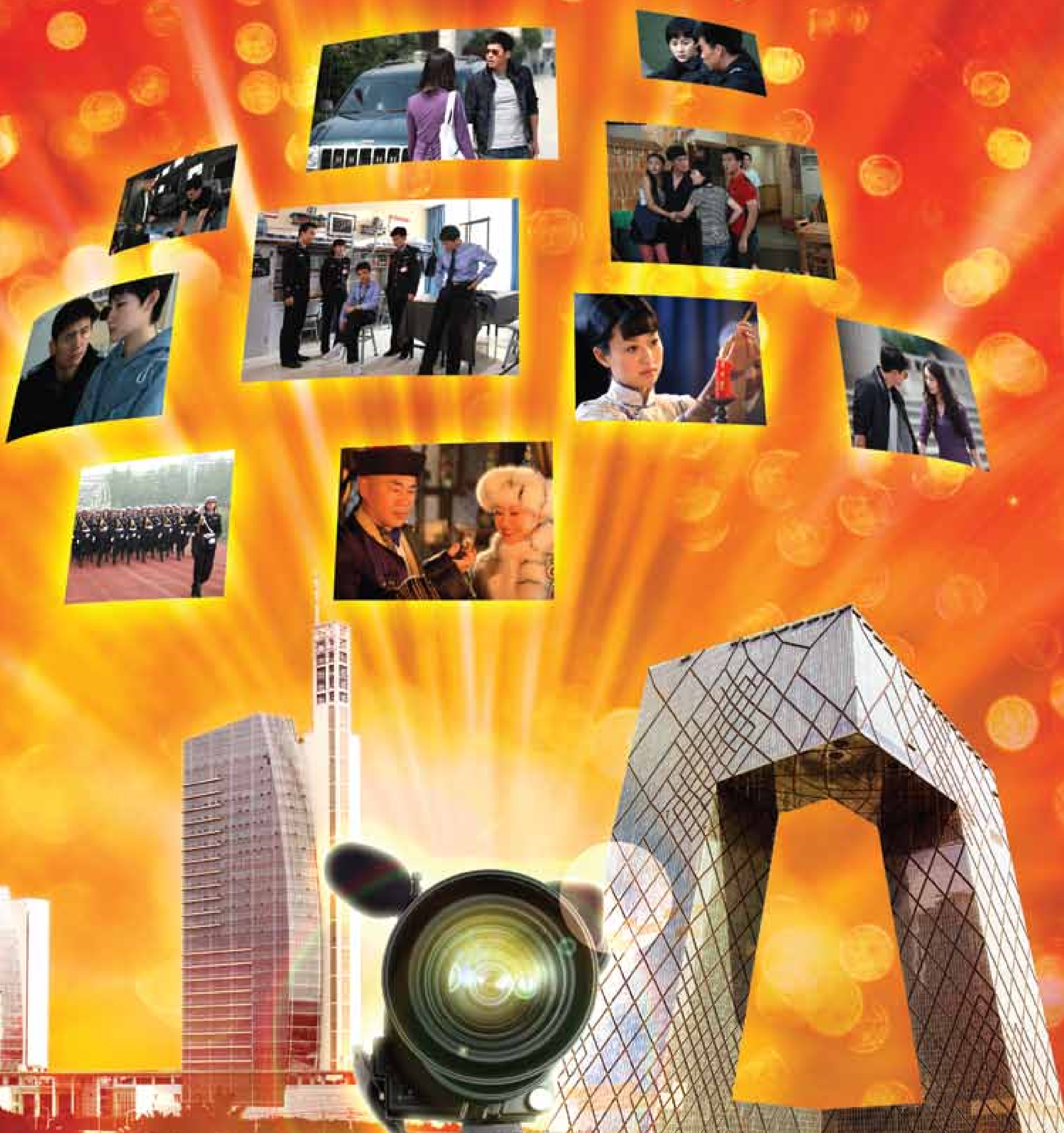
Qin Jia Yuan Media Services Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 2366)

2011 Annual Report

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Corporate Information

Board of Directors

Executive Directors

Dr. LEUNG Anita Fung Yee Maria
(Chief Executive Officer)
Mr. TSE Wai Kuen, Gary
(Chief Operating Officer)
(resigned on 24 June 2011)
Mr. YIU Yan Chi, Bernard
Mr. TSIANG Hoi Fong
Mr. YEUNG Ching Wan
(Chief Financial Officer)
(appointed on 1 December 2010)

Non-Executive Directors

Dr. Honourable WONG Yu Hong, Philip, GBS *(Chairman)*
Mr. LIU Yuk Chi, David *(Vice Chairman)*
Dr. WONG Ying Ho, Kennedy, BBS, JP
(resigned on 29 November 2010)
Mr. LAM Haw Shun, Dennis, JP
Ms. HO Chiu King, Pansy Catilina
Mr. FLYNN Douglas Ronald
Mr. OWYANG Loong Shui, Ivan
Mr. Stanley Emmett THOMAS
Mr. Lincoln PAN Lin Feng
Mr. Peter Alphonse ZALDIVAR
Dr. LIN Junbo (appointed on 17 May 2011)
Mr. SU Xiao Shan (resigned on 17 May 2011)

Independent Non-Executive Directors

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

Audit Committee

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

Remuneration Committee

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

Authorised Representatives

Dr. LEUNG Anita Fung Yee Maria
Mr. NG Chit Sing
(resigned on 30 September 2011)
Mr. TSIANG Hoi Fong
(appointed on 30 September 2011)

Company Secretary

Mr. NG Chit Sing
(resigned on 30 September 2011)
Ms. MUI Ngar May
(appointed on 30 September 2011)

Auditors

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

Tax Adviser

Ernst & Young
Certified Public Accountants
22nd Floor
CITIC Tower
1 Tim Mei Avenue
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

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

Branch Offices

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

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

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

Legal Advisers

As to Hong Kong Law

Troutman Sanders

As to Cayman Islands Law

Maples and Calder Asia

As to PRC Law

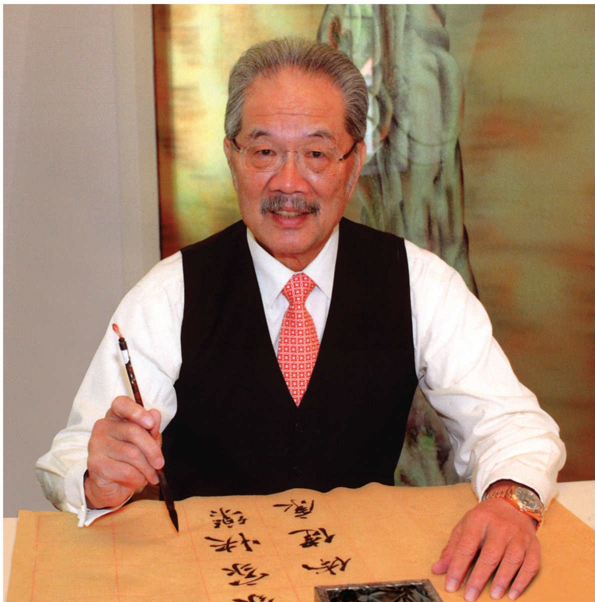
Jingtian & Gongcheng

Stock Code

2366

Website

http://www.qjymedia.com



Dr. Honourable WONG Yu Hong, Philip, GBS
Chairman

I hereby announce the results of the Group of a turnover of HK$742,234,000 with a net profit after tax of HK$54,468,000 for the financial year 2011.

The lower performance for the financial year 2011 as compared with last year was mainly due to the effective interest charged to the Group's profit and loss account of HK$30,109,000 of the convertible notes issued by the Group during the global financial crisis in 2009. Furthermore, the uncontrollable suspension of operation of the Group's large LED board in Beijing has caused an adverse ripple effect resulted in a negative performance on the overall outdoor advertising business of the Group. Fortunately, the Group's principle operation, TV drama production and distribution, continued to deliver exceptional results. With the cross-media platform well established, the Group was able to weather the market fluctuation with such good level of security brought by this platform.

Despite the continual domination of the television media, the Mainland continues to witness the emergence of the new media as a new form of advertising. Throughout last year, with a steady and progressive acquisition plan in the Internet media, the Group was able to capitalize on this expanding new media opportunity. At the same time, not only did the income from the TV production and distribution business continue to improve, but extra revenue from the distribution of the exclusive broadcasting rights of quality TV dramas on the new media was also being realized. These rights are highly sought after in recent years and such market reception has given significant encouragement and support to the producers and suppliers of quality TV dramas to invest in the new media. In addition to the long-term co-operations in production and distribution with key TV stations across the nation as well as the cooperation in the production of 6,000 hours/episodes of TV programs which the Group has entered into with the provincial radio, film and television enterprise of Fujian prior to our listing, the Group was able to further engage in a four-year long TV drama production cooperation agreement with 中國電視劇製作中心有限責任公司 (China TV Program Production Centre Company Limited*) in 2011. This should further fortify the Group's position as one of the leading TV drama suppliers in the Mainland. The leases and sales of the broadcasting rights of our large film library together with the TV drama that we have invested, planned, produced and distributed would contribute to our stable income flow and outstanding results.

The 5th plenary meeting of the 17th Central Committee of the Chinese Communist Party held in October 2010 reiterated the key national policy of "Cultural Industry Promotion Program". As a result, the enthusiasm for the development of the cultural industries will continue. The Group's core business is to engage in the media services in relation to the domestic cultural industries. While the confirmation of the support to the industries will bring positive effect, the Group's future development may be shadowed by the threat of another global economic recession, which has surfaced since September 2011. This may exert great pressure and impact on domestic and overseas small and medium enterprises in the coming year. However, with the rise in living and cultural standard of the Chinese, we believe the domestic cultural and entertainment enterprises will grow steadily and resiliently even if the global economic recession inevitably comes next year. The Group will remain extremely cautious but optimistic. We will capitalize on our edge in terms of human resources and extensive and practical experience of our TV drama production and distribution business. With our understanding of the policy and knowledge of the market, the Group is confident that the TV drama production and distribution business will continue to build on its remarkable growth in 2010 and 2011, and will deliver extraordinary performance in the future.

I wish to express my deepest appreciation to all the staff and domestic and overseas partners for their endless effort and support. We look forward to establish another new landmark together in the future.

Dr. Honourable WONG Yu Hong, Philip, GBS
Chairman

Hong Kong, 28 December 2011

The People's Republic of China ("China", the "State" or the "Mainland") has had a robust economic development for the past five years, with an average gross domestic product (GDP) growth rate of 10.1%. According to the National Bureau of Statistics of China, the Mainland recorded a GDP growth of 11.6% for 2006, 13.0% for 2007, 9.6% for 2008, 9.1% for 2009 and 10.4% for 2010. The forecast of the GDP growth for 2011 would be no less than 9.0%. Despite the severe blow to the world economy by the global financial tsunami in late 2008 and 2009, China was amongst the very few countries that were less affected. Since 2007, the State has provided a strong stimulation in domestic demand supported by a strong foundation of economic growth. Yet the global economy has been facing a rising risk of recession since September 2011 as the United States and European economies continue to remain ailing. In spite of the tough external environment, the Group is confident to seek out opportunities during the crisis and focus our efforts in China, particularly in cultural industries and media services which are the few major sectors heavily supported by national policies.

Industry Overview

Within its cross-media service platform, the Group will continue to focus on the production of TV drama series as this sector will continue to provide ample opportunities due to the high growth consumer market supported by the Chinese population. With increasing wealth and an active pursuit of quality living, the Group expects the Chinese now to have a surging demand for leisure and entertainment TV programs. This is expected to facilitate the growth of the cultural industries and media services.

In late 2008, the outbreak of the financial tsunami created waves of suspension and abandonment of domestic TV drama production in China until 2009. Soon after the revival of TV drama production in 2010, TV dramas continued to enjoy market popularity and be the mainstream of TV programs. TV drama production and distribution resumed growth on the back of the public's craving for quality TV dramas as well as the supportive national policies. This business exhibited a strong growth momentum with domestic sales of TV dramas increased to RMB5.92 billion in 2010. The State Administration of Radio, Film and Television forecasted that total transactional value will reach RMB6.39 billion for 2011 and will eventually rise further to RMB6.90 billion in 2012.

Business Review

During the period under review, the Group recorded a turnover of HK$742.2 million, representing an increase of 74.8% as compared to the same period last year. Net profit of the Group amounted to HK$54.5 million, representing a drop of 31.9% as compared to the same period last year. The Group will continue its consistent dividend policy and a final scrip dividend of HK0.03 cent per share will be declared to shareholders, who may elect to receive payment in cash in lieu of shares.

During the year, the Group continues to develop its major business of TV drama production and distribution. In 2010, the Group completed the production of 110 episodes of TV dramas under the new co-operation model adopted after the financial tsunami in 2009 to ensure a more secure investment and production of TV drama projects. The Group was able to achieve this with the support from its long-term partners in TV production and distribution. This strategy has proven to be effective in helping the Group to maintain a substantial profit as well as to secure its market share. This act has guarded the Group's investment in TV dramas against the risk of production write-off due to long payoff period in the event of any future financial tsunami or global economic downturn. In December 2010, the Group successfully entered into an agreement with 中國電視劇製作中心有限責任公司 (China TV Program Production Centre Company Limited*), owned and controlled by China Central Television ("CCTV"), to cooperate in the planning, investment, production and distribution of TV dramas for a term of four years. The first co-produced TV drama, Eagle's Nest — Reserve Officer, has been completed during the review period and is expected to air in the first half of 2012 on CCTV during prime time. The respective investment by the Group and the CCTV group in each TV drama to be produced will be agreed upon in separate agreements. The CCTV group will be responsible for arranging the first round broadcasting rights on CCTV channels. In addition, the abundant inventories in the Group's film library continued to realize considerable rental and disposal income, demonstrating the strength of the TV drama business in the China market and the ability to generate recurring income for the Group.

The Group's operating strategies for TV advertising have been adjusted to focus on quality and popular TV programs aired on major TV channels. Such flexible mode of operations not only improved the Group's cash flow, but also allowed the Group to provide advertisers with more comprehensive and better quality services in a more effective way. On 2 April 2011, the Group acquired 55% shareholding in Clear Light Group Limited, the key management

of which has been engaging in the advertising business in China for more than 10 years with an impressive track record. By obtaining the controlling interest, the Group expects to strengthen its team of professionals in the domestic TV advertising business and to create synergy within the Group.

* *for identification purpose only*

The Group's marketing and public relations business is also developing smoothly in China. In addition to securing new clients, this business has also been expanded to support the business of TV drama production and distribution. This is further supplemented to the Group's TV production business by providing quality and efficient public relations and marketing services for the sponsors of the TV dramas. In addition to providing professional services to the Group's long-standing TV advertisers, this business unit has also won marketing contracts from Henderson Land, and 3D-GOLD groups during the year. These new engagements will enrich the Group's client portfolio on top of its blue chip client,

Hong Kong Trade Development Council. It is anticipated that the Group's marketing and public relations business will fuel the development of the Group's cross-media platform and create immeasurable synergy.

The growth of the Group's TV drama business will require plenty of new talents. In view of this, the Group aims at providing valuable performing opportunities for artists. During the review period, the Group organised concerts in China, provided professional concert planning and production services to its peers and commenced the artist management business. The Group plans to actively arrange its artists to participate in the TV series produced and concerts organised in the future.

The Group's outdoor advertising business incurred a loss for the second half of 2011. This was mainly due to the temporary suspension of news and advertisements on a large LED board in Beijing in early 2011 which resulted in the cancellation of advertisement orders by customers of the Group and also adversely affected the advertising revenues of other related LED boards as the advertising rights were sold in a "bundle". However, the results of CBS Outdoor (Beijing) Limited engaging in bus advertising of over 6,000 buses in metropolitan area of Beijing, of which the Group has a 22.95% effective equity interest, recorded a profit as planned.

Business Prospects

The Group has been principally engaging in the provision of cross-media services including TV program production related services, TV advertising, out-of-home advertising (including advertising through outdoor LED boards), marketing and promotion services, art performance and public relations services.

In terms of the Group's businesses in relation to TV drama planning, investment, production and distribution, the Group has engaged in a long term cooperation with 福建廣播電影電視集團 (Fujian Radio, Movies and Television Group*) pursuant to the Fujian Master Investors Procurement Agreement in producing 6,000 hours of TV programs for broadcasting during prime airtime on TV stations in the PRC since 2001. In addition, in relation to the Group's cooperation with CCTV, the number of cooperative dramas produced with CCTV is expected to increase substantially next year. The cooperation with CCTV will provide the Group with the advantage of having CCTV securing the first round broadcast of the jointly invested TV drama series on its channels. With the assistance of CCTV in the distribution of the jointly invested drama series, the Group can then focus on producing more quality TV drama series.

* *for identification purpose only*

As mentioned in the Company's announcement dated 19 July 2011, Huaxia QJY and Beijing BeiAo Group Limited (a state-owned enterprise under the administration of Beijing State-owned Assets Management Co., Ltd.) (''Beijing BeiAo'') entered into an investment agreement on 11 July 2011 (the ''Investment Agreement'') pursuant to which Huaxia QJY and Beijing BeiAo will jointly invest in TV program production. Beijing BeiAo will invest an amount not exceeding RMB250 million for the cooperation with Huaxia QJY (or other production units of the Group) in TV program production during the first three years of the term of cooperation. Huaxia QJY and Beijing BeiAo (together with other investors, where appropriate) will enter into separate agreements in respect of the investment, production and distribution of each jointly invested TV program. Profits to be derived from such programs will be distributed in proportion to their respective investments.

