(ii))	92	1,667	—	—	—	(3,586)	(1,827)
Placement of shares (note 25(a)(i))	2,597	41,627	—	—	—	—	44,224
Equity settled share-based transactions (notes 6 and 24(c))	—	—	—	3,360	—	—	3,360
Bonus issue (note 25(a)(iii))	4,850	(4,850)	—	—	—	—	—
At 30 September 2009	**56,041**	**719,282**	**95**	**7,482**	**59,382**	**2,024**	**844,306**

(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.

(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.

25 CAPITAL AND RESERVES *(continued)*

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

(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(p)(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(t).

(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(e).

(e) Distributability of reserves

At 30 September 2009, the aggregate amount of reserves available for distribution to equity shareholders of the Company was $788,265,000 (2008: $747,602,000), subject to the restriction stated in note 25(d)(i) above. After the balance sheet date the directors proposed a final dividend of 0.88 cent (2008: nil cent) per ordinary share, amounting to $6,323,000 (2008: $nil). This dividend has not been recognised as a liability at the balance sheet date.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

25 CAPITAL AND RESERVES *(continued)*

(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.

The net debt-to-equity ratio at 30 September 2009 and 2008 was as follows:

	Note	2009 $'000	2008 $'000
Secured bank loans	21	404,935	278,543
Mortgage bank loans	21	13,457	3,626
Convertible notes	23	32,412	—
Total loans		450,804	282,169
Less: Pledged deposits		(191,525)	(107,255)
Net debts		259,279	174,914
Total equity		893,766	1,242,105
Net debt-to-equity ratio		29.01%	14.08%

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

26 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.

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 33% (2008: 29%) and 88% (2008: 67%) 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 15.

(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.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

26 FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk *(continued)*

(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.

(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.

26 FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk *(continued)*

The Group

	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	8,075	125,373	—
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
Accruals 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	51,552	134,658	10,346

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

26 FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk *(continued)*

The Company

	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	8,075	125,373	—
Accruals and other payables	5,443	5,443	5,443	—	—	—
	37,855	148,241	14,793	8,075	125,373	—

	2008					
	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000
Convertible notes	—	—	—	—	—	—
Accruals and other payables	2,512	2,512	2,512	—	—	—
	2,512	2,512	2,512	—	—	—

26 FINANCIAL INSTRUMENTS *(continued)*

(c) Interest rate risk

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

	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

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

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

26 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 21). At 30 September 2009, the Group had cross currency interest rate swap contracts with aggregate notional amounts of RMB50 million (2008: Nil), 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 21) and have fixed swap interest rate of 3.6% (2008: Nil) per annum. The net fair value of such swap contracts entered into by the Group at 30 September 2009 amounted to $5,132,000 (2008: Nil) (derivative financial liabilities). These amounts are recognised as derivative financial instruments at 30 September 2009 (see note 22).

(ii) Sensitivity analysis

Assuming that the interest rates had increased/decreased by not more than 100 basis points (2008: 100 basis points) at 30 September 2009 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 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.

26 FINANCIAL INSTRUMENTS *(continued)*

(d) Foreign currency risk

The Group's primary foreign currency exposures arise mainly from its media services and advertising related services in the PRC. During the year, total exchange gain mainly arising from the translation of financial statements of subsidiaries in the PRC amounted to $708,000 (2008: a loss of $7,343,000) 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 migrate the foreign currency risk arising from the exposure of Renminbi against Hong Kong dollars.

(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.

	2009 RMB'000	2008 RMB'000
Accounts receivable	106,776	117,358
Reimbursements receivable	4,400	394,950
	111,176	512,308

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) which was entered into between the Group and a counterparty bank during the year, details of which are set out in note 26(c)(i) above.

26 FINANCIAL INSTRUMENTS *(continued)*

(d) Foreign currency risk *(continued)*

(ii) Sensitivity analysis

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

— 5% increase/decrease in the foreign exchange rate of HKD against RMB will decrease/increase the Group's loss by approximately $5.6 million (2008: $25.6 million) and increase/decrease the Group's total equity by approximately $5.6 million (2008: $25.6 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.

