

CORPORATE GOVERNANCE REPORT

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

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

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

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

Except for those relationships disclosed set out in the “Biographies of Directors and Officers” of this annual report, the Directors have no other financial, business, family or other

CORPORATE GOVERNANCE REPORT

material/relevant relationships with each other.

Independent Non-executive Directors

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

Appointment and Re-election of Directors

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

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

Mr. Flynn Douglas Ronald and Ms. Ho Chiu King, Pansy Catilina were appointed as non-executive Directors on 28 April 2008. Their appointment were recommended by Chief Executive Officer and considered and approved by the Board at a meeting at which seven Directors were present (except Mr. Yiu Yan Chi, Bernard, Mr. Pfitzner Kym Richard, Mr. Zinger Simon, Ms. Lee Kwei- Fen, Mr. Hung Hak Hip and Mr. Liu Yuk Chi, David). There was no other change in directorship during the year and up to the date of this report.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

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

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

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 2008, 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:

CORPORATE GOVERNANCE REPORT

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

* Appointed on 28 April 2008 and only two Board meetings were held after their appointment as Directors.

CORPORATE GOVERNANCE REPORT

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 Code.

Remuneration Committee

The Chairman of the Remuneration Committee is Mr. Lam Haw Shun, Dennis, JP and other members are Mr. Lau Hon Chuen, GBS, JP and Mr. Liu Yuk Chi, David, the majority being independent non-executive Directors of the Company. The primary function of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management. The Company's emolument policy is to ensure that the remuneration offered to employees including executive Directors and senior management is based on the skills, knowledge, responsibilities and involvement in the

CORPORATE GOVERNANCE REPORT

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 Code have been adopted by the Board and are available on the Company's website, www.qjymedia.com.

During the year ended 30 September 2008, the Remuneration Committee held four meetings, with attendance record as follows:

<i>Name of member</i>	<i>Number of meetings attended/held</i>
Mr. LAM Haw Shun, Dennis, JP (Chairman)	4/4
Mr. LAU Hon Chuen, GBS, JP	4/4
Mr. LIU Yuk Chi, David	2/4

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

Audit Committee

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

CORPORATE GOVERNANCE REPORT

During the year ended 30 September 2008, the Audit Committee held two meetings with attendance record as follows:

<i>Name of member</i>	<i>Number of meetings attended/held</i>
Mr. LAM Haw Shun, Dennis, JP (Chairman)	2/2
Mr. LAU Hon Chuen, GBS, JP	1/2
Mr. LIU Yuk Chi, David	1/2

At the meetings, the Audit Committee has reviewed the audited financial statements for the year ended 30 September 2007 and the interim report for the six months ended 31 March 2008 respectively with senior management and the Company's external auditors. The Audit Committee has also reviewed the Group's accounting principles and practices, Listing Rules and statutory compliance, internal controls and financial reporting matters.

AUDITORS' 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 2008, the remuneration to the auditor of the Company were approximately HK\$1,168,000 for audit services and HK\$292,000 for non-audit services.

DIRECTORS' AND AUDITORS' 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

CORPORATE GOVERNANCE REPORT

statements for the year ended 30 September 2008, 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 has overall responsibilities for maintaining a sound and effective internal control system of the Group. The system includes a defined management structure with limits of authority, safeguard its assets against unauthorized use or disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensures compliances with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage the risks of failure in the Group's operational systems and in the achievement of the Group's objectives.

Management has conducted regular review during the year 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.

An external professional firm has been engaged to review and assess certain internal control system of the Group for the year ended 30 September 2008 and reported the review and recommended procedures whereas no material control failure were noted. 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 2008. There are no material internal control deficiencies that may affect the shareholders of the Company have come to the attention of the Audit Committee or the Board. They considered that the system had effectively safeguarded the assets of the Group. The Group will continue to enhance the system to cope with the changes in the business environment.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Confirmations have been sought from all Directors that they have complied with the required standards set out in the Model Code throughout the year ended 30 September 2008. The Board has also adopted the Model Code as guidelines for relevant employees in respect of their dealings in the securities of the Company.

COMMUNICATION WITH SHAREHOLDERS

Effective communication

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

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

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

Voting by poll

Details of the rights of shareholders to demand a poll are included in the circular to shareholders dispatched together with the annual report. The circular also includes relevant details of proposed resolutions, including biographies of each Director standing for re-election. Results of the poll (if any) are made available on the website of the Company, www.qjymedia.com and the Stock Exchange, www.hkex.com.hk.