The Group is optimistic about expanding the TV media resources for the TV advertising business and will take a cautious but active approach to acquire established local advertising agencies in order to expand the Group's TV advertising platform.

For the outdoor advertising business, the Group aims to develop other unique outdoor advertising resources and to identify strategic partners who have the capability to complement the Group's outdoor advertising business for future growth in this medium.

While the Group will try to maximize the return from the intellectual property rights of various authors' literatures held by it through seeking strategic partnership for exploitation of such rights by various means, the Group will also sell short term adaptation rights of the authors' literatures to generate short-term income. This move will not only protect the completeness of the Group's intangible assets but also create immediate profit for the Group.

北京天下書趣科技發展有限公司, which was acquired by the Group last year, has established a strong operating team for the Group's new media business which has recently been determined to be the Group's new business focus. Moreover, the online publication of the works of Dr. Leung Anita Fung Yee Maria (the adaptation rights of which are already owned by the Group) has already earned considerable potential sponsorship revenue for the Group. The Group intends to employ an active, steady and prudent manner in its development of new media for its cross-media platform already built.

With the smooth development of the Group's core businesses of TV production and advertising, all diversified cultural businesses under the Group's cross-media platform will benefit from unique synergy.

Operating Results

For the year ended 30 September 2011, the Group recorded a turnover of HK$742.2 million (2010: HK$424.6 million), an increase of 74.8% compared to that in last fiscal year. The Group recorded a net profit of HK$54.5 million for the year ended 30 September 2011 while that for the year ended 30 September 2010 was HK$80.0 million.

Revenue from TV advertising income remained almost the same level of last year of HK$98.8 million (2010: HK$100.4 million) while TV program related income experienced a significant growth by 100.1% to HK$593.8 million (2010: HK$296.8 million). Revenue from these two categories contributed to approximately 93.3% of total turnover in the year. The rise of the general administrative expenses to HK$93.5 million (2010: HK$67.4 million) was due to an increase in the staff costs, rental expenses and legal and professional fees during the year. Finance cost went up to HK$79.0 million (2010: HK$40.8 million) because of the increase in interest costs related to bank borrowings and convertible bonds during the year ended 30 September 2011.

Liquidity and Financial Resources

The Group adopts a prudent funding and treasury policy with regards to its overall business operation. As at 30 September 2011, the Group's cash level stood at HK$301.2 million (2010: HK$305.8 million). The balances are mainly in Hong Kong Dollar and Renminbi. With cash in hand and banking facilities available, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

As at the balance sheet date, the Group had outstanding bank borrowings of approximately HK$401.0 million, comprising unsecured bank overdrafts of HK$4.6 million, short term revolving loans of HK$280.2 million, term loan of HK$59.2 million and mortgage bank loans of HK$57.0 million. All the Group's borrowings are at floating interest rates and denominated in Hong Kong Dollar and Renminbi. The unutilized bank loan facilities amounted to HK$166.6 million (2010: HK$96.4 million).

In addition, the Group issued convertible notes amounting to HK$216.1 million (2010: HK$242.6 million) to third parties for the purposes of financing the Group's expansion in TV production and advertising related businesses.

The gearing ratio (expressed as a percentage of total borrowings net of pledged deposit over total equity of the Group) was 34.3% (2010: 41.5%).

Mortgages and Charges

Bank deposits of HK$89.3 million (2010: HK$69.0 million) and certain shares of a subsidiary were pledged to banks to secure general banking facilities granted to the Group.

Certain land and buildings with carrying value of HK$108.1 million (2010: HK$133.9 million) were pledged to secure for mortgage bank loans of HK$57.0 million (2010: HK$78.2 million).

In addition, a first fixed charge over the entire amount of issued share capital of and a guarantee given by certain subsidiaries held by the Company are pledged for convertible notes with outstanding principal amount of HK$100 million (2010: HK$100 million). Aggregated net assets held by those subsidiaries amounted to HK$28.8 million (2010: HK$124.8 million) which consist of purchased license rights with carrying value of HK$322.9 million (2010: HK$468.6 million) are pledged to the aforesaid convertible notes by means of a debenture over all assets of such subsidiary which owns the purchased license rights as of 30 September 2011.

Material Acquisition and Disposal of Subsidiary and Associate Company

Acquisition of Clear Light Group

On 2 April 2011, the Group completed the acquisition of 55% of the issued share capital of Clear Light Group, settled partly in cash for HK$36,000,000 and the rest by issuing and allotting 5,890,438 shares of the Company. The principal activities of Clear Light Group are the provision of consultancy and advertising services in Guangzhou PRC.

Use of Proceeds from Placement of Shares

During the year, the Company raised net proceeds (after expenses) of approximately HK$108.5 million by placing 84,100,000 shares. The net proceeds was used to repay part of the outstanding bank borrowings of the Group, to finance the expansion of the Group's media advertising and TV production business and as general working capital.

Exposure to Foreign Exchange Risk

There have been no significant changes in the Group's policy in terms of exchange rate exposure. Transactions of the Group are mainly denominated either in Hong Kong Dollar ("HKD") or Renminbi ("RMB"). However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

Employees

As at 30 September 2011, the Group had a total staff of 154 (2010: 88). Employees are remunerated based on their performance, experience and the prevailing industry practices, with compensation policies and packages being reviewed on a regular basis. Bonus payments are discretionary and depend on both the Group's performance and the performance of the individual employee. Benefits include retirement schemes, medical and dental care insurance and share option scheme.

Final Dividend

The Directors have resolved to recommend payment of a final scrip dividend of HK0.03 cent per share, totaling HK$1.4 million for the year ended 30 September 2011, by way of allotment of new shares with an option to the shareholders to elect to receive the final dividend (or part thereof) in cash in lieu of such allotment (2010: final dividend in scrip form of HK1.28 cents per share with cash option), payable on or about 16 May 2012 to the shareholders of the Company whose names appear on the register of members of the Company on 27 March 2012.

Closure of Register of Members

The register of members of the Company will be closed on Wednesday, 21 March 2012, during which period no transfer of shares will be registered. In order to establish entitlements of attending and voting at the forthcoming annual general meeting of the Company, all share transfer, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share register and transfer office, Union Registrars Limited of 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 20 March 2012.

The register of members of the Company will be closed from Tuesday, 27 March 2012 to Friday, 30 March 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all share transfer, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited of 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Monday, 26 March 2012.

Executive Directors

Dr. LEUNG Anita Fung Yee Maria, aged 62, is the co-founder and the Chief Executive Officer of the Group since October 2002. Dr. Leung is responsible for business development strategies and overall direction of the Group. She also participates in the provision of concepts and ideas for television ("TV") program production and the contribution of original novels and play scripts of TV dramas.

Dr. Leung holds a Doctorate degree (major in Chinese History) from The Chinese University of Hong Kong. She has more than 39 years' experience in media industry, having brought her talent into full play in the areas of TV program production, public relations, advertising and marketing for more than 32 years.

Dr. Leung worked for a number of companies in Hong Kong in senior management position, including Sun Hung Kai Securities Limited, Ogilvy & Mather Advertising and 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 with a 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. In 1992, Dr. Leung was awarded the Writer of the Year 1991 Award by the Hong Kong Artists' Guild.

In 1992, People's Literature Press, a grade-A state literary publishing house, started publishing Dr. Leung's series novels. 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 novel "Embroidered Banner" was adapted to a TV drama series by China Central Television, as broadcast during prime time on Channel One of CCTV in 1996.

Dr. Leung is a member of the Chinese People's Political Consultative Conference ("CPPCC") of Beijing in the PRC and was elected as a member of the Eleventh National Committee of the CPPCC in the PRC in 2010. She is also a trustee of Chung Chi College, The Chinese University of Hong Kong and a committee member of the Chinese General Chamber of Commerce. Dr. Leung is the spouse of Dr. Wong, co- founder and a Non-Executive Chairman of the Company. Dr. Leung is also a director of various subsidiaries of the Company.

Dr. Leung is a director of Dynamic Master Developments Limited, Goodhold Limited and Hunterland City Limited, substantial shareholders of the Company, whose interest in shares of the Company are disclosed in the section of "Discloseable interests and short positions of shareholders under the SFO".

Mr. YIU Yan Chi, Bernard, aged 60, is an executive director of the Group. Mr. Yiu has over 35 years' experience in marketing and media communication in Greater China. Mr. Yiu has spent many 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. 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 48, 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 completed the postgraduate course in Investment and Economics, Department of Planning and Statistics, Xiamen University in 1999. Before joining the Group, Mr. Tsiang worked for several companies in the PRC and Hong Kong and was responsible for the marketing and sales functions.

Mr. YEUNG Ching Wan, aged 40, is the Chief Financial Officer of the Group since March 2010 and is responsible for the overall finance, accounting and compliance matters of the Group. Mr. Yeung holds a Master of Business Administration degree from the Australian Graduate School of Management, Sydney, Australia and a Bachelor Degree (Hons.) in Accountancy from the Hong Kong Polytechnic University. Mr. Yeung is a fellow member of the Association of Chartered Certified Accountants, full member of Certified Practising Accountants (Australia) and associate member of each of the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries. Before joining the Group, Mr. Yeung worked for international accounting firm, listed company and multi-national corporation.

Non-Executive Directors

Dr. Honourable WONG Yu Hong, Philip, GBS, aged 72, is the co-founder and the Non-Executive Director and Chairman of the Board of Directors of the Company since October 2002. He oversees overall strategic planning of the Group and particularly, the impact of regulatory development to the business of the Group. Dr. Wong holds a Bachelor of Science degree and a Master of Science degree in Engineering from University of California, USA, a Juris Doctor degree from Southland University, USA and a Doctor of Philosophy degree in Engineering from California Coast University, USA. Dr. Wong has more than 40 years' experience in business management and is now the chairman of his own business, Winco Paper Products Company Limited ("Winco Paper"). He also serves as the director of a number of companies, including Hop Hing Group Holdings Limited and Asia Financial Holdings Limited which are companies listed on the Main Board of the Stock Exchange. He received the Gold Bauhinia Star Award from the Government of Hong Kong Special Administrative Region in 2003. He received the Courvoisier Awards for Business Excellency from the then Chief Justice of Hong Kong, Sir Denys Roberts, in 1986. Dr. Wong concurrently provides services to a number of public bodies. He is a member of the Legislative Council of Hong Kong, Life Honorary Chairman of the Chinese General Chamber of Commerce in Hong Kong, and a board member of the Hong Kong Trade Development Council. He had been a Deputy of the National People's Congress of the PRC for 10 years. Dr. Wong is the spouse of Dr. Leung, an executive Director. Dr. Wong is also a director of certain subsidiaries of the Company.

Dr. Wong is a director of Dynamic Master Developments Limited, Goodhold Limited and Hunterland City Limited, substantial shareholders of the Company, whose interests in shares of the Company is disclosed in the section of "Discloseable interests and short positions of shareholders under the SFO".

Mr. LIU Yuk Chi, David, aged 57, is the Non-Executive Vice-Chairman of the Board of Directors of the Company. Mr. Liu is currently the Asia Chairman and CEO of Engine Group, the U.K.'s largest privately-held communications group. Mr. Liu had been appointed Regional Managing Director of Rentokil Initial plc, one of the largest business services companies in the world, which is 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. He was also appointed as a member of Carat Executive Committee. Mr. Liu has extensive experience in the media and services sector across several markets in Asia Pacific, Europe and America. A Hong Kong born Chinese, Mr. Liu returned from Canada in the 70's and started his career in the advertising industry.

Mr. LAM Haw Shun, Dennis, JP, aged 65, joined the Group in May 2004 as an Independent Non-Executive Director and was redesignated as a Non-Executive Director on 8 July 2010. He is a member of audit committee and remuneration committee of the Company. Mr. Lam has a Bachelor's degree in Electrical Engineering from the University of Washington and a Master of Business Administration degree from the University of California, Los Angeles. Mr. Lam has over 31 years experience in the finance industry. Prior to his current appointment, Mr. Lam has held senior positions in various financial institutions. He was a senior adviser of Mizuho Securities Asia Limited. Mr. Lam was also the First Vice Chairman of the Stock Exchange and First Deputy Chairman of Hong Kong Securities Clearing Corporation.

Ms. HO Chiu King, Pansy Catilina, aged 49, 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, Chairperson and executive director of MGM China Holdings Limited, independent non-executive director of Sing Tao News Corporation Limited, all of which are listed on the Main Board of the Hong Kong Stock Exchange. Her other capacities include Chief Executive Officer and Director of Shun Tak — China Travel Shipping Investments Limited, appointed representative of a company, which is a corporate director of Sociedade de Turismo e Diversoes de Macau, S.A., Chairman of Macau Tower Convention & Entertainment Centre, Executive Director of Air Macau Company Limited, and Vice Chairman of Macau International Airport 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, Vice President of the Chamber of Tourism of All-China Federation of Industry and Commerce, and Vice Chairperson of the China Society for Promotion of the Guangcai Program.

In Hong Kong, she serves as Vice Chairperson and Honorary President of the Hong Kong Federation of Women, Founding Honorary Advisor and Director of The University of Hong Kong Foundation for Educational Development and Research, Vice President of Hong Kong Girl Guides Association, Council Member of The Better Hong Kong Foundation, and Member of the Board of Trustees of Sir Edward Youde Memorial Fund.

In Macau, Ms. Ho is Committee Member of the Government of Macau SAR Tourism Development Committee, Vice President of Macao Chamber of Commerce, and Vice Chairperson of Macau Convention and Exhibition Association.

She has been appointed as the Honorary Consul of the Honorary Consulate of Peru in Macau since 2006.

Internationally, Ms. Ho is Board Member of UNDP-Peace and Development Foundation, Member of Sotheby's International Advisory Board and Executive Committee Member of the World Travel and Tourism Council.

Ms. Ho holds a Bachelor's degree in marketing and international business management from the University of Santa Clara. She received an Honorary Doctorate Degree in Business Administration from the Johnson and Wales University in May 2007.

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

Mr. FLYNN Douglas Ronald, aged 62, joined the Group in April 2008. 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. He had been 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 Australian Newspapers Holdings Limited. Mr. Flynn led the independent directors of West Australian Newspapers in negotiations to acquire Seven Media Group. The resulting merger was completed in April 2011 and the merged company was renamed Seven West Media Limited and is the largest Australian domiciled media company. Mr. Flynn is a non-executive director of Seven West Media Limited.

Mr. OWYANG Loong Shui, Ivan, aged 41 joined the Group in April 2009. He assists the Group to maintain and develop relationships with banking institutions and the Company's investors and provides advice on financial matters of the Group.

Mr. Owyang has been the Chief Executive Officer of Winco Paper since 2003.

Mr. Stanley Emmett THOMAS, aged 51, joined the Group in July 2010. Mr. Thomas is a member of remuneration committee of the Company. He is a partner of Advantage Partners, an investment company headquartered in Tokyo. Prior to joining Advantage Partners in 2007, Mr. Thomas was the President of Asia for Monitor Group, a global consulting firm.

Mr. Lincoln PAN Lin Feng, aged 35, joined the Group in July 2010. Mr. Pan is a member of audit committee of the Company. He is a principal of Advantage Partners (H.K.) and joined the firm to help support the firm's expansion outside Japan. He is currently a director and one of the responsible investment professionals for GST Autoleather, Inc.. Prior to joining Advantage Partners, he was an executive director and senior vice president of GE Commercial Finance, responsible for Asia M&A and the strategy leader for the private equity, structured finance (including project financing and industrial equipment financing businesses) and special situations businesses in Asia. Mr. Pan also had been a management consultant with McKinsey & Company where he worked with the New York and Hong Kong offices. He has qualified to practice law in the state of New York. Mr. Pan holds a Bachelor of Arts, magna cum laude, from Williams College.

Mr. Pan is a relative of Ms. Ho, a non-executive Director. He is a also a director of First Media Holdings, Ltd., a substantial shareholder of the Company.

Mr. Peter Alphonse ZALDIVAR, aged 44, joined the Group in July 2010. He graduated from the University of Wisconsin-Madison with a Bachelor of Arts in Economics in 1989. He obtained a Juris Doctor, cum laude, from Harvard Law School in 1994. Mr. Zaldivar is a Chartered Financial Analyst and a member of the CFA Institute and CFA Society of Chicago. Mr. Zaldivar has worked with various asset management companies. He is a principal and co-founder of Kabouter Management LLC, a Chicago based investment management firm.

Dr. LIN Junbo, aged 40, joined the Group in May 2011. Dr. Lin holds a doctorate degree of Economics from Zhejiang University. Dr. Lin joined the Xinhu Group in April 1999 and is now the chairman of Xinhu Group Co., Ltd. and its subsidiaries — Xinhu Zhongbao Co., Ltd., whose shares are listed on the Shanghai Stock Exchange (stock code: 600208), and Xiangcai Securities Co., Ltd. Xinhu Zhongbao Co., Ltd. and its subsidiaries are principally engaged in the real estate, finance and other investment businesses in the PRC whereas Xiangcai Securities Co., Ltd. is principally engaged in the securities brokerage business in the PRC. The Xinhu Group is a group of companies engaging in finance, energy, real estate and equity investments in the PRC. Dr. Lin is also a director of Hong Kong Xinhu Investment Co., Limited, a substantial shareholder of the Company, and Shanghai Great Wisdom Co., Ltd., whose shares are listed on the Shanghai Stock Exchange (Stock Code: 601519).