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 2008.

(e) Fair values

All financial instruments are carried at amounts not materially different from their values as at 30 September 2009 and 2008.

(Expressed in Hong Kong dollars)

26 FINANCIAL INSTRUMENTS *(continued)*

(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 embedded in the convertible notes is measured using a binomial option pricing model.

Fair value of conversion options and assumptions	2009 Tranche 1 Smart Peace Note	2009 Tranche 2 Smart Peace Note
Share price	$1.57	$1.57
Initial conversion price	$1.71	$1.71
Expected volatility	49.38%	48.61%
Option life	4.62 years	4.85 years
Expected dividend yield	0%	0%
Risk-free interest rate	1.65%	1.70%

26 FINANCIAL INSTRUMENTS *(continued)*

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

(i) Derivative financial instruments *(continued)*

Fair value of redemption options and assumptions	**2009 Tranche 1 Smart Peace Note**	**2009 Tranche 2 Smart Peace Note**
Exercise price	**Early redemption price**	**Early redemption price**
Option life	**4.62 years**	**4.85 years**
Risk-free interest rate	**1.65%**	**1.70%**

The Group does not have derivative financial instruments as at 30 September 2008.

(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.

27 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

During the year ended 30 September 2009, the Group entered into several agreements with certain parties in relation to the acquisition of subsidiaries which are engaged in investment holding and provision of marketing, promotion and event management consultancy services.

	The Group	
	2009	2008
	$'000	$'000
Net assets acquired:		
Intangible assets	**8,216**	—
Fixed assets	**22,656**	—
Prepayments, deposits and other receivables	**12**	—
Cash and cash equivalents	**230**	—
Bank loans	**(3,478)**	—
Deferred tax liability	**(1,356)**	—
Net identifiable assets and liabilities	**26,280**	—
Minority interests	**(789)**	—
Acquisition of net assets attributable to the Group	**25,491**	—
Less: Consideration paid	**(15,608)**	—
Consideration payable	**9,883**	—
Net cash outflow arising on acquisition:		
Cash consideration paid	**(15,608)**	—
Cash and cash equivalents acquired	**230**	—
	(15,378)	—

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

27 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Disposal of a subsidiary

Details of the subsidiary disposed of during the year are set out below:

	The Group	
	2009	2008
	$'000	$'000
Fixed assets	**5,335**	3,509
Prepayment, deposits and other receivables	**12**	7
Cash and cash equivalents	**230**	70
Accruals and other payables	**—**	(73)
Bank loans	**(3,478)**	(2,317)
	2,099	1,196
Net gain on disposal of a subsidiary	**8,299**	1,304
Total consideration received	**10,398**	2,500
Net cash inflow arising on disposal:		
Cash consideration received	**10,398**	2,500
Cash and cash equivalents disposed of	**(230)**	(70)
	10,168	2,430

28 COMMITMENTS

(a) Commitments under operating leases

At 30 September 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2009	2008
	$'000	$'000
Within one year	**8,909**	11,873
After one year but within five years	**13,490**	13,717
	22,399	25,590

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 2009 not provided for in the financial statements were as follows:

	The Group	
	2009	2008
	$'000	$'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 2009, an amount of $11,373,000 was entered into with two of the Group's key management personnel.

28 COMMITMENTS *(continued)*

(c) Other commitments

In addition to the commitments relating to the long term deposits as disclosed in note 16, the Group's other commitments at 30 September 2009 were as follows:

(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 2009, the Group did not procure any funding for the production of TV programs (2008: Nil). The total funding required for the remaining 5,713 hours (2008: 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 2009.

During the year ended 30 September 2009, 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 (2008: 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:

	2009	2008
	$'000	$'000
Within one year	**186,268**	117,306
After one year but within five years	**568,122**	696,568
After five years	**187,572**	501,640
	941,962	1,315,514

29 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. 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 $1,173,000 (2008: $1,136,000) for the year ended 30 September 2009.