Independent Non-Executive Directors

Mr. LAU Hon Chuen, GBS, JP, aged 64, joined the Group in December 2003. He is a member of audit committee and the chairman of remuneration committee. He obtained a LLB degree from the University of London and is a Solicitor of the High Court of the HKSAR, a solicitor of Supreme Court of England and Wales, a barrister and solicitor of the Supreme Court of Victoria, Australia, an advocate and solicitor of the Supreme Court of the Republic of Singapore, a China-Appointed Attesting Officer and a Notary Public, the Senior Partner of Messrs. Chu and Lau, Solicitors & Notaries. Award "Gold Bauhinia Star" by the HKSAR Government in 2001, a Standing Committee member of the National Committee of the Chinese People's Political Consultative Conference, the director of Friends of Hong Kong Association Limited and the chief adviser of the Hong Kong Association for Promotion of Peaceful Reunification of China. Mr. Lau is an independent non-executive director of a number of companies listed on the Main Board of the Stock Exchange including Glorious Sun Enterprises Limited, Yuexiu Property Company Limited, Yuexiu Transport Infrastructure 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 69, joined the Group in December 2003. He is a member of audit committee and remuneration committee. He graduated from The Chinese University of Hong Kong with a Bachelor degree in Social Science in 1969. He has more than 35 years' experience in the film industry as actor, script-writer, director and producer. Mr. Hui founded the Hui's Film Production Company Limited in 1975. Mr. Hui was awarded with the "Best Actor" by the Hong Kong Film Awards in 1982 and the "Best Performance Actor" by the American Film Institute in 1989. Mr. Hui is engaged in promoting the film making industry of Hong Kong and is the Consultant of Hong Kong Screen-Writers' Guild and the Honourary President of Hong Kong Performing Artistes' Guild for life. Mr. Hui was awarded the Golden Mulberry for Lifetime Achievement at the Udine Far East Film Festival in Italy in May 2011 for his valuable influence on Asian comedy.

Mr. Wayne CHOU, aged 41, joined the Group in July 2010. He is the chairman of audit committee and a member of remuneration committee. Mr. Chou has worked with two of the international accountants firms and as a research analyst with an international investment bank. He has worked with various media group and has extensive experience in strategic planning, businesses development in the media sector across Asia. Mr. Chou has been a senior consultant of the Company from April 2008 to July 2008. Mr. Chou was appointed as a non-executive director of Media Development Authorities, a Singapore Government Regulatory Body for Media, in January 2009. He had been the Managing Director of Popular Holdings Limited, a company listed on Singapore Stock Exchange, since March 2010 and was re-designated as non-executive director of Popular Holdings Limited on 7 September 2011.

Particulars of senior management

Mr. GUO Hong, aged 51, joined the Group in 2010 and is the Chairman and General Manager of HuaXia Qin Jia Yuan Culture and Communication Company Limited, a joint venture company between the Group and Hua Xia Industrial (Holdings) Limited. Mr. Guo is a member of the Chinese Communist Party and has served in the army for 12 years after completion of his high school education. During his military service, he obtained university education by studying organizational ideological and political work for 2 years at Xi'an Politics Institute of People's Liberation Army and Administration Management for 3 years at the School of Law at Wuhan University. Mr. Guo is the Vice President of China Disabled Persons' Federation Hua Xia Culture Group, a state-operated social and charity organization.

Ms. TANG Man Wei, Juliana, aged 45, is the Managing Director of Advertising and Business Development Division of the Group. She has extensive experience in China Media. Before joining the Group, Juliana worked for Carat Media as National Media Buying & Negotiation Director, managing TV, print and out-of-home negotiation for both national and local clients in China.

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

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year under review except the Chairman of the Company, Dr. Honourable Wong Yu Hong, Philip, GBS, did not attend the 2010 annual general meeting held on 21 March 2011 as required by the Code Provision E.1.2 of the Listing Rules due to his personal commitment on that day.

The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the CG Code.

The Board

Role of Directors

The Board is accountable to the shareholders for leading the Company in a responsible and effective manner. Every Director is charged to act in the best interest of the Company and contribute to the Company with their expertise and knowledge. The Board decides on overall strategies and monitors the Group's performance on behalf of the shareholders.

Composition

The Board, which currently comprises seventeen Directors, is responsible for supervising the management of the Group. Thirteen of the seventeen Directors are non-executive Directors with three of them being independent non-executive Directors.

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

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

Independent Non-executive Directors

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

Appointment, Re-election of Directors

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

In accordance with the CG Code and the Company's Articles of Association, all Directors (including independent non-executive Directors) are subject to retirement by rotation once every three years. Composition of the Board will be reviewed regularly to ensure that it covers a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Directors' profile is set out on page 12 to 17.

The Company has not established a Nomination Committee. The appointment of a new director is a matter for consideration and decision by the full Board. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. The Board as a whole is responsible for the procedures of agreeing to the appointment of its members and for nominating appropriate person for election or re-election pursuant to the Articles of Association of the Company by shareholders at the annual general meeting.

During the year, a Board meeting was held to approve the appointment of Dr. Lin Junbo as a non-executive Director. The appointment took effect on 17 May 2011.

Chairman and Chief Executive Officer

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

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

Directors' Duties

The Directors are continually updated with the regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities. Through regular Board meetings, all Directors are kept abreast of the conduct, business activities and development of the Company.

Board Delegation

The Board, led by the Chairman, is responsible for setting overall corporate strategies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. Supported by senior management members, the Chief Executive Officer is responsible for effective implementation of the Board's decisions and the day-to-day operations of the Group.

Board Process

During the year ended 30 September 2011, the Board held four regular board meetings and additional board meetings were held as and when necessary. The Directors participated in person or through electronic means of communication. The attendance of each Director is set out as follows:

Name of Directors	Number of meetings attended/ held
Executive Directors	
Dr. LEUNG Anita Fung Yee Maria *(Chief Executive Officer)*	11/11
Mr. TSE Wai Kuen, Gary *(Chief Operating Officer)* (resigned on 24 June 2011)	7/10
Mr. YIU Yan Chi, Bernard	7/11
Mr. TSIANG Hoi Fong	4/11
Mr. YEUNG Ching Wan *(Chief Financial Officer)* (appointed on 1 December 2010)	9/9
Non-Executive Directors	
Dr. Honourable WONG Yu Hong, Philip, GBS *(Chairman)*	7/11
Mr. LIU Yuk Chi, David *(Vice-Chairman)*	5/11
Dr. WONG Ying Ho, Kennedy, BBS, JP (resigned on 29 November 2010)	0/2
Mr. LAM Haw Shun, Dennis, JP	10/11
Ms. HO Chiu King, Pansy Catilina	3/11
Mr. FLYNN Douglas Ronald	9/11
Mr. OWYANG Loong Shui, Ivan	7/11
Mr. Stanley Emmett THOMAS	7/11
Mr. Lincoln PAN Lin Feng	9/11
Mr. Peter Alphonse ZALDIVAR	8/11
Mr. SU Xiao Shan (resigned on 17 May 2011)	3/8
Dr. LIN Junbo (appointed on 17 May 2011)	1/3
Independent Non-Executive Directors	
Mr. LAU Hon Chuen, GBS, JP	4/11
Mr. HUI Koon Man, Michael, JP	5/11
Mr. Wayne CHOU	9/11

Directors are provided with relevant information to make informed decisions. The Board and each Director have separate and independent access to the Company's senior management for information and making enquires if necessary. A Director of the Company who considers it necessary to seek independent professional advice in order to perform his/her duties as a Director of the Company may convene, or request the Company Secretary of the Company to convene, a meeting of the Board to approve the consultation of independent legal or other professional advisor for advice. For regular Board meetings, an agenda and accompanying board papers of the meeting are sent in full to all directors at least three days before the intended date of a meeting.

Every Director is entitled to have access to the advice and services of the Company Secretary with a view to ensure that the Board procedures, and all applicable rules and regulations, are complied with. All minutes are kept by the Company Secretary and are open for inspections by any Director during normal office hours by giving reasonably advance notice. Minutes of Board meetings and Board committees meetings record in sufficient details the matters considered in the meetings and decisions reached. Draft and final versions of minutes of Board meetings have been sent to all Directors for their comments and record respectively within a reasonable time after the relevant meeting was held.

If a substantial shareholder or a Director has a conflict of interest in a matter before the Board, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent board committee will be set up to deal with the matter.

Board Committees

The Board has established the following committees with defined terms of reference, which are of no less than exact terms than those set out in the CG Code.

Remuneration Committee

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

During the year ended 30 September 2011, the Remuneration Committee held three meetings, with attendance record as follows:

Name of members	**Number of meetings attended/ held**
Mr. LAU Hon Chuen, GBS, JP *(Chairman)*	3/3
Mr. LAM Haw Shun, Dennis, JP	3/3
Mr. Stanley Emmett THOMAS	3/3
Mr. HUI Koon Man, Michael, JP	3/3
Mr. Wayne CHOU	2/3

During the year, the Remuneration Committee reviewed matters relating to remuneration packages of directors and senior management, including the share options.

Audit Committee

The Chairman of the Audit Committee is Mr. Wayne Chou and other members are Mr. Lau Hon Chuen, GBS, JP, Mr. Lam Haw Shun, Dennis, JP, Mr. Hui Koon Man, Micheal, JP and Mr. Lincoln Pan Lin Feng, the majority being independent non-executive Directors. The Audit Committee is to oversee the Group's financial reporting system and internal control procedures, and to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with the applicable standard. Other duties of the Audit Committee are set out in its specific written terms of reference which deal clearly with their authority and duties and are available on the Company's website, www.qjymedia.com.

During the year ended 30 September 2011, the Audit Committee held two meetings with attendance record as follows:

Name of members	Number of meetings attended/ held
Mr. Wayne CHOU *(Chairman)*	2/2
Mr. LAU Hon Chuen, GBS, JP	1/2
Mr. LAM Haw Shun, Dennis, JP	2/2
Mr. HUI Koon Man, Michael, JP	1/2
Mr. Lincoln PAN Lin Feng	2/2

At the meetings, the Audit Committee has reviewed the audited financial statements for the year ended 30 September 2010 and the interim report for the six months ended 31 March 2011 with senior management and the Company's external auditors. The Audit Committee has also reviewed the Group's accounting policies and practices, the Listing Rules and statutory compliance, internal controls and financial reporting matters.

Auditor's Remuneration

The amount of fees charged by the auditor generally depends on the scope and volume of the auditor's work. For the year ended 30 September 2011, the remuneration to the auditor of the Company were approximately HK$1,428,000 for audit services and HK$401,000 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 2011, 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 2011. 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 authorized 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 2011 and reported the review and recommended procedures whereas no material control failure were noted.

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

Compliance with Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code for Securities Transactions") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Confirmations have been sought from all Directors that they have complied with the required standards set out in the Model Code for Securities Transactions throughout the year ended 30 September 2011. The Board has also adopted the Model Code for Securities Transactions as guidelines for relevant employees in respect of their dealings in the securities of the Company.

Communication with Shareholders

Effective communication

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

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

To further promote effective communication, the corporate website is maintained to disseminate Company announcements and other relevant financial and non-financial information electronically on a timely basis.

Voting by way of poll

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at the AGM must be taken by poll. The chairman of the meeting demanded a poll for every resolution put to the vote of the 2011 AGM pursuant to article 76 of the Articles. Relevant details of the proposed resolutions, including biographies of each Director standing for re-election, were included in the circular to shareholders dispatched together with the annual report. The Company announced the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

The Directors submit herewith their annual report together with the audited financial statements for the year ended 30 September 2011.

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 11 to the financial statements.

Financial Statements

The profit of the Group for the year ended 30 September 2011 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 41 to 119.

Share Capital

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

Purchase, Sale or Redemption of the Company's Listed Securities

There were no purchases, sales or redemption of the Company's listed securities by the Company and any of its subsidiaries during the year ended 30 September 2011.

Results and Reserves

The results of the Group for the year ended 30 September 2011 are set out in the consolidated income statement on page 41 of the annual report. The movements in reserves are out in the consolidated statement of changes in equity on page 46 of the annual report.

An interim dividend in scrip form of HK1.28 cents per share with a cash option (2010: interim dividend in scrip form of HK1.28 cents per share with a cash option) was paid on 7 October 2011.

The Directors recommend the payment of a final scrip dividend for the year ended 30 September 2011 of HK0.03 cent per share (2010: final dividend in scrip form of HK1.28 cents per share) with a cash option, 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, payable on or about 16 May 2012 to the shareholders of the Company whose names appear on the register of members of the Company on 27 March 2012 (the "Scrip Dividend Scheme").

Subject to the approval by shareholders at the forthcoming annual general meeting ("AGM"), a circular details of the Scrip Dividend Scheme together with the relevant election form will be sent to shareholders on or about 19 April 2012. The Scrip Dividend Scheme is conditional upon the granting by the Listing Committee of the Stock Exchange of the listing of and permission to deal in the new shares to be issued pursuant thereto. It is expected that the final dividend warrants and certificates for the new shares will be dispatched to shareholders on or about 16 May 2012.

Charitable Donations

During the year, the Group made donations of HK$3,700,000 (2010: HK$67,000) 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 120 of the annual report.

Fixed Assets

Details of the movements in fixed assets of the Group are set out in note 10 to the financial statements.

Convertible Notes

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

Bank Loans

Particulars of bank loans of the Group as at 30 September 2011 are set out in note 22 to the financial statements.

Directors

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

Executive Directors

Dr. LEUNG Anita Fung Yee Maria *(Chief Executive Officer)*	
Mr. TSE Wai Kuen, Gary *(Chief Operating Officer)*	(resigned on 24 June 2011)
Mr. YIU Yan Chi, Bernard	
Mr. TSIANG Hoi Fong	
Mr. YEUNG Ching Wan *(Chief Financial Officer)*	(appointed on 1 December 2010)

Non-executive Directors

Dr. Honourable WONG Yu Hong, Philip, GBS *(Chairman)*	
Mr. LIU Yuk Chi, David *(Vice-Chairman)*	
Dr. WONG Ying Ho, Kennedy, BBS, JP	(resigned on 29 November 2010)
Mr. LAM Haw Shun, Dennis, JP	
Ms. HO Chiu King, Pansy Catilina	
Mr. FLYNN Douglas Ronald	
Mr. OWYANG Loong Shui, Ivan	
Mr. Stanley Emmett THOMAS	
Mr. Lincoln PAN Lin Feng	
Mr. Peter Alphonse ZALDIVAR	
Dr. LIN Junbo	(appointed on 17 May 2011)
Mr. SU Xiao Shan	(resigned on 17 May 2011)

Independent Non-executive Directors

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

In accordance with Clause 95 of the Company's Articles of Association, Dr. Lin Junbo, who was appointed as a new Director on 17 May 2011, will hold office until the AGM, and being eligible, offer herself for re-election.

In accordance with Clause 96A of the Company's Articles of Association, Dr. Honourable Wong Yu Hong, Philip, GBS, Mr. Liu Yuk Chi, David, Mr. Tsiang Hoi Fong, Mr. Owyang Loong Shui, Ivan, Mr. Lau Hon Chuen, GBS, JP and Mr. Hui Koon Man Michael, JP will retire by rotation at the forthcoming AGM, and being eligible, offer themselves for re-election at the AGM.

None of the Director proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

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

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

At 30 September 2011, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions were as follows:

(i) Interests in the Company

		Number of ordinary shares of the Company					
Name of director	**Capacity**	**Personal interests**	**Family interests**	**Corporate interests**	**Interest in underlying shares**	**Total**	**Per cent of total issued share capital of the Company as at 30 September 2011**
Dr. LEUNG Anita Fung Yee Maria ("Dr. Leung")	Interests in controlled corporation and beneficial owner and interests of spouse	20,285,494 *(Note 1)*	787,064 *(Note 2)*	205,379,118 *(Note 3)*	Nil	226,451,676	24.23%
Dr. Honourable WONG Yu Hong, Philip, GBS ("Dr. Wong")	Interests in controlled corporation and beneficial owner and interests of spouse	287,064	37,148,922 *(Note 4)*	188,515,690 *(Note 5)*	500,000	226,451,676	24.23%
Mr. LIU Yuk Chi David	Beneficial owner	1,826,305	Nil	Nil	1,500,000	3,326,305	0.36%
Mr. LAM Haw Shun, Dennis, JP	Beneficial owner	3,500,000 *(Note 6)*	Nil	Nil	1,060,844	4,560,844	0.49%
Mr. YIU Yan Chi, Bernard	Beneficial owner	550,000	Nil	Nil	1,865,861	2,415,861	0.26%
Mr. OWYANG Loong Shui, Ivan	Beneficial owner	110,000	Nil	Nil	500,000	610,000	0.07%
Mr. HUI Koon Man, Michael, JP	Beneficial owner	456,534	Nil	Nil	500,000	956,534	0.10%
Ms. HO Chiu King, Pansy Catilina	Interests in controlled corporation	Nil	Nil	Nil	1,182,930	1,182,930	0.16%
Mr. TSIANG Hoi Fong	Beneficial owner	Nil	Nil	Nil	6,108,453	6,108,453	0.65%
Mr. FLYNN Douglas Ronald	Beneficial owner	Nil	Nil	Nil	1,182,930	1,182,930	0.13%
Mr. LAU Hon Chuen, GBS, JP	Beneficial owner	Nil	Nil	Nil	1,060,844	1,060,844	0.11%

Notes:

1. These Shares include 285,494 Shares in which Dr. Leung had interest in the capacity as beneficial owner, and 20,000,000 Shares which may be issued and allotted to Dr. Leung as bonus shares pursuant to her service agreement.

2. These Shares include 287,064 Shares and options to subscribe for 500,000 Shares in which Dr. Wong, the spouse of Dr. Leung, had interest in the capacity as beneficial owner.

3. These Shares include 186,623,993 Shares, 1,111,963 Shares, 1,891,697 Shares and 15,751,465 Shares in which Dynamic Master Developments Limited ("Dynamic Master"), Hunterland City Limited, Goodhold Limited and Up & Rise Limited had interest in the capacity as beneficial owners respectively. Dynamic Master is owned as to 58.37% and 32.76% by Goodhold Limited and Hunterland City Limited respectively. Dr. Leung is entitled to exercise control of 99.99% in Hunterland City Limited, 50% in Goodhold Limited and 100% in Up & Rise Limited.

4. These Shares include Shares referred to in note 1 above and Dr. Leung's respective corporate interests in 1,111,963 Shares through her interest in Hunterland City Limited and 15,751,465 Shares through her interest in Up & Rise Limited.

5. These Shares include 186,623,993 Shares and 1,891,697 Shares in which Dynamic Master and Goodhold Limited had interest in the capacity as beneficial owners respectively. Dynamic Master is owned as to 58.37% by Goodhold Limited. Dr. Wong is entitled to exercise control of 50% in Goodhold Limited.

6. These include Shares that 1,750,000 Shares that Mr. Lam Haw Shun, Dennis, JP had interest in the capacity as beneficial owner and 1,750,000 Shares that may be issued and allotted to him as remuneration shares pursuant to his letter of appointment.

(ii) Share options of the Company

Directors	Date of grant	Exercise period	Closing price immediately before date of grant	Exercise price per share	Number of share options: As at 1 October 2010	Grant during the year	Exercise during the year	Lapsed/ cancelled during the year	As at 30 September 2011	Percent of total issued share capital of the Company as at 30 September 2011
Dr. Honourable Wong Yu Hong, Philip, GBS	21 December 2009	7 January 2010 to 13 June 2014	1.57	1.63	500,000	—	—	—	500,000	0.059%
Mr. Liu Yuk Chi, David	21 December 2009	27 January 2010 to 13 June 2014	1.57	1.63	1,500,000	—	—	—	1,500,000	0.178%
Mr. Yiu Yan Chi, Bernard	16 April 2008	16 April 2008 to 13 June 2014	4.5	4.12*	1,365,861	—	—	—	1,365,861	0.162%
	21 December 2009	11 January 2010 to 13 June 2014	1.57	1.63	500,000	—	—	—	500,000	0.059%
Mr. Tsang Hoi Fong	15 March 2007	15 March 2007 to 13 June 2014	2.04	2.05*	5,608,453	—	—	—	5,608,453	0.666%
	21 December 2009	7 January 2010 to 13 June 2014	1.57	1.63	500,000	—	—	—	500,000	0.059%
Mr. Lam Haw Shun, Dennis, JP	6 March 2007	6 March 2007 to 13 June 2014	2.04	2.05*	560,844	—	—	—	560,844	0.066%
	21 December 2009	7 January 2010 to 13 June 2014	1.57	1.63	500,000	—	—	—	500,000	0.059%
Ms. Ho Chiu King, Pansy Catilina	10 June 2008	10 June 2008 to 13 June 2014	5.16	5.14*	682,930	—	—	—	682,930	0.081%
	21 December 2009	29 January 2010 to 13 June 2014	1.57	1.63	500,000	—	—	—	500,000	0.059%
Mr. Flynn Douglas Ronald	22 May 2008	22 May 2008 to 13 June 2014	5.46	5.14*	682,930	—	—	—	682,930	0.081%
	21 December 2009	19 January 2010 to 13 June 2014	1.57	1.63	500,000	—	—	—	500,000	0.059%
Mr. Owyang Loong Shui, Ivan	21 December 2009	30 January 2010 to 13 June 2014	1.57	1.63	500,000	—	—	—	500,000	0.059%
Mr. Lau Hon Chuen, GBS, JP	21 March 2007	21 March 2007 to 13 June 2014	2.09	2.05*	560,844	—	—	—	560,844	0.066%
	21 December 2009	8 January 2010 to 13 June 2014	1.57	1.63	500,000	—	—	—	500,000	0.059%
Mr. Hui Koon Man, Michael, JP	21 December 2009	15 January 2010 to 13 June 2014	1.57	1.63	500,000	—	—	—	500,000	0.059%
Consultant	21 December 2009	15 January 2010 to 13 June 2014	1.57	1.63	500,000	—	—	—	500,000	0.059%
Total					15,961,862	—	—	—	15,961,862	

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

Notes:

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

2. Dr. WONG Ying Ho, Kennedy, BBS, JP, resigned as Director on 29 November 2010 and was appointed as consultant of the Company. His interests in share options to subscribe for 500,000 shares of the Company were reclassified under the category of consultant.

(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 2011
Qin Jia Yuan Cultural Assets (Hong Kong) Company Limited ("QJY Cultural")	Dr. LEUNG Anita Fung Yee Maria	Beneficial owner and interests of spouse	Class A (non-voting)	1	1	Nil	2 *(Note 1)*	100%
	Dr. Honourable WONG Yu Hong, Philip, GBS	Beneficial owner and interests of spouse	Class A (non-voting)	1	1	Nil	2 *(Note 1)*	100%
Qin Jia Yuan Publishing Company Limited ("QJY Publishing")	Dr. LEUNG Anita Fung Yee Maria	Beneficial owner and interests in controlled corporation	Class A (non-voting)	1	Nil	1 *(Note 2)*	2	100%
	Dr. Honourable WONG Yu Hong, Philip, GBS	Beneficial owner and interests in controlled corporation	Class A (non-voting)	Nil	1 *(Note 3)*	1 *(Note 2)*	2	100%

Notes:

1. The 2 shares in QJY Cultural are held as to 1 share by Dr. Leung and 1 share by Dr. Wong. As Dr. Leung and Dr. Wong are a married couple, they are deemed to be interested in these 2 shares.

2. The 1 share in QJY Publishing is held by Triglory Corporation. Triglory Corporation is owned as to 60% by Dr. Leung and 40% by Dr. Wong. Dr. Leung and Dr. Wong are entitled to exercise control over the Triglory Corporation, and therefore, Dr. Leung and Dr. Wong are deemed to be interested in this 1 share in QJY Publishing.

3. The family interest of 1 share in QJY Publishing is the personal interests held by Dr. Leung, spouse of Dr. Wong.

Save as disclosed above, as at 30 September 2011, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such register referred to therein; or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

Directors' Interests in Contracts

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

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

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

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

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

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

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

Directors' Interests in Competing Business

Pursuant to Rule 8.10 of the Listing Rules, the Company disclosed that none of the Directors has any interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly with the Group's business.

Share Option Scheme

Pursuant to the written resolutions of the shareholders passed on 13 June 2004, the Company has established a share option scheme (the "Scheme") whereby the Directors of the Company may, at their discretion, invite any full time or part time employees and Directors, consultants and advisers of the Group (subject to the eligibility requirements as set out therein) to take up options which entitle them to subscribe for shares representing up to a maximum in nominal value of 30% of the issued share capital of the Company from time to time. The total number of shares available for issue under the Scheme and other schemes must not in aggregate exceed 10% of the issued share capital of the Company as at the date of listing of the Company's shares on the Stock Exchange unless further shareholders' approval has been obtained. The total number of shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in any 12 months' period up to the date of grant to a substantial shareholder or an independent non-executive Director or their associates would not exceed 0.1% of the shares in issue or an aggregate value of HK$5,000,000 unless further shareholders' approval has been obtained; and to each other eligible person would not exceed 1% of the shares in issue. The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full time and part time), Directors, consultants and advisers of the Group and to promote the success of the business of the Group. The Scheme shall be valid and effective for a period of ten years ending on 13 June 2014 (the "Scheme Period"). The exercise price of options shall be determined by the Board and shall not be less than the highest of the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options and the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer and the nominal value of a share of the Company. An option may be exercised at any time during a period being not less than six months and not more than ten years from the date of grant and expiring at the close of business on the last day of such period, or the date falling on the expiry of the Scheme Period, whichever is the earlier, subject to the provisions of early termination hereof.

During the year ended 30 September 2011, no option has been granted (2010: 8,000,000) to Directors to subscribe for shares of the Company. 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

The interests and short positions of those persons (other than a Director or chief executive of the Company disclosed above) in the shares and underlying shares of the Company as at 30 September 2011, which have been notified to the Company and recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Nature of interest	Total number of ordinary shares held	Total number of underlying Shares pursuant to convertible bonds/ warrants/ options held	Per cent of total issued share capital as at 30 September 2011	Notes
Dynamic Master Developments Limited	Beneficial owner	Beneficial interest	186,623,993	—	20.01%	1
Goodhold Limited	Interested in controlled corporation and beneficial owner	Corporate interest/ beneficial interest	188,515,690	—	20.21%	2
Hunterland City Limited	Interested in controlled corporation and beneficial owner	Corporate interest/ beneficial interest	187,735,956	—	20.13%	2
Aegis Media Asia Pacific Pte. Ltd.	Beneficial owner	Beneficial interest	108,094,706	—	11.55%	3

Name of substantial shareholder	Capacity	Nature of interest	Total number of ordinary shares held	Total number of underlying Shares pursuant to convertible bonds/ warrants/ options held	Per cent of total issued share capital as at 30 September 2011	Notes
Aegis International Limited	Interested in controlled corporation	Corporate interest	108,094,706	—	11.55%	3
Aegis Group Plc	Interested in controlled corporation	Corporate interest	108,094,706	—	11.55%	3
Smart Peace Development Limited	Nominee for another person	Other interest	—	72,579,474	7.76%	4
CCB International Asset Management Limited	Interested in controlled corporation	Corporate interest	—	72,579,474	7.76%	4
CCB International Assets Management (Cayman) Limited	Interested in controlled corporation	Corporate interest	—	72,579,474	7.76%	4
CCB International (Holdings) Limited	Interested in controlled corporation	Corporate interest	—	72,579,474	7.76%	4
CCB Financial Holdings Limited	Interested in controlled corporation	Corporate interest	—	72,579,474	7.76%	4
CCB International Group Holdings Limited	Interested in controlled corporation	Corporate interest	—	72,579,474	7.76%	4
China Construction Bank Corporation	Interested in controlled corporation	Corporate interest	—	72,579,474	7.76%	4
Central Huijin Investment Limited	Interested in controlled corporation	Corporate interest	—	72,579,474	7.76%	4
First Media Holdings, Ltd.	Beneficial owner	Beneficial interest	60,696,475	107,991,884	18.03%	5
Hong Kong Xinhu Investment Co., Limited	Beneficial owner	Beneficial interest	66,180,000	46,629,490	12.06%	6
Xinhu Zhongbao Co Ltd	Interest in controlled corporation	Corporate interest	66,180,000	46,629,490	12.06%	6

Notes:

1. The issued share capital of Dynamic Master is owned as to 58.37%, 32.76% and 1.77% by Goodhold Limited, Hunterland City Limited, and Up & Rise Limited.

2. As stated in note 1 above, each of Goodhold Limited and Hunterland City Limited is entitled to exercise control over Dynamic Master, they are deemed to be interested in the 186,623,993 shares held by Dynamic Master under the SFO. In addition, Goodhold Limited directly holds 1,891,697 shares and Hunterland City Limited directly holds 1,111,963 shares.

3. Aegis Media Asia Pacific Pte. Ltd. is a directly wholly owned subsidiary of Aegis International Limited, a company incorporated in the United Kingdom. Aegis International Limited is a directly wholly owned subsidiary of Aegis Group Plc which is a company listed on the London Stock Exchange. Each of Aegis Group Plc and Aegis International Limited is deemed to be interested in the shares held by Aegis Media Asia Pacific Pte. Ltd. under the SFO.

4. Smart Peace Development Limited ("Smart Peace") had interest in 72,579,474 underlying Shares through equity derivatives in the capacity of a nominee. Smart Peace is wholly owned by CCB International Asset Management Limited ("CCB IAM") which in turn is wholly owned by CCB International Assets Management (Cayman) Limited ("CCB IAM Cayman"). CCB IAM Cayman is wholly owned by CCB International (Holdings) Limited ("CCB Holdings") which is the beneficial owner of the interest in 72,579,474 underlying Shares. CCB Holdings is wholly owned by CCB Financial Holdings Limited ("CCB Financial"). CCB Financial is wholly owned by CCB International Group Holdings Limited ("CCB Group") which is in turn is wholly owned by China Construction Bank Corporation ("CCBC") which is a company listed on the Stock Exchange and Shanghai Stock Exchange. Central Huijin Investment Limited ("Central Huijin") (formerly known as "Central SAFE Investments Limited") has 57.10% control in CCBC. Accordingly, each of Central Huijin, CCBC, CCB Group, CCB Financial, CCB Holdings, CCB IAM Cayman, CCB IAM is deemed to be interested in the 72,579,474 underlying shares held by Smart Peace under the SFO.

5. First Media Holdings, Ltd. is the beneficial owner of the 60,696,475 Shares and interest in 107,991,884 underlying Shares through equity derivatives. The terms of the convertible notes and warrants are set out in note 25 to the financial statements and the announcement made by the Company on 29 April 2009.

6. Hong Kong Xinhu Investment Co., Limited is wholly owned by Xinhu Zhongbao Co Ltd. which is listed on the Shanghai Stock Exchange. Hong Kong Xinhu Investment Co., Limited is the beneficial owner of 66,180,000 Shares and had interest in 46,629,490 underlying Shares through equity derivatives. The terms of the option granted for underlying shares are set out in the announcement made by the Company on 17 May 2011.

Continuing Connected Transactions

During the year ended 30 September 2011, the Group has entered into certain tenancy agreements which constituted continuing connected transactions under Rule 14A.34 of the Listing rules. Details of the connected transactions required to be disclosed are set out as follows:

Connected person	Date of agreement	Terms	Premises	Annual rental payable
Beli Yongfu Investment Consulting (Shenzhen) Co. Ltd. ("Beli Yongfu") *(Note (a))*	26 September 2008	3 years commencing from 1 October 2008	Flat 1110, Chuang Zhan Da Sha, No 928 Xikang Road, Jiang'an District, Shanghai, the PRC	2011: HK$279,000 (2010: HK$267,000)
Winco (Dongguan) Paper Products Co., Ltd *(Note (b))*	28 September 2006 and 31 December 2009	3 years commencing from 1 January 2007 and 1 January 2010	Certain blocks of factory and office buildings in Shitanbu Control Zone, Tangsha, Dongguan, Guangdong Province, the PRC	2011: HK$1,209,000 (2010: HK$1,163,000)

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

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

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

The independent non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed that the transactions are:

— in the ordinary and usual course of the business of the Group;

— on normal commercial terms;

— in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditors have confirmed in a letter to the board of directors that:

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

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

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

Pre-emptive Rights

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

Major Customers and Suppliers

The aggregate turnover attributable to the Group's five largest customers accounted for approximately 45.0% (2010: 44.6%) and the largest customer accounted for approximately 11.7% (2010: 11.3%) of the Group's total turnover for the year ended 30 September 2011.

The aggregate purchase attributable to the Group's five largest suppliers accounted for approximately 53.1% (2010: 58.1%) and the largest supplier accounted for approximately 16.5% (2010: 22.2%) of the Group's total purchases for the year ended 30 September 2011.

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming AGM.

On behalf of the Board of Directors

LEUNG Anita Fung Yee Maria
Director

Hong Kong, 28 December 2011

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 41 to 119, which comprise the consolidated and company balance sheets as at 30 September 2011, the consolidated income statement, the consolidated statement of comprehensive income, 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 consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 consolidated 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 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Hong Kong, 28 December 2011

Consolidated Income Statement

For the year ended 30 September 2011
(Expressed in Hong Kong dollars)

	Note	2011 $'000	2010 $'000
Turnover	2	**742,234**	424,610
Direct costs		**(557,349)**	(257,812)
		184,885	166,798
Other revenue	3(a)	**1,285**	1,499
Other net income	3(b)	**20,183**	5,730
Administrative and other operating expenses		**(93,544)**	(67,366)
Profit from operations		**112,809**	106,661
Change in fair value of derivative financial instruments	25	**22,817**	16,851
Share of profit/(loss) from an associate		**3,486**	(55)
Finance costs	4(a)	**(78,953)**	(40,826)
Profit before taxation	4	**60,159**	82,631
Income tax	5	**(5,691)**	(2,603)
Profit for the year		**54,468**	80,028
Attributable to:			
Equity shareholders of the Company		**53,748**	80,472
Non-controlling interests		**720**	(444)
Profit for the year		**54,468**	80,028
Earnings per share			
Basic	8(a)	**6.16 cents**	10.64 cents
Diluted	8(b)	**N/A**	N/A

The notes on pages 49 to 119 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2011
(Expressed in Hong Kong dollars)

	Note	2011 $'000	2010 $'000
Profit for the year		**54,468**	80,028
Other comprehensive income for the year			
Exchange difference on translation of financial statements of foreign subsidiaries		**(6,765)**	(1,721)
Cash flow hedge: effective portion of changes in fair value, net of deferred tax		**—**	868
Reclassification adjustment for a loss on settlement of cross currency interest rate swap contract		**4,264**	—
		(2,501)	(853)
Total comprehensive income for the year		**51,967**	79,175
Attributable to:			
Equity shareholders of the Company		**51,247**	79,619
Non-controlling interests		**720**	(444)
Total comprehensive income for the year		**51,967**	79,175

The notes on pages 49 to 119 form part of these financial statements.