(b) On 10 May 2007, the Group entered into a leasing agreement with Dr. Leung to lease a property located at Guangzhou, the PRC, 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 (2008: $374,000) for the year ended 30 September 2009.

(c) On 10 May 2007, the Group entered into a leasing agreement with Huge Smart Asia Limited ("Huge Smart"), a company wholly owned by Dr. Leung and Dr. Wong, to lease a property located at Shenzhen, the PRC, at an annual rental of RMB996,000 for a term of three years from 1 June 2007 to 31 May 2010. The lease has been terminated on 1 October 2008. Rental expenses paid to Huge Smart amounted to $1,096,000 for the year ended 30 September 2008.

(d) On 26 September 2009, the Group entered into a leasing agreement 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 $266,000 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 6.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

30 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.

31 NON-ADJUSTING POST BALANCE SHEET EVENTS

On 28 April 2009, the Company entered into subscription agreement with Star Group International Investment Limited ("Star Group"), pursuant to which the Company agreed to issue up to $50,000,000 unlisted convertible notes and unlisted warrants to Star Group. After the balance sheet date, the Company issued unlisted convertible notes with a principal amount of $25,000,000 and unlisted warrants with exercise monies of not more than $12,500,000 to Star Group.

(Expressed in Hong Kong dollars)

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 30 SEPTEMBER 2009

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 2009 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
HKFRS 8, *Operating segments*	1 January 2009
HKAS 1 (Revised), *Presentation of financial statements*	1 January 2009
HKFRS 3 (Revised), *Business combinations*	1 July 2009
HKAS 27 (Revised), *Consolidated and separate financial statements*	1 July 2009
Amendments to HKAS 39, *Financial instruments: Recognition and measurement: Eligible hedged items*	1 July 2009
HK(IFRIC) 17, *Distributions of non-cash assets to owners*	1 July 2009
Improvements to HKFRSs 2009	1 July 2009 or 1 January 2010

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)

	2005 $'000	2006 $'000	2007 $'000	2008 $'000	**2009 $'000**
INCOME STATEMENT					
Turnover	106,300	125,062	196,949	322,258	**226,129**
(Loss)/profit before taxation	68,477	83,976	140,095	219,617	**(389,307)**
Income tax	(2,230)	(371)	(696)	(2,154)	**(1,154)**
(Loss)/profit after taxation	66,247	83,605	139,399	217,463	**(390,461)**
Attributable to:					
Equity shareholders of the Company	66,247	83,605	139,399	217,463	**(390,374)**
Minority interests	—	—	—	—	**(87)**
Dividends	13,990	18,314	31,760	22,350	**9,909**
(Loss)/earnings per share (note)					
– Basic (cents)	14.70	15.65	23.77	32.28	**(55.96)**
– Diluted (cents)	N/A	N/A	23.73	32.09	**N/A**
BALANCE SHEET					
Fixed assets	22,562	30,038	23,392	27,184	**63,396**
Intangible assets	19,030	70,032	225,878	424,528	**638,600**
Long term reimbursements receivable	41,058	64,275	41,484	91,626	**—**
Long term receivables	15,640	9,707	695	21,368	**—**
Long term deposits	13,447	13,447	13,447	13,447	**—**
Other asset	380	380	380	380	**380**
Net current assets	273,859	351,250	595,772	702,521	**338,082**
Non-current liabilities	(6,275)	(6,102)	(3,643)	(38,949)	**(146,692)**
Net assets	379,701	533,027	897,405	1,242,105	**893,766**
Total equity attributable to equity shareholders of the Company	379,701	533,027	897,405	1,242,105	**893,064**
Minority interests	—	—	—	—	**702**
Total equity	379,701	533,027	897,405	1,242,105	**893,766**

Note: Basic and dulited earnings/ (loss) per share for the years ended 30 September 2005, 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.