Consolidated Balance Sheet

At 30 September 2011
(Expressed in Hong Kong dollars)

	Note	2011 $'000	2010 $'000
Non-current assets			
Fixed assets	10	**120,447**	150,337
Intangible assets	12	**877,661**	783,804
Goodwill	13	**21,076**	—
Interest in an associate	14	**70,973**	67,487
Other financial assets	15	**31,908**	31,908
Other asset		**380**	380
		1,122,445	1,033,916
Current assets			
Inventories	17	**377,903**	341,089
Accounts receivable	16	**409,663**	311,472
Prepayments, deposits and other receivables		**254,283**	173,908
Pledged deposits	19	**89,281**	69,039
Cash and cash equivalents	20	**211,875**	236,796
		1,343,005	1,132,304
Current liabilities			
Bank loans and overdrafts	22	**(332,248)**	(348,252)
Loan from a shareholder	23	**(28,000)**	—
Accruals and other payables		**(504,301)**	(285,459)
Current taxation		**(19,252)**	(12,663)
Derivative financial instruments	24	**(40,937)**	(125,288)
Convertible notes	25	**(120,790)**	(116,144)
		(1,045,528)	(887,806)
Net current assets		**297,477**	244,498
Total assets less current liabilities		**1,419,922**	1,278,414

Consolidated Balance Sheet

At 30 September 2011
(Expressed in Hong Kong dollars)

	Note	**2011 $'000**	2010 $'000
Non-current liabilities			
Other payables	21	**—**	(107,250)
Bank loans	22	**(68,703)**	(63,543)
Deferred tax liability	5(c)	**(8,609)**	(2,008)
		(77,312)	(172,801)
NET ASSETS		**1,342,610**	1,105,613
CAPITAL AND RESERVES	27		
Share capital		**72,879**	63,827
Reserves		**1,267,528**	1,040,892
Total equity attributable to equity shareholders of the Company		**1,340,407**	1,104,719
Non-controlling interests		**2,203**	894
TOTAL EQUITY		**1,342,610**	1,105,613

Approved and authorised for issue by the Board of Directors on 28 December 2011.

LEUNG Anita Fung Yee Maria
Director

LAM Haw Shun, Dennis
Director

The notes on pages 49 to 119 form part of these financial statements.

Balance Sheet

At 30 September 2011
(Expressed in Hong Kong dollars)

	Note	2011 $'000	2010 $'000
Non-current asset			
Interests in subsidiaries	11	**72,943**	60,943
Current assets			
Amounts due from subsidiaries	18	**1,446,993**	1,340,293
Prepayments and other receivables		**15,277**	932
Cash and cash equivalents	20	**126**	18,164
		1,462,396	1,359,389
Current liabilities			
Amounts due to subsidiaries	18	**(24,181)**	(14,567)
Loan from shareholder	23	**(28,000)**	—
Accruals and other payables		**(22,239)**	(5,481)
Derivative financial instruments	24	**(40,937)**	(121,024)
Convertible notes	25	**(120,790)**	(116,144)
		(236,147)	(257,216)
Net current assets		**1,226,249**	1,102,173
NET ASSETS		**1,299,192**	1,163,116
CAPITAL AND RESERVES	27		
Share capital		**72,879**	63,827
Reserves		**1,226,313**	1,099,289
TOTAL EQUITY		**1,299,192**	1,163,116

Approved and authorised for issue by the Board of Directors on 28 December 2011.

LEUNG Anita Fung Yee Maria	**LAM Haw Shun, Dennis**
Director	*Director*

The notes on pages 49 to 119 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2011
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company												
	Note	Share capital $'000	Share premium $'000	General reserve $'000	Capital redemption reserve $'000	Capital reserve $'000	Exchange reserve $'000	Hedging reserve $'000	Equity component of convertible notes $'000	Warrant reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total $'000
Balance at 1 October 2009		56,041	719,282	666	95	5,922	(11,620)	(5,132)	—	—	127,810	893,064	702	893,766
Changes in equity for 2010:														
Total comprehensive income for the year		—	—	—	—	—	(1,721)	868	—	—	80,472	79,619	(444)	79,175
Dividends declared in respect of the previous year	27(b)(ii), 27(c)(iv)	65	1,269	—	—	—	—	—	—	—	(6,323)	(4,989)	—	(4,989)
Dividends declared in respect of the current year	27(b)(i), 27(c)(iv)	51	800	—	—	—	—	—	—	—	(10,464)	(9,613)	—	(9,613)
Placement of shares	27(c)(iii)	5,761	96,632	—	—	—	—	—	—	—	—	102,393	—	102,393
Equity settled share-based transactions	6, 26, 27(c)(v)	—	—	—	—	2,916	—	—	—	—	905	3,821	—	3,821
Issuance of convertible notes with warrants	25(iv), 27(d)(vii)	—	—	—	—	—	—	—	—	5,392	—	5,392	—	5,392
Remuneration shares	27(c)(v)	273	4,767	—	—	—	—	—	—	—	—	5,040	—	5,040
Acquisition of subsidiaries	27(c)(vi), 29(a)	1,636	28,356	—	—	—	—	—	—	—	—	29,992	636	30,628
Balance at 30 September 2010 and 1 October 2010		**63,827**	**851,106**	**666**	**95**	**8,838**	**(13,341)**	**(4,264)**	**—**	**5,392**	**192,400**	**1,104,719**	**894**	**1,105,613**
Changes in equity for 2011:														
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**—**	**(6,765)**	**4,264**	**—**	**—**	**53,748**	**51,247**	**720**	**51,967**
Dividends declared in respect of the previous year	27(b)(ii), 27(c)(iv)	**121**	**1,870**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(10,765)**	**(8,774)**	**—**	**(8,774)**
Dividends declared in respect of the current year	27(b)(i), 27(c)(iv)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(11,937)**	**(11,937)**	**—**	**(11,937)**
Placement of shares	27(c)(iii)	**6,560**	**102,423**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**108,983**	**—**	**108,983**
Equity settled share-based transactions	6, 26, 27(c)(v)	**—**	**—**	**—**	**—**	**3,691**	**—**	**—**	**—**	**—**	**—**	**3,691**	**—**	**3,691**
Remuneration shares	27(c)(v)	**137**	**2,069**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,206**	**—**	**2,206**
Acquisition of subsidiaries	27(c)(vi), 29(a)	**459**	**7,080**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**7,539**	**589**	**8,128**
Conversion of convertible notes		**1,775**	**26,587**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**28,362**	**—**	**28,362**
Reclassification of convertible notes		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**54,371**	**—**	**—**	**54,371**	**—**	**54,371**
Balance at 30 September 2011		**72,879**	**991,135**	**666**	**95**	**12,529**	**(20,106)**	**—**	**54,371**	**5,392**	**223,446**	**1,340,407**	**2,203**	**1,342,610**

The notes on pages 49 to 119 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 September 2011
(Expressed in Hong Kong dollars)

	Note	**2011**		2010	
		$'000	**$'000**	$'000	$'000
Operating activities					
Profit before taxation			**60,159**		82,631
Adjustments for:					
Amortisation and depreciation	4(c)		**45,375**		48,006
Change in fair value of derivative financial instruments	25		**(22,817)**		(16,851)
Interest income	3(a)		**(855)**		(825)
Share of (profit)/loss from an associate			**(3,486)**		55
Finance costs	4(a)		**78,953**		40,826
Gain on disposal of fixed assets	3(b)		**(10,273)**		(7,151)
Equity settled share-based payment expenses	6		**3,691**		8,861
Exchange difference			**(4,873)**		(1,916)
Operating profit before changes in working capital			**145,874**		153,636
(Increase)/decrease in inventories		**(36,814)**		35,081	
Increase in accounts receivable		**(98,191)**		(119,131)	
Decrease in reimbursements receivable		**—**		5,002	
Increase in prepayments, deposits and other receivables		**(80,375)**		(70,836)	
Increase in accruals and other payables		**99,525**		113,237	
			(115,855)		(36,647)
Cash generated from operations			**30,019**		116,989
Tax paid:					
— Overseas tax paid			**(36)**		—
Net cash generated from operating activities			**29,983**		116,989

Consolidated Cash Flow Statement

For the year ended 30 September 2011
(Expressed in Hong Kong dollars)

	Note	**2011** $'000	**2011** $'000	2010 $'000	2010 $'000
Investing activities					
Acquisition of subsidiaries	29(b)	**(34,681)**		(149,240)	
Proceeds from disposal of fixed assets		**32,685**		15,131	
Proceeds from disposal of intangible assets		**266,135**		—	
Payment for purchase of fixed assets		**(3,358)**		(33,943)	
Payment for purchase of intangible assets		**(367,025)**		(228,364)	
Payment for purchase of other financial assets		**—**		(31,908)	
Interest received		**855**		828	
Net cash used in investing activities			**(105,389)**		(427,496)
Financing activities					
(Increase)/decrease in pledged deposits		**(20,242)**		122,486	
Proceeds from new bank loans		**135,955**		362,319	
Proceeds from loan from a shareholder		**28,000**		—	
Repayment of bank loans		**(146,799)**		(368,916)	
Interests paid		**(48,844)**		(27,057)	
Proceeds from convertible notes	25	**—**		161,934	
Net proceeds from issuance of shares		**111,189**		102,393	
Dividends paid		**(8,774)**		(14,602)	
Net cash generated from financing activities			**50,485**		338,557
Net (decrease)/increase in cash and cash equivalents			**(24,921)**		28,050
Cash and cash equivalents at the beginning of the year			**236,796**		208,746
Cash and cash equivalents at the end of the year	20		**211,875**		236,796

The notes on pages 49 to 119 form part of these financial statements.

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. There have been no significant changes to the accounting policies applied in these financial statements for the periods presented as a result of these developments.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 September 2011 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except derivative financial instruments are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 32.

1 Significant accounting policies *(Continued)*

(c) Subsidiaries and non-controlling 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.

Non-controlling interests (previously known as "minority interests") are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. Non-controlling interests in the results of the group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(o), (p) or (q) depending on the nature of the liability.

Changes in the group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity (see note 1(d)).

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

1 Significant accounting policies *(Continued)*

(d) Associates

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

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

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

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

When the group ceases to have significant influence over an associate or joint control over a jointly controlled entity, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)) or, when appropriate, the cost on initial recognition of an investment in an associate).

In the company's statement of financial position, investments in associates and jointly controlled entities are stated at cost less impairment losses (see note 1(l)(i)).

1 Significant accounting policies *(Continued)*

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(l)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Available-for-sale equity securities

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

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

(g) 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(h)).

1 Significant accounting policies *(Continued)*

(h) Hedging

Cash flow hedges

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

(i) Fixed assets

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

(ii) Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(iii) Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— land and buildings are depreciated over the shorter of the unexpired terms of the leases and their estimated useful lives, being 50 years from the date of completion;

— props and costumes are depreciated over their estimated useful lives of 3 years, except for cost of props and costumes which are specifically purchased for the production of a particular television ("TV") program is included in the cost of services rendered in connection with the production of that particular TV program;

— other fixed assets are depreciated over their estimated useful lives as follows:

— Leasehold improvements	2–6 years
— Furniture and fixtures and other fixed assets	3–5 years
— Production equipment	5 years
— Motor vehicles	5 years

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

1 Significant accounting policies *(Continued)*

(j) Intangible assets (other than goodwill)

(i) TV programs in progress

TV programs in progress are stated in balance sheet at cost less any impairment losses (see note 1(l)(ii)). Costs include capital injected and all other direct costs associated with the production of TV programs. Costs of TV programs are transferred to licence rights upon completion.

(ii) Licence rights

Licence rights that are acquired by the Group intended for longer-term exploitations are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see note 1(l)(ii)). Amortisation is charged to profit or loss at rates calculated to write off the costs in proportion to the expected revenues from the licensing of the rights. Such rates are subject to annual review by the directors.

(iii) Customer contract costs

Costs incurred to acquire contractual relationships with customers are capitalised if it is probable that future economic benefits will flow from the customers to the Group and such costs can be measured reliably. Customer contract costs are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see note 1(l)(ii)). Capitalised customer contract costs are amortised on a straight line basis over the minimum enforceable contractual periods. By the end of the minimum enforceable contractual period, fully amortised customer contract costs will be written off.

In the event that a customer terminates the contract prior to the end of the minimum enforceable contractual period, the unamortised customer contract cost will be written off immediately to profit or loss.

(iv) Advertising rights

Advertising rights represent fees paid to secure exclusive rights to procure advertising clients to place advertisements with certain specified newspapers, magazines, TV channels and radio program for specific period of time.

Advertising rights are stated at cost less accumulated amortisation and any impairment losses (see note 1(l)(ii)).

Amortisation is calculated on a straight line basis over the agreed periods of use of the advertising rights, starting from the date of commencement of commercial use of the advertising rights. Both the period and method of amortisation are reviewed annually.

1 Significant accounting policies *(Continued)*

(j) Intangible assets (other than goodwill) *(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(l)(ii)).

Amortisation of other intangible assets is charged to profit or loss on a straight line basis over the asset's estimated useful lives (unless such lives are indefinite) or over the contractual period. Both the period and method of amortisation and any conclusion that the useful life of an intangible asset is indefinite are reviewed annually.

(k) 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.

(l) Impairment of assets

(i) Impairment of investments in equity securities

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

1 Significant accounting policies *(Continued)*

(l) Impairment of assets *(Continued)*

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

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

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

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

(ii) Impairment of other assets

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

— fixed assets;

— intangible assets;

— interests in subsidiaries; and

— goodwill.

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

(a) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less cost to sell 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)*

(l) Impairment of assets *(Continued)*

(ii) Impairment of other assets (Continued)

(b) Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. 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.

(c) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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.

(m) Inventories

Inventories represent the cost of acquisition of certain scripts, synopses and editing rights held for sale or production in the ordinary course of business and are carried at the lower of cost and net realisable value.

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

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

1 Significant accounting policies *(Continued)*

(n) 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.

(o) Convertible notes

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

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

1 Significant accounting policies *(Continued)*

(o) Convertible notes *(Continued)*

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

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

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

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

(p) 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.

1 Significant accounting policies *(Continued)*

(q) 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(u)(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.

(r) 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.

(s) Employee benefits

(i) Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to defined contribution retirement plans

Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised in profit or loss as incurred.

Employees of the subsidiaries established in the People's Republic of China ("PRC") participate in defined contribution retirement plans managed by the local government authorities whereby the subsidiaries are required to contribute to the plans at fixed rates of the relevant employees' salary costs.

The Group's contributions to these plans are charged to profit or loss when incurred. The Group has no obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

1 Significant accounting policies *(Continued)*

(s) Employee benefits *(Continued)*

(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 profits).

(iv) Termination benefits

Termination benefits are recognised when, only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(t) 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 in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in the other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1 Significant accounting policies *(Continued)*

(t) Income tax *(Continued)*

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

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

The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

1 Significant accounting policies *(Continued)*

(t) Income tax *(Continued)*

— 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.

(u) 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(u)(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) Provision and contingent liabilities

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

1 Significant accounting policies *(Continued)*

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

(ii) Provision and contingent liabilities (Continued)

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.

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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) Service income

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

(ii) 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.

(iii) Licence fees

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

1 Significant accounting policies *(Continued)*

(v) Revenue recognition *(Continued)*

(iv) Interest income

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

(w) Translation of foreign currencies

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

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

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, are translated into Hong Kong dollars at foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

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

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1 Significant accounting policies *(Continued)*

(y) 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.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Turnover and segment reporting

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

2 Turnover and segment reporting *(Continued)*

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

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

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

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

	2011	2010
	$'000	$'000
TV program related income	**593,762**	296,774
TV advertising income	**98,759**	100,369
Outdoor advertising income	**36,846**	19,578
Public relations service income	**12,867**	7,889
	742,234	424,610

For the periods presented, management has determined that no operating segment has been presented as the Group is only engaged in media related services. The Group's assets located and operating revenues derived from activities outside the PRC are less than 5 per cent of the Group's assets and operating revenues, respectively.

3 Other revenue and other net income

(a) Other revenue

	2011	2010
	$'000	$'000
Interest income	**855**	825
Others	**430**	674
	1,285	1,499

3 Other revenue and other net income *(Continued)*

(b) Other net income

	2011 **$'000**	2010 $'000
Net exchange gain/(loss)	**9,910**	(1,421)
Gain on disposal of fixed assets	**10,273**	7,151
	20,183	5,730

4 Profit before taxation

Profit before taxation is arrived at after charging:

	2011 **$'000**	2010 $'000
(a) Finance costs		
Interest on bank advances and other borrowings wholly repayable within five years (Note)	**76,104**	39,129
Interest on other borrowings wholly repayable after five years	**2,831**	1,635
Other interest expense	**18**	62
	78,953	40,826

Note: Including effective interest in convertible note of $30,109,000 (2010: $13,186,000).

(b) Staff costs		
Salaries, wages and other benefits	**28,075**	19,800
Contributions to defined contribution retirement plans	**2,367**	790
	30,442	20,590
(c) Other items		
Amortisation of intangible assets	**36,201**	37,669
Depreciation of fixed assets	**9,174**	10,337
Auditor's remuneration		
— Audit services	**1,428**	1,308
— Other services	**401**	370
Operating lease charges in respect of properties	**10,193**	7,828
Cost of inventories	**82,308**	44,447

5 Income tax

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

	2011 **$'000**	2010 $'000
Current tax — Hong Kong Profits Tax		
Provision for the year	**85**	128
Current tax — Provision for taxation outside Hong Kong		
Provision for the year	**6,292**	3,023
Deferred taxation		
Origination and reversal of temporary differences	**(686)**	(548)
	5,691	2,603

(i) The provision for Hong Kong Profits Tax for the year ended 30 September 2011 is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year.

(ii) Pursuant to the Macao SAR's Offshore Laws, Qin Jia Yuan Media Services Investment Macao Commercial Offshore Limited, a subsidiary of the Group and a Macao Offshore Company, is exempted from all taxes in Macau.

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

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

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

5 Income tax *(Continued)*

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

	2011 **$'000**	2010 $'000
Profit before taxation	**60,159**	82,631
Notional tax on profit before taxation, calculated at the rates applicable to profits	**(4,815)**	1,800
Tax effect of non-deductible expenses	**67,518**	18,333
Tax effect of non-taxable income	**(83,834)**	(33,473)
Tax effect of unused tax losses not recognised	**26,822**	15,943
Actual tax expense	**5,691**	2,603

(c) Deferred tax liability recognised:

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

	Fair value adjustment on business combination $'000
Deferred tax arising from:	
At 1 October 2009	1,311
Acquisition of subsidiaries	1,245
Credited to profit or loss	(548)
At 30 September 2010	2,008
At 1 October 2010	**2,008**
Acquisition of subsidiaries	**7,287**
Credited to profit or loss	**(686)**
At 30 September 2011	**8,609**

5 Income tax *(Continued)*

(d) Deferred tax asset not recognised:

The Group has not recognised deferred tax asset in respect of tax losses of $232,456,000 (2010: $122,155,000) 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, $159,335,000 (2010: $84,747,000) 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	Basic salaries, other allowances and emoluments	Discretionary bonuses	Retirement scheme contributions	Equity settled share-based payment expenses (Note 26)	2011 Total
	$'000	$'000	$'000	$'000	$'000	$'000
Executive directors						
Dr LEUNG Anita Fung Yee Maria	—	6,063	—	11	7,500	13,574
Mr YIU Yan Chi Bernard	—	360	—	—	—	360
Mr TSIANG Hoi Fong	—	572	—	—	—	572
Mr TSE Wai Kuen Gary	—	4,923	—	9	(670)	4,262
Mr YEUNG Ching Wan	—	1,375	—	10	—	1,385
Non-executive directors						
Dr Honourable WONG Yu Hong, Philip, GBS	100	—	—	—	—	100
Mr LAM Haw Shun, Dennis, JP	—	1,000	—	—	(13)	987
Mr Stanley Emmett THOMAS	100	—	—	—	—	100
Mr Lincoln PAN Lin Feng	100	—	—	—	—	100
Mr ZALDIVAR Peter Alphornse	100	—	—	—	—	100
Mr LIU Yuk Chi, David	—	3,400	—	—	(3,126)	274
Dr WONG Ying Ho, Kennedy, BBS, JP	17	—	—	—	—	17
Mr FLYNN Douglas Ronald	—	1,000	—	—	—	1,000
Ms HO Chiu King Pansy Catilina	100	—	—	—	—	100
Mr OWYANG Loong Shui, Ivan	—	360	—	—	—	360
Mr SU Xiao Shan	—	1,000	—	—	—	1,000
Dr LIN Junbo	33	—	—	—	—	33
Independent non-executive directors						
Mr LAU Hon Chuen, GBS, JP	100	—	—	—	—	100
Mr HUI Koon Man, Michael, JP	100	—	—	—	—	100
Mr CHOU Wayne	100	—	—	—	—	100
Total	850	20,053	—	30	3,691	24,624

6 Directors' remuneration and five highest paid individuals *(Continued)*

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

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

6 Directors' remuneration and five highest paid individuals *(Continued)*

The above analysis include four (2010: four) individuals whose emoluments are among the five highest paid individuals in the Group. Details of the emoluments paid to the remaining one (2010: one) individual are:

	2011 $'000	2010 $'000
Basic salaries, housing and other allowances and benefits in kind	**1,560**	1,440
Retirement scheme contributions	**12**	12
	1,572	1,452

The emoluments of the individual fell within the following bands:

	2011 Number of individuals	2010 Number of individuals
$0–$1,000,000	**—**	—
$1,000,001–$1,500,000	**—**	1
$1,500,001–$2,000,000	**1**	—
	1	1

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 profit attributable to equity shareholders of the Company includes a loss of $49,035,000 (2010: profit of $186,774,000) which has been dealt with in the financial statements of the Company.

8 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary equity shareholders of the Company of $53,748,000 (2010: $80,472,000) and the weighted average number of 873,171,000 (2010: 756,407,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2011	2010
	'000	'000
Issued ordinary shares at 1 October 2010/2009	**818,294**	718,474
Effect of conversion of convertible notes	**18,145**	—
Effect of placement of share (note 27(c)(iii))	**32,718**	28,414
Effect of scrip dividends (note 27(c)(iv))	**690**	591
Effect of acquisition of subsidiaries (note 27(c)(vi))	**2,921**	6,608
Effect of remuneration shares (note 27(c)(v))	**403**	2,320
Weighted average number of ordinary shares at 30 September	**873,171**	756,407

(b) Diluted earnings per share

Diluted earnings per share for the year ended 30 September 2011 and 2010 is not presented because the existence of outstanding share options, equity settled share-based transactions with an executive director and two non-executive directors and conversion option for the convertible notes during the year have anti-dilutive effect on the basic earnings per share. The then status of condition was assumed unchanged and the condition of reset and adjustment were not met.

9 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.

9 Retirement benefit schemes *(Continued)*

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.

10 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 2010	140,420	24,551	14,546	2,896	11,076	193,489
Additions	460	2,112	1,688	6	14	4,280
Disposals	(28,615)	(32)	(15)	—	—	(28,662)
Exchange adjustments	1,513	963	856	56	414	3,802
At 30 September 2011	113,778	27,594	17,075	2,958	11,504	172,909
Accumulated depreciation:						
At 1 October 2010	3,571	17,921	8,452	2,170	11,038	43,152
Exchange adjustments	98	695	260	45	411	1,509
Charge for the year	3,393	3,337	2,182	235	27	9,174
Written back on disposal	(1,349)	(10)	(14)	—	—	(1,373)
At 30 September 2011	5,713	21,943	10,880	2,450	11,476	52,462
Net book value:						
At 30 September 2011	108,065	5,651	6,195	508	28	120,447

10 Fixed assets *(Continued)*

	The Group					
	Land and buildings $'000	Leasehold improvements $'000	Furniture, fixtures and other fixed assets $'000	Production equipment $'000	Props and costumes $'000	Total $'000
Cost:						
At 1 October 2009	46,415	22,377	15,610	2,852	15,463	102,717
Additions	30,192	1,297	2,433	9	12	33,943
Acquisition of subsidiaries	70,613	525	46	—	—	71,184
Disposals	(6,800)	—	(3,783)	—	(4,676)	(15,259)
Exchange adjustments	—	352	240	35	277	904
At 30 September 2010	140,420	24,551	14,546	2,896	11,076	193,489
Accumulated depreciation:						
At 1 October 2009	728	13,289	8,034	1,969	15,301	39,321
Exchange adjustments	22	262	195	18	276	773
Charge for the year	3,015	4,370	2,639	183	130	10,337
Written back on disposal	(194)	—	(2,416)	—	(4,669)	(7,279)
At 30 September 2010	3,571	17,921	8,452	2,170	11,038	43,152
Net book value:						
At 30 September 2010	136,849	6,630	6,094	726	38	150,337

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

	The Group	
	2011 $'000	2010 $'000
In Macau under short-term lease	**10,766**	13,026
In Hong Kong under medium-term lease	**12,941**	16,254
In the PRC under long-term leases	**84,358**	107,569
	108,065	136,849

(b) Land and buildings held by certain subsidiaries with carrying value of $108,065,000 (2010: $133,889,000) were pledged as security for mortgage bank loans of $56,973,000 (2010: $78,232,000) (note 22).

11 Interests in subsidiaries

	The Company 2011 $'000	2010 $'000
Unlisted shares, at cost	**72,943**	60,943

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
Qin Jia Yuan Cultural Assets (Hong Kong) Company Limited	Hong Kong	Hong Kong	100%	—	#$2 ##$92	Property investment
Qin Jia Yuan International Film, Culture, Communication Company Limited	BVI	Hong Kong	100%	—	US$1	Investment holding
Qin Jia Yuan Media Creation Co., Limited	BVI	Hong Kong	100%	—	US$1	Investment holding
Qin Jia Yuan Creation Company Limited	BVI	PRC	—	100%	US$10	Holding of scripts, synopses and editing rights
Qin Jia Yuan Media Services, Productions, Distributions Company Limited	BVI	Macau	100%	—	US$1	Investment holding

(Expressed in Hong Kong dollars unless otherwise indicated)

11 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
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
Jumbo Add Investments Limited	BVI	Hong Kong	—	100%	US$1	Holdings of advertising rights of printed media
Qin Jia Yuan International Cultural Media Planning and Services Company Ltd	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of printed media and a radio show
Qin Jia Yuan (China) Advertising Company Limited*	PRC	PRC	—	100%	RMB50,000,000	Holding of customer contracts and provision of advertising related services
Vast Top Investments Limited	BVI	Hong Kong	—	100%	US$1	Holding of adaptation rights of fiction series
Info Bond Development Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel
Great Reform Holdings Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel
Famous Well Investment Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel
Ever Merit Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel
Sonic Wealth Investment Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel
Silver Knight Enterprises Limited	BVI	Hong Kong	—	100%	US$1	Holding of advertising rights of TV channel

(Expressed in Hong Kong dollars unless otherwise indicated)

11 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
Triangle Marketing Services Company Limited	Hong Kong	Hong Kong	—	90%	$7,900	Provision of marketing, promotion & event management consultancy services
Step China Enterprise Limited	Hong Kong	PRC	—	100%	$1	Property holding
QJY Impact (China) Entertainment Services Company Limited	Hong Kong	PRC	—	65%	$1,000,000	Investment holding
Qin Jia Yuan E-Commerce Investments Limited	BVI	Hong Kong	100%	—	US$1	Investment holding
Great Mean Enterprises Limited	BVI	Hong Kong	—	100%	US$1	Holding of adaptation rights of fiction series
Sharp Cheer Enterprises Limited	BVI	Hong Kong	—	100%	US$1	Holding of distribution rights
Joyful Times Limited	Hong Kong	Macau	—	100%	$1	Property holding
Yo Harvest Limited	Hong Kong	Macau	—	100%	$1	Property holding
Luck Success Enterprise Limited	Hong Kong	PRC	—	100%	$1	Property holding
Qin Jia Yuan Digital Entertainment Company Limited	Hong Kong	Hong Kong	—	100%	$2	Investment holding
New Fine International Holdings Limited	Hong Kong	PRC	—	100%	$1	Property holding
QJY Advertising And Communication Holdings Company Limited	BVI	Hong Kong	100%	—	US$1	Investment holding
Rich State Media Enterprise Limited	Hong Kong	Hong Kong	—	51%	$100	Investment holding
Green Team Culture Asset Limited	BVI	Hong Kong	—	100%	US$10,000	Holding of publication and adaptation rights

* Wholly foreign owned enterprises established in the PRC

\# Class A non-voting shares

\#\# Class B voting shares

\+ For identification purpose only

(Expressed in Hong Kong dollars unless otherwise indicated)

12 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 2010	807,638	112,142	50,220	38,000	22,349	1,030,349
Additions	367,025	—	—	—	—	367,025
Acquisition of a subsidiary	—	—	—	29,150	—	29,150
Disposals	(283,647)	—	—	—	—	(283,647)
Exchange difference	—	—	—	—	18	18
At 30 September 2011	891,016	112,142	50,220	67,150	22,367	1,142,895
Accumulated amortisation and impairment loss:						
At 1 October 2010	58,838	112,142	50,220	15,569	9,776	246,545
Charge for the year	27,390	—	—	4,652	4,159	36,201
Written back on disposals	(17,512)	—	—	—	—	(17,512)
At 30 September 2011	68,716	112,142	50,220	20,221	13,935	265,234
Net book value:						
At 30 September 2011	822,300	—	—	46,929	8,432	877,661

12 Intangible assets *(Continued)*

	The Group					
	Purchased licence rights $'000	TV programs in progress $'000	Purchased advertising rights $'000	Customer contract costs $'000	Others $'000	Total $'000
Cost:						
At 1 October 2009	634,140	112,142	50,220	38,000	14,398	848,900
Additions	228,364	—	—	—	—	228,364
Acquisition of a subsidiary	—	—	—	—	7,951	7,951
Disposals	(54,866)	—	—	—	—	(54,866)
At 30 September 2010	807,638	112,142	50,220	38,000	22,349	1,030,349
Accumulated amortisation and impairment loss:						
At 1 October 2009	31,559	112,142	49,226	10,917	6,456	210,300
Charge for the year	28,703	—	994	4,652	3,320	37,669
Written back on disposals	(1,424)	—	—	—	—	(1,424)
At 30 September 2010	58,838	112,142	50,220	15,569	9,776	246,545
Net book value:						
At 30 September 2010	748,800	—	—	22,431	12,573	783,804

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

Purchased licence right with carrying value of $322,865,000 (2010: $468,631,000) as of 30 September 2011 have been pledged for convertible notes with outstanding principal amount of $100,000,000 (2010: $100,000,000) (note 25).

13 Goodwill

	The Group 2011 $'000	2010 $'000
Cost and carrying amount:		
At 1 October	—	—
Additions through acquisition of subsidiaries	**21,076**	—
At 30 September	**21,076**	—

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the group's cash-generating units ("CGU") (being subsidiaries acquired in each acquisition). The recoverable amount of CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a ten-year period. Cash flows beyond the ten-year period are extrapolated using a estimated weighted average growth rate of 3% to 15% which is consistent with the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate of 14.77%. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

14 Interest in an associate

	The Group 2011 $'000	2010 $'000
Share of net assets	**70,973**	67,487

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

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

14 Interest in an associate *(Continued)*

Summary financial information on an associate

	Assets $'000	Liabilities $'000	Equity $'000	Revenues $'000	Profit $'000
2011					
100 per cent	**165,490**	**79,330**	**86,160**	**148,841**	**15,190**
Group's effective interest	**37,980**	**18,206**	**19,774**	**34,159**	**3,486**
2010					
100 per cent	103,200	32,230	70,970	123,657	15,412
Group's effective interest	23,684	7,397	16,287	28,379	3,537

15 Other financial assets

	The Group 2011 $'000	2010 $'000
Available-for-sale equity securities		
— Unlisted	**31,908**	31,908

16 Accounts receivable

	The Group 2011 $'000	2010 $'000
Accounts receivable	**409,663**	311,472

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 2011 $'000	2010 $'000
Current	**409,663**	311,472

The Group's credit policy is set out in note 28(a).

16 Accounts receivable *(Continued)*

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 2011 and 30 September 2010, no amounts of significant accounts receivable were individually determined to be doubtful or impaired.

As at 30 September 2011 and 30 September 2010, the Group assessed that virtually all of the debtors and receivables are neither past due nor impaired.

17 Inventories

The inventories as at 30 September 2011 represent the cost of acquisition of certain scripts, synopses, publication rights, copyrights and editing rights. They are carried at the lower of cost and net realisable value.

No inventories were written off during the year ended 30 September 2011 and 2010.

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 22).

20 Cash and cash equivalents

	The Group		**The Company**	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Deposits with banks and other financial institutions	**—**	10,000	**—**	—
Cash at bank and in hand	**211,875**	226,796	**126**	18,164
Cash and cash equivalents in the balance sheets	**211,875**	236,796	**126**	18,164

21 Other non-current payables

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

22 Bank loans and overdrafts

	The Group 2011 $'000	2010 $'000
Unsecured bank overdrafts	**4,586**	—
Secured bank loans		
Current portion	**322,517**	333,563
Non-current portion	**16,875**	—
	339,392	333,563
Mortgage bank loans		
Current portion	**5,145**	14,689
Non-current portion	**51,828**	63,543
	56,973	78,232
	400,951	411,795
Repayable as follows:		
— Within 1 year or on demand	**332,248**	348,252
— After 1 year but within 2 years	**16,629**	5,140
— After 2 years but within 5 years	**23,275**	17,062
— After 5 years	**28,799**	41,341
	68,703	63,543
	400,951	411,795

At 30 September 2011, certain bank loan facilities were secured by pledged deposits of $89,281,000 (2010: $69,039,000) (note 19), certain shares of a subsidiary, and the corporate guarantee provided by the Company and its subsidiary as, totalling $760,080,000 (2010: $429,984,000) were utilised to the extent of $339,392,000 (2010: $333,563,000) at year end.

At 30 September 2011, mortgage bank loans of $56,973,000 (2010: $78,232,000) were secured by the Group's land and buildings with carrying value of $108,065,000 (2010: $133,889,000) (note 10), and the corporate guarantee provided by the Company.

23 Loan from a shareholder

The loan from a shareholder is unsecured, interest-free and is repayable on or before 10 October 2011. The Group has fully repaid the loan on 4 October 2011.

24 Derivative financial instruments

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Derivative financial liabilities:				
Conversion option of convertible notes (note 25)	**40,937**	121,024	**40,937**	121,024
Cash flow hedges:				
— cross currency interest rate swap contracts	**—**	4,264	**—**	—
	40,937	125,288	**40,937**	121,024

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

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

As at 30 September 2010, the aggregate notional principal amounts of the outstanding swap contracts were RMB50,000,000. These swap contracts comprise cross currency interest rate swap contracts, which were entered into to hedge against interest rate risk and foreign currency risk in relation to a secured bank loan. These swap contracts matured on 9 September 2011.

25 Convertible notes

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

25 Convertible notes *(Continued)*

	The Group and the Company					
	Liability	Conversion option	Redemption option	Equity component of convertible notes	Warrant reserve	Total
		(note 24)	(note 24)		(note27(d)(vii))	
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 October 2010	**116,144**	**121,024**	—	—	**5,392**	**242,560**
Conversion of convertible notes	**(25,463)**	**(2,899)**	—	—	—	**(28,362)**
Reclassification of convertible notes	—	**(54,341)**	**(30)**	**54,371**	—	—
Effective interest for the year	**30,109**	—	—	—	—	**30,109**
Change in fair value	—	**(22,847)**	**30**	—	—	**(22,817)**
At 30 September 2011	**120,790**	**40,937**	—	**54,371**	**5,392**	**221,490**

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

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

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

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

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

25 Convertible notes *(Continued)*

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

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

On 31 December 2010, in accordance with the respective terms and conditions of the 2009 Notes, the conversion price of the 2009 Notes was reset to $1.3778 per share. Further, in accordance with the respective terms and conditions of the 2009 Notes, the conversion price of the 2009 Notes will not be reset or adjusted subsequent to 31 December 2010. The directors are in the position that the conversion price of the conversion option of the 2009 Notes becomes fixed, and accordingly, is reclassified as equity as at 31 December 2010.

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

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

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

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

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

25 Convertible notes *(Continued)*

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

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

(ii) Conversion option of the 2009 Notes and the First Media Notes to be accounted for as a separate financial liability represents the fair value of the option to convert the liability into equity of the Company but the conversion will be settled other than by the exchange of a fixed number of the Company's own equity. As mentioned above, resulting from the conversion price of the conversion option of the 2009 Notes becomes fixed, the company reclassified conversion option of the 2009 Notes to equity as at 31 December 2010.

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

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

On 13 December 2010, the Series A Notes with principal amount of $30,223,231 was automatically converted into 22,760,000 ordinary shares at a conversion price of $1.3278 per ordinary share in accordance with the subscription agreement with First Media. The remaining balances were settled in cash pursuant to the terms and conditions of the Series A Notes. As at 30 September 2011, the 2009 Notes and the Series B Notes are outstanding.

(Expressed in Hong Kong dollars unless otherwise indicated)

25 Convertible notes *(Continued)*

A first fixed charge over the entire amount of issued share capital of and a guarantee given by certain subsidiaries held by the Company are pledged for the 2009 Notes with outstanding principal amount of $100,000,000 (2010: $100,000,000). Aggregated net assets held by those subsidiaries amounted to $28,833,000 (2010: $124,831,000) which consist of purchased licence rights with carrying value of $322,865,000 (2010: $468,631,000) are pledged to the aforesaid convertible notes by means of a debenture over all assets of such subsidiary which owns the purchased license rights as of 30 September 2011 (note 12).

26 Equity settled share-based transactions

The Company has a share option scheme which was adopted on 13 June 2004 ("the Scheme") whereby the directors of the Company are authorised, at their discretion, to invite any full time or part time employees and directors, consultants and advisers of the Group, to take up options at $1 to subscribe for ordinary shares of the Company. The Scheme shall be effective for a period of ten years ending on 13 June 2014. Each option gives the holder the right to subscribe for one ordinary share in the Company.

(a) The terms and conditions of the share options grants that existed during the year ended 30 September 2011 are as follows:

Date granted	Exercise period	Adjusted/original exercise price (Note)	Number of options outstanding 2011	Number of options outstanding 2010
Options granted to directors				
6 March 2007	6 March 2007 to 13 June 2014	$2.05	**560,844**	560,844
15 March 2007	15 March 2007 to 13 June 2014	$2.05	**5,608,453**	5,608,453
21 March 2007	21 March 2007 to 13 June 2014	$2.05	**560,844**	560,844
16 April 2008	16 April 2008 to 13 June 2014	$4.12	**1,365,861**	1,365,861
22 May 2008	22 May 2008 to 13 June 2014	$5.14	**682,930**	682,930
10 June 2008	10 June 2008 to 13 June 2014	$5.14	**682,930**	682,930
7 January 2010	7 January 2010 to 13 June 2014	$1.63	**1,500,000**	1,500,000
8 January 2010	8 January 2010 to 13 June 2014	$1.63	**500,000**	500,000
11 January 2010	11 January 2010 to 13 June 2014	$1.63	**500,000**	500,000
12 January 2010	12 January 2010 to 13 June 2014	$1.63	**500,000**	500,000
15 January 2010	15 January 2010 to 13 June 2014	$1.63	**500,000**	500,000
19 January 2010	19 January 2010 to 13 June 2014	$1.63	**500,000**	500,000
27 January 2010	27 January 2010 to 13 June 2014	$1.63	**1,500,000**	1,500,000
29 January 2010	29 January 2010 to 13 June 2014	$1.63	**500,000**	500,000
30 January 2010	30 January 2010 to 13 June 2014	$1.63	**500,000**	500,000
Options granted to an employee				
16 April 2008	16 April 2008 to 13 June 2014	$4.12/$4.53	**—**	—
Total share options			**15,961,862**	15,961,862

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

(Expressed in Hong Kong dollars unless otherwise indicated)

26 Equity settled share-based transactions *(Continued)*

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

	2011 Weighted average exercise price $	**2011** Number of options	2010 Weighted average exercise price $	2010 Number of options
Outstanding at 1 October 2010/2009	**2.39**	**15,961,862**	2.92	11,388,567
Granted during the year	**—**	**—**	1.63	6,500,000
Cancelled during the year	**—**	**—**	2.92	(1,926,705)
Outstanding at 30 September	**2.39**	**15,961,862**	2.39	15,961,862
Exercisable at 30 September	**2.39**	**15,961,862**	2.39	15,961,862

No options were forfeited or expired during the year (2010: 1,926,705). No options were exercised during the year (2010: Nil). All the share options outstanding as at 30 September 2011 and 2010 are exercisable.

All the options outstanding at 30 September 2011 had a weighted average remaining contractual life of 2.7 years (2010: 3.7 years).

(Expressed in Hong Kong dollars unless otherwise indicated)

26 Equity settled share-based transactions *(Continued)*

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial option pricing model. The contractual life of the share option is used as an input into this model.

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

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

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

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

27 Capital and reserves

(a) Movements in components of equity

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

The Company

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

27 Capital and reserves *(Continued)*

(a) Movements in components of equity *(Continued)*

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Contributed surplus $'000	Equity component of convertible notes $'000	Warrant reserve $'000	Retained earnings $'000	Total $'000
At 1 October 2010		**63,827**	**851,106**	**95**	**10,398**	**59,382**	**—**	**5,392**	**172,916**	**1,163,116**
Total comprehensive income for the year		—	—	—	—	—	—	—	(49,035)	(49,035)
Dividends declared in respect of the previous year	27(b)(ii), 27(c)(iv)	121	1,870	—	—	—	—	—	(10,765)	(8,774)
Dividends declared in respect of the current year	27(b)(i), 27(c)(iv)	—	—	—	—	—	—	—	(11,937)	(11,937)
Placement of shares	27(c)(iii)	6,560	102,423	—	—	—	—	—	—	108,983
Remuneration shares	27(c)(v)	137	2,069	—	—	—	—	—	—	2,206
Acquisition of subsidiaries	27(c)(vi), 29(a)	459	7,080	—	—	—	—	—	—	7,539
Conversion of convertible notes		1,775	26,587	—	—	—	54,371	—	—	82,733
Reclassification of convertible notes		—	—	—	4,361	—	—	—	—	4,361
At 30 September 2011		**72,879**	**991,135**	**95**	**14,759**	**59,382**	**54,371**	**5,392**	**101,179**	**1,299,192**

(b) Dividends

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

	2011 $'000	2010 $'000
Interim dividend declared and paid of 1.28 cents (2010: 1.28 cents) per share	**11,937**	10,464
Final dividend proposed after the balance sheet date of 0.03 cent (2010: 1.28 cents) per share	**1,403**	10,474
	13,340	20,938

Interim scrip dividends declared during the years ended 30 September 2010 and 2011 were offered to shareholders with cash option. Details of dividends paid are disclosed in note 27(c)(iv).

27 Capital and reserves *(Continued)*

(b) Dividends *(Continued)*

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

The Directors recommend a payment of final dividend of 0.03 cent per share (2010: 1.28 cents) in respect of the year ended 30 September 2011, and the total amount is calculated based on the number of shares after the proposed rights issue of 4,678,326,050 shares (note 27(c)(viii)). The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

	2011 $'000	2010 $'000
Final dividend in respect of the previous financial year, approved and paid during the year of 1.28 cents (2010: 0.88 cents) per share	**10,765**	6,323

(c) Share capital

	Note	**2011 Number of shares '000**	**2011 Amount $'000**	2010 Number of shares '000	2010 Amount $'000
Authorised:					
Ordinary shares of US$0.01 each	(i)	**2,600,000**	**202,800**	1,200,000	93,600
Issued and fully paid:					
At 1 October		**818,294**	**63,827**	718,474	56,041
Conversion of convertible notes	(ii)	**22,760**	**1,775**	—	—
Placement of shares	(iii)	**84,100**	**6,560**	73,858	5,761
Shares issued as scrip dividend	(iv)	**1,546**	**121**	1,489	116
Remuneration shares	(v)	**1,750**	**137**	3,500	273
Acquisition of subsidiaries	(vi)	**5,890**	**459**	20,973	1,636
At 30 September		**934,340**	**72,879**	818,294	63,827

27 Capital and reserves *(Continued)*

(c) Share capital *(Continued)*

Notes:

(i) Increase in authorised share capital

By an ordinary resolution passed at the extraordinary general meeting held on 1 September 2011, the Company's authorised ordinary share capital was increased to 2,600,000,000 by the creation of an additional 1,400,000,000 ordinary shares of US$0.01 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

(ii) Conversion of convertible notes

On 13 December 2010, the Series A Notes with principal amount of $30,223,231 was converted into 22,760,000 ordinary shares at a conversion price of $1.3278 per ordinary share in accordance with the subscription agreement with First Media.

(iii) Placement of shares

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

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

A placement of 84,100,000 shares of the company at a price of $1.35 per share was made with independent investors on 11 May 2011. The placing price represented a discount of approximately 0.74% to the closing price of $1.36 per share on 27 April 2011 and a premium of approximately 1.35% to the ten trading days average closing price of $1.332 per share up to and including 27 April 2011. The net proceeds was used to repay the outstanding bank borrowings of the Group, finance the expansion of the Group's media advertising and TV production business and as general working capital. These shares rank pari passu with the existing ordinary shares of the company in all respects.

27 Capital and reserves *(Continued)*

(c) Share capital *(Continued)*

Notes: *(Continued)*

(iv) Shares issued as scrip dividend

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

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

On 20 April 2011, the Company issued and allotted 1,545,631 ordinary shares of US$0.01 each at $1.288 per share to the shareholders who received shares of the Company in lieu of cash for 2010 final dividend pursuant to scrip dividend scheme announced by the Company on 25 March 2011. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

(v) Remuneration shares

At the extraordinary general meeting of the Company held on 30 March 2009, shareholders of the Company have approved to issue and allot 3,500,000 shares to Mr Liu Yuk Chi, David ("Mr Liu") upon his completion of 12 months of service.

On 1 February 2010, 3,500,000 ordinary shares of US$0.01 per share was issued and allotted to Mr Liu for his appointment as non-executive Director and Chairman of Strategic Committee pursuant to his letter of appointment. These shares rank pari passu with the existing ordinary shares of the Company in all respect.

At the extraordinary general meeting of the Company held on 21 March 2011, shareholders of the Company have approved to issue and allot up to 1,750,000 shares and 2,000,000 shares to Mr Lam Haw Shun, Dennis ("Mr Lam") and Mr Tse Wai Kuen, Gary ("Mr Tse"), upon their completion of 12 months of services. In addition, the Company have approved to issue and allot 20,000,000 shares to Dr Leung Anita Fung Yee, Maria ("Dr Leung"), upon her fulfillment of certain performance conditions and completion of service term. On 8 July 2011, 1,750,000 ordinary shares of US$0.1 per share was issued and allotted to Mr Lam for his appointment as non-executive director pursuant to this letter of appointment. These shares rank pari passu with the exiting ordinary shares of the Company in all respect.

(vi) Acquisition of subsidiaries

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

On 11 March 2011, the group entered into a sale and purchase agreement with an independent third party to acquire 55% of the issued share capital of Clear Light Group Limited ("Clear Light Group") with principal business activity in the provision of consultancy services at a purchase consideration consists of $36,000,000 of cash and 5,890,438 ordinary shares of the company (Note 29(a)). The consideration shares were issued at $1.28 per share measured at the closing price on 2 April 2011, and accordingly, Clear Light Group became a subsidiary of the company. These shares rank pari passu with the existing ordinary shares of the company in all respects.

(Expressed in Hong Kong dollars unless otherwise indicated)

27 Capital and reserves *(Continued)*

(c) Share capital *(Continued)*

Notes: *(Continued)*

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

Exercise period	Adjusted/original exercise price	Number of options outstanding 2011	2010
6 March 2007 to 13 June 2014	$2.05	**560,844**	560,844
15 March 2007 to 13 June 2014	$2.05	**5,608,453**	5,608,453
21 March 2007 to 13 June 2014	$2.05	**560,844**	560,844
16 April 2008 to 13 June 2014	$4.12	**1,365,861**	1,365,861
22 May 2008 to 13 June 2014	$5.14	**682,930**	682,930
10 June 2008 to 13 June 2014	$5.14	**682,930**	682,930
7 January 2010 to 13 June 2014	$1.63	**1,500,000**	1,500,000
8 January 2010 to 13 June 2014	$1.63	**500,000**	500,000
11 January 2010 to 13 June 2014	$1.63	**500,000**	500,000
12 January 2010 to 13 June 2014	$1.63	**500,000**	500,000
15 January 2010 to 13 June 2014	$1.63	**500,000**	500,000
19 January 2010 to 13 June 2014	$1.63	**500,000**	500,000
27 January 2010 to 13 June 2014	$1.63	**1,500,000**	1,500,000
29 January 2010 to 13 June 2014	$1.63	**500,000**	500,000
30 January 2010 to 13 June 2014	$1.63	**500,000**	500,000
Outstanding at 30 September		**15,961,862**	15,961,862

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

(viii) Rights Issue

On 27 October 2011, the Company announced that it proposed to issue 3,742,660,840 to 4,824,397,052 new ordinary shares of US$0.01 each by way of a rights issue in the proportion of four rights share for every ordinary shares then held by qualifying shareholders at a subscription price of HK$0.08 per rights share.

Accordingly, the Company has proposed to increase its issued share capital by 7,400,000,000 shares to 10,000,000,000 shares. These newly issued shares rank pari passu in all respects with the existing shares. The net proceeds, after deduction of related expenses, of approximately $291,928,000 to $376,303,000 from the Rights Issue will be used to as to half of them for repayment of the Group's indebtedness which may include repayment of loans and redemption of convertible bonds.

27 Capital and reserves *(Continued)*

(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.

(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(s)(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(w).

(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.

27 Capital and reserves *(Continued)*

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

(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(h).

(vii) Warrant reserve

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

(e) Distributability of reserves

At 30 September 2011, the aggregate amount of reserves available for distribution to equity shareholders of the Company was $1,226,313,000 (2010: $1,099,289,000), subject to the restriction stated in note 27(d)(i) above. After the balance sheet date the directors proposed a final dividend of 0.03 cent (2010: 1.28 cents) per ordinary share, amounting to $1,403,000 (2010: $10,474,000). This dividend has not been recognised as a liability at the balance sheet date.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to meet its financial obligations and continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

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

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

27 Capital and reserves *(Continued)*

(f) Capital management *(Continued)*

The net debt-to-equity ratio at 30 September 2011 and 2010 was as follows:

	Note	**2011** **$'000**	2010 $'000
Bank overdraft	22	**4,586**	—
Loan from a shareholder	23	**28,000**	—
Secured bank loans	22	**339,392**	333,563
Mortgage bank loans	22	**56,973**	78,232
Convertible notes	25	**120,790**	116,144
Total loans		**549,741**	527,939
Less: Pledged deposits	19	**(89,281)**	(69,039)
Net debts		**460,460**	458,900
Total equity		**1,342,616**	1,105,613
Total debt-to-equity ratio		**34.30%**	41.51%

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

28 Financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's financial management policies and practices are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to 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 12% (2010: 21%) and 45% (2010: 62%) 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 16.

(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.

28 Financial instruments *(Continued)*

(b) Liquidity risk

The treasury function of the Group is arranged centrally to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

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

The Group

	2011					
	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	**120,790**	**267,007**	**267,007**	**—**	**—**	**—**
Secured bank loans	**339,392**	**345,982**	**327,668**	**11,689**	**6,625**	**—**
Mortgage bank loans	**56,973**	**74,109**	**8,038**	**8,038**	**24,113**	**33,920**
Accrual and other payables	**504,301**	**504,301**	**504,301**	**—**	**—**	**—**
Loan from a shareholder	**28,000**	**28,000**	**28,000**	**—**	**—**	**—**
	1,049,456	**1,219,399**	**1,135,014**	**19,727**	**30,738**	**33,920**

	2010					
	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000
Convertible notes	116,144	312,681	312,681	—	—	—
Secured bank loans	333,563	340,457	319,099	21,358	—	—
Mortgage bank loans	78,232	100,058	9,246	9,246	27,738	53,828
Accrual and other payables	392,709	392,709	285,459	35,750	71,500	—
Cross currency interest rate swaps (net settled)	4,264	4,264	4,264	—	—	—
	924,912	1,150,169	930,749	66,354	99,238	53,828

(Expressed in Hong Kong dollars unless otherwise indicated)

28 Financial instruments *(Continued)*

(b) Liquidity risk *(Continued)*

The Company

	2011					
	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	**120,790**	**267,007**	**267,007**	**—**	**—**	**—**
Accruals and other payables	**22,239**	**22,239**	**22,239**	**—**	**—**	**—**
	143,029	**289,246**	**289,246**	**—**	**—**	**—**

	2010					
	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000
Convertible notes	116,144	312,681	312,681	—	—	—
Accruals and other payables	5,481	5,481	5,481	—	—	—
	121,625	318,162	318,162	—	—	—

28 Financial instruments *(Continued)*

(c) Interest rate risk

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

The Group

	2011						
	Fixed/ floating	**Effective interest rate %**	**Within one year $'000**	**One to two years $'000**	**Two to five years $'000**	**More than five years $'000**	**Total $'000**
Cash and cash equivalents	**Floating**	**0.3**	**211,875**	**—**	**—**	**—**	**211,875**
Bank loans	**Floating**	**6.6**	**327,662**	**16,629**	**23,275**	**28,799**	**396,365**
Bank overdrafts	**Floating**	**3.5**	**4,586**	**—**	**—**	**—**	**4,586**
Convertible notes	**Fixed**	**32.68**	**—**	**—**	**120,790**	**—**	**120,790**

	2010						
	Fixed/ floating	Effective interest rate %	Within one year $'000	One to two years $'000	Two to five years $'000	More than five years $'000	Total $'000
Cash and cash equivalents	Floating	0.3	236,796	—	—	—	236,796
Bank loans	Floating	5.0	318,500	26,988	19,913	46,394	411,795
Convertible notes	Fixed	29.9	—	—	116,144	—	116,144

28 Financial instruments *(Continued)*

(c) Interest rate risk *(Continued)*

The Company

	2011						
	Fixed/ floating	**Effective interest rate %**	**Within one year $'000**	**One to two years $'000**	**Two to five years $'000**	**More than five years $'000**	**Total $'000**
Convertible notes	**Fixed**	**32.68**	**—**	**—**	**120,790**	**—**	**120,790**

	2010						
	Fixed/ floating	Effective interest rate %	Within one year $'000	One to two years $'000	Two to five years $'000	More than five years $'000	Total $'000
Convertible notes	Fixed	29.9	—	—	116,144	—	116,144

(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 22). At 30 September 2011, the Group had no cross currency interest rate swap contracts (2010: RMB50 million). The Group entered into cross currency interest rate swap contracts, 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 and matured on 9 September 2011. No swap contracts were entered after the mature of the swap contracts on 9 September 2011.

(ii) Sensitivity analysis

Assuming that the interest rates had increased/decreased by not more than 100 basis points (2010: 100 basis points) at 30 September 2011 and the changes had been applied to the exposure to interest rate risk for financial instruments in existence at that date, with all other variables held constant, the impact on the Group's profit 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.

28 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 loss mainly arising from the translation of financial statements of subsidiaries in the PRC amounted to $6,765,000 (2010: $1,721,000) 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.

	The Group	
	2011	2010
	RMB'000	RMB'000
Accounts receivable	**119,285**	172,989

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 last year, details of which are set out in note 28(c)(i) above. No swap contracts were entered after the mature of the swap contracts on 9 September 2011.

28 Financial instruments *(Continued)*

(d) Foreign currency risk *(Continued)*

(ii) Sensitivity analysis

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

— 5% increase/decrease in the foreign exchange rate of HKD against RMB will increase/decrease the Group's profit by approximately $6.0 million (2010: $8.6 million) and increase/decrease the Group's total equity by approximately $6.0 million (2010: $8.6 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 2010.

(e) Fair values

(i) Financial instruments carried at fair value

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

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

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

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

28 Financial instruments *(Continued)*

(e) Fair values *(Continued)*

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

2011

	The Group			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Liabilities				
Derivative financial instruments:				
— Conversion option embedded in convertible notes	**—**	**40,937**	**—**	**40,937**

	The Company			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Liabilities				
Derivative financial instruments:				
— Conversion option embedded in convertible notes	**—**	**40,937**	**—**	**40,937**

2010

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

28 Financial instruments *(Continued)*

(e) Fair values *(Continued)*

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

2010 (Continued)

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

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

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

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 September 2011 and 2010.

(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.

(Expressed in Hong Kong dollars unless otherwise indicated)

28 Financial instruments *(Continued)*

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

(i) Derivative financial instruments (Continued)

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

	Tranche 1 Notes to Smart Peace		Tranche 2 Notes to Smart Peace	
	2011	2010	**2011**	2010
Fair value of conversion options and assumptions				
Share price	**N/A**	$1.34	**N/A**	$1.34
Initial conversion price	**N/A**	$1.70	**N/A**	$1.70
Expected volatility	**N/A**	56.40%	**N/A**	55.11%
Option life	**N/A**	3.62 years	**N/A**	3.85 years
Expected dividend yield	**N/A**	1.39%	**N/A**	1.42%
Risk-free interest rate	**N/A**	0.82%	**N/A**	0.87%

	Tranche 1 Notes to Star Group		Tranche 2 Notes to Star Group	
	2011	2010	**2011**	2010
Fair value of conversion options and assumptions				
Share price	**N/A**	$1.34	**N/A**	$1.34
Initial conversion price	**N/A**	$1.70	**N/A**	$1.70
Expected volatility	**N/A**	53.58%	**N/A**	52.11%
Option life	**N/A**	4.13 years	**N/A**	4.47 years
Expected dividend yield	**N/A**	1.43%	**N/A**	1.44%
Risk-free interest rate	**N/A**	0.94%	**N/A**	1.03%

	Series A First Media Notes		Series B First Media Notes	
	2011	2010	**2011**	2010
Fair value of conversion options and assumptions				
Share price	**N/A**	$1.34	**$0.45**	$1.34
Initial conversion price	**N/A**	$1.3278	**$1.3278**	$1.3278
Expected volatility	**N/A**	51.71%	**51.9%**	51.71%
Option life	**N/A**	4.77 years	**3.77 years**	4.77 years
Expected dividend yield	**N/A**	1.45%	**1.59%**	1.45%
Risk-free interest rate	**N/A**	1.11%	**0.50%**	1.11%

(Expressed in Hong Kong dollars unless otherwise indicated)

28 Financial instruments *(Continued)*

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

(i) Derivative financial instruments (Continued)

	Tranche 1 Notes to Smart Peace		Tranche 2 Notes to Smart Peace	
	2011	2010	**2011**	2010
Fair value of redemption options and assumptions				
Exercise price		Early redemption price		Early redemption price
Option life	**N/A**	3.62 years	**N/A**	3.85 years
Risk-free interest rate	**N/A**	0.82%	**N/A**	0.87%

	Tranche 1 Notes to Star Group		Tranche 2 Notes to Star Group	
	2011	2010	**2011**	2010
Fair value of redemption options and assumptions				
Exercise price		Early redemption price		Early redemption price
Option life	**N/A**	4.13 years	**N/A**	4.47 years
Risk-free interest rate	**N/A**	0.94%	**N/A**	1.03%

	Series A First Media Notes		Series B First Media Notes	
	2011	2010	**2011**	2010
Fair value of redemption options and assumptions				
Exercise price		Early redemption price		Early redemption price
Option life	**N/A**	4.77 years	**N/A**	4.77 years
Risk-free interest rate	**N/A**	1.11%	**N/A**	1.11%

(ii) Interest-bearing borrowings

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

29 Acquisition and disposal of subsidiaries

(a) Acquisition of Clear Light Group

On 2 April, the Group completed the acquisition of 55% of the issued share capital of Clear Light Group Limited ("Clear Light Group"). The principal activities of Clear Light Group are the provision of consultancy and advertising services in Guangzhou, China.

The combined fair values of the identifiable assets and liabilities of Clear Light Group as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Carrying amount $'000	Fair value recognised on acquisition $'000
Intangible assets	—	29,150
Fixed assets	—	—
Inventories	—	—
Prepayments, deposits and other receivables	—	—
Cash and cash equivalents	1,319	1,319
Bank loans	—	—
Accruals and other payable	(130)	(130)
Deferred tax liability	—	(7,287)
Net identifiable assets and liabilities	1,189	23,052
Non-controlling interests	(589)	(589)
Acquisition of net assets attributable to the Group	600	22,463
Goodwill		21,076
Total consideration		43,539
Represented by:		
Consideration shares		7,539
Consideration paid		36,000
Total consideration		43,539

Net cash outflow arising on acquisition:

Cash consideration paid	(36,000)
Cash and cash equivalents acquired	1,319
	(34,681)

29 Acquisition and disposal of subsidiaries *(Continued)*

(a) Acquisition of Clear Light Group *(Continued)*

Following the acquisition, Clear Light Group contributed turnover and profit after taxation of $55,656,000 and $4,318,000 respectively for the year ended 30 September 2011.

The effect of the Group's turnover and profit for the year ended 30 September 2011 would not have been materially different from $55,656,000 and $4,318,000 respectively had the above acquisition taken place at 1 October 2010.

(b) Acquisition of other subsidiaries in 2010

During the year ended 30 September 2010, 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 **2010** $'000
Net assets acquired:	
Intangible assets	7,951
Fixed assets	71,184
Inventories	177,332
Interest in an associate	67,542
Prepayments, deposits and other receivables	859
Cash and cash equivalents	818
Bank loans	—
Accruals and other payable	(105)
Deferred tax liability	(1,245)
Net identifiable assets and liabilities	324,336
Non-controlling interests	(636)
Acquisition of net assets attributable to the Group	323,700
Less: Consideration shares	(29,992)
Less: Consideration paid	(150,058)
Consideration payable	143,650
Net cash outflow arising on acquisition:	
Cash consideration paid	(150,058)
Cash and cash equivalents acquired	818
	(149,240)

29 Acquisition and disposal of subsidiaries *(Continued)*

(c) Disposal of a subsidiary

There was no disposal of subsidiaries during the year ended 30 September 2011 and 2010.

(d) Significant non-cash transactions

Other than the consideration shares issued by the Group for the acquisition of Rich State Media (see note 11), the Group incurred payables of $143,000,000 and $650,000 for acquisition of Green Team Culture Asset Limited and QJY Impact (China) Entertainment Services Company Limited respectively during the year ended 30 September 2010.

30 Commitments

(a) Commitments under operating leases

At 30 September 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2011	2010
	$'000	$'000
Within one year	**9,345**	4,861
After one year but within five years	**18,555**	5,645
After five years	**306**	1,318
	28,206	11,824

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.

30 Commitments *(Continued)*

(b) Capital commitments

The Group's capital commitments outstanding as at 30 September 2011 not provided for in the financial statements were as follows:

	The Group	
	2011	2010
	$'000	$'000
Contracted for	**68,675**	—
Authorised but not contracted for	**—**	—
	68,675	—

(c) Other commitments

(i) Pursuant to the terms of a Master Investors Procurement Agreement, the Group agreed to procure required funding to a production house for the production of 6,000 hours of TV programs. During the year ended 30 September 2011, the Group did not procure any funding for the production of TV programs (2010: $Nil). The total funding required for the remaining 5,713 hours (2010: 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 2011.

During the year ended 30 September 2011, 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 (2010: 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.

30 Commitments *(Continued)*

(c) Other commitments *(Continued)*

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

	The Group	
	2011	2010
	$'000	$'000
Within one year	**43,743**	27,774
After one year but within five years	**13,515**	108,448
After five years	**—**	25,557
	57,258	161,779

31 Material related party transactions

(a) On 28 December 2006, the Group entered into three leasing agreements with Winco (Dongguan) Paper Products Co, Ltd ("Winco") to lease three properties located at Dongguan, the PRC, at an annual rental of RMB1,032,000 from 1 January 2007 to 31 December 2009. It was renewed on 31 December 2009 at an annual rental of RMB1,014,000 from 1 January 2010 to 31 December 2012. Winco is a wholly foreign owned enterprise established in the PRC and controlled by Dr Wong Yu Hong, Philip ("Dr Wong") and Dr Leung Anita Fung Yee Maria ("Dr Leung"). Rental expenses paid and payable to Winco amounted to $1,209,000 (2010: $1,163,000) for the year ended 30 September 2011.

(b) On 26 September 2008, the Group entered into a leasing arrangement with Beli Yongfu Investment Consulting (Shenzhen) Co Ltd ("Beli Yongfu"), a company wholly owned by Dr Leung to lease a property located at Shanghai, the PRC, for a term of three years commencing on 1 October 2008 at an annual rental of RMB234,000. Rental expenses paid and payable to Beli Yongfu amounted to $279,000 (2010: $267,000) for the year ended 30 September 2011.

(c) 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.

(d) 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.

32 Accounting estimates and judgements

The key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below.

(a) Provision for impairment of TV programs in progress

The management estimates the net realisable value for such finished goods of the TV programs in progress based primarily on the latest market price and current market conditions. In addition, the Group carries out a review on each TV drama series at each balance sheet date and provision is made when events or changes in circumstances indicate that the carrying amount may not be realised.

(b) Provision for impairment of receivables

The provisioning policy for impairment of receivables of the Group is based on the evaluation of collectability and ageing analysis of the receivables and on management's judgements. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

(Expressed in Hong Kong dollars unless otherwise indicated)

33 Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting year ended 30 September 2011

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and Interpretations and new standards which are not yet effective for the year ended 30 September 2011 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 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
Revised HKAS 24, *Related party disclosures*	1 January 2011
Amendments to HKFRS 7, *Financial instruments: Disclosures — Transfer of financial assets*	1 January 2012
HKFRS 9, *Financial instruments*	1 January 2013
HKFRS 12, *Disclosure of interests in other entities*	1 January 2013
HKFRS 13, *Fair value measurement*	1 January 2013
Improvements to HKFRSs 2010	1 July 2010 or 1 January 2011
Revised HKAS 19, *Employee benefits*	1 January 2013
Amendments to HKAS 12, *Income taxes*	1 January 2012

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)

	2007 $'000	2008 $'000	2009 $'000	2010 $'000	**2011 $'000**
INCOME STATEMENT					
Turnover	196,949	322,258	226,129	424,610	**742,234**
Profit/(loss) before taxation	140,095	219,617	(389,307)	82,631	**60,159**
Income tax	(696)	(2,154)	(1,154)	(2,603)	**(5,691)**
Profit/(loss) after taxation	139,399	217,463	(390,461)	80,028	**54,468**
Attributable to:					
Equity shareholders of the Company	139,399	217,463	(390,374)	80,472	**53,748**
Non-controlling interests	—	—	(87)	(444)	**720**
Dividends	31,760	22,350	9,909	20,938	**13,340**
Earnings/(loss) per share (note)					
— Basic (cents)	23.77	32.28	(55.96)	10.64	**6.16**
— Diluted (cents)	23.73	32.09	N/A	N/A	**N/A**
BALANCE SHEET					
Fixed assets	23,392	27,184	63,396	150,337	**120,447**
Interest in an associate	—	—	—	67,487	**70,973**
Intangible assets	225,878	424,528	638,600	783,804	**877,661**
Goodwill	—	—	—	—	**21,076**
Long term reimbursements receivable	41,484	91,626	—	—	**—**
Long term receivables	695	21,368	—	—	**—**
Long term deposits	13,447	13,447	—	—	**—**
Other financial assets	—	—	—	31,908	**31,908**
Other asset	380	380	380	380	**380**
Net current assets	595,772	702,521	338,082	244,498	**297,477**
Non-current liabilities	(3,643)	(38,949)	(146,692)	(172,801)	**(77,312)**
Net assets	897,405	1,242,105	893,766	1,105,613	**1,342,610**
Total equity attributable to equity shareholders of the Company	897,405	1,242,105	893,064	1,104,719	**1,340,407**
Non-controlling interests	—	—	702	894	**2,203**
Total equity	897,405	1,242,105	893,766	1,105,613	**1,342,610**

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