



## QIN JIA YUAN MEDIA SERVICES COMPANY LIMITED

勤 + 緣 媒 體 服 務 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2366)

### 2008 FINAL RESULTS ANNOUNCEMENT

The Directors of Qin Jia Yuan Media Services Company Limited (the “Company”) are pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the “Group”) for the year ended 30 September 2008.

#### CONSOLIDATED INCOME STATEMENT

For the year ended 30 September 2008

	<i>Note</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Turnover</b>	2	<b>322,258</b>	196,949
<b>Direct costs</b>		<u>(89,823)</u>	<u>(46,549)</u>
		<b>232,435</b>	150,400
<b>Other revenue</b>	3(a)	<b>3,959</b>	4,409
<b>Other net income</b>	3(b)	<b>58,458</b>	20,182
<b>Administrative and other operating expenses</b>		<u>(58,042)</u>	<u>(26,883)</u>
<b>Profit from operations</b>		<b>236,810</b>	148,108
<b>Finance costs</b>	4(a)	<u>(17,193)</u>	<u>(8,013)</u>
<b>Profit before taxation</b>	4	<b>219,617</b>	140,095
<b>Income tax</b>	5	<u>(2,154)</u>	<u>(696)</u>
<b>Profit for the year</b>		<u><b>217,463</b></u>	<u>139,399</u>
<b>Dividends payable to equity shareholders of the Company attributable to the year:</b>	6		
- Interim dividend declared during the year		<b>22,350</b>	14,463
- Final dividend proposed after the balance sheet date		<u>—</u>	<u>17,297</u>
		<u><b>22,350</b></u>	<u>31,760</u>
<b>Earnings per share</b>	7		
- Basic		<u><b>35.51 cents</b></u>	<u>26.15 cents</u>
- Diluted		<u><b>35.30 cents</b></u>	<u>26.10 cents</u>

## CONSOLIDATED BALANCE SHEET

As at 30 September 2008

	<i>Note</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Non-current assets</b>			
Fixed assets		27,184	23,392
Intangible assets		424,908	226,258
Reimbursements receivable		91,626	41,484
Long term receivables	8	21,368	695
Long term deposits		<u>13,447</u>	<u>13,447</u>
		<u>578,533</u>	<u>305,276</u>
<b>Current assets</b>			
Inventories		87,856	71,383
Accounts receivable	8	161,057	128,262
Reimbursements receivable		357,353	270,715
Prepayments, deposits and other receivables		120,093	81,195
Pledged deposits		107,255	59,827
Cash and cash equivalents		<u>212,849</u>	<u>168,635</u>
		<b>1,046,463</b>	780,017
Assets classified as held for sale		<u>—</u>	<u>3,586</u>
		<u>1,046,463</u>	<u>783,603</u>
<b>Current liabilities</b>			
Bank loans		(243,220)	(93,477)
Accruals and other payables		(92,340)	(85,799)
Current taxation		<u>(8,382)</u>	<u>(6,165)</u>
		<b>(343,942)</b>	(185,441)
Liabilities directly associated with assets classified as held for sale		<u>—</u>	<u>(2,390)</u>
		<u>(343,942)</u>	<u>(187,831)</u>
Net current assets		<u>702,521</u>	<u>595,772</u>
<b>Total assets less current liabilities</b>		<b>1,281,054</b>	901,048
<b>Non-current liabilities</b>			
Bank loans		<u>(38,949)</u>	<u>(3,643)</u>
<b>NET ASSETS</b>		<u>1,242,105</u>	<u>897,405</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		48,502	45,429
Reserves		<u>1,193,603</u>	<u>851,976</u>
		<u>1,242,105</u>	<u>897,405</u>

*Notes:*

## **1. Basis of preparation**

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 30 September 2008 (the "consolidated financial statements") but are extracted from the consolidated financial statements.

The consolidated 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 ("HKSA") 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. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that assets classified as held for sale and liabilities directly associated with assets classified as held for sale are stated at lower of carrying amount and fair value less costs to sell.

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group.

There have been no significant changes to the accounting policies applied in the consolidated financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS7, *Financial instruments: Disclosures* and the amendment to HKAS 1, *Presentation of financial statements: Capital disclosures*, there have been some additional disclosures with no significant impact on the Group's operating results for the year and financial position as at 30 September 2008.

## **2. Turnover and segment reporting**

The Group is principally engaged in the provision of media services including television ("TV") program related services and marketing and advertising related services in the People's Republic of China ("PRC"), and other public relations services.

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

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

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

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

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

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
TV program related income	72,231	84,759
Marketing and advertising related income	197,378	82,670
Public relations service income	<u>52,649</u>	<u>29,520</u>
	<u><b>322,258</b></u>	<u><b>196,949</b></u>

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

### 3. Other revenue and other net income

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>(a) Other revenue</b>		
Interest income	3,903	4,330
Others	<u>56</u>	<u>79</u>
	<u><b>3,959</b></u>	<u><b>4,409</b></u>
<b>(b) Other net income</b>		
Net exchange gain	57,156	20,161
Gain on disposal of a subsidiary	1,304	—
(Loss)/gain on disposal of fixed assets	<u>(2)</u>	<u>21</u>
	<u><b>58,458</b></u>	<u><b>20,182</b></u>

#### 4. Profit before taxation

Profit before taxation is arrived at after charging:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
(a) Finance costs:		
Interest on bank advances and other borrowings wholly repayable within five years	17,193	8,010
Other borrowing costs	<u>—</u>	<u>3</u>
	<u>17,193</u>	<u>8,013</u>
(b) Staff costs:		
Salaries, wages and other benefits	10,060	4,405
Equity settled share-based payment expenses	826	—
Contributions to defined contribution plans	<u>292</u>	<u>177</u>
	<u>11,178</u>	<u>4,582</u>
(c) Other items:		
Amortisation of intangible assets	25,351	16,752
Depreciation of fixed assets	6,845	7,586
Auditors' remuneration		
- audit services	1,168	1,115
- other services	292	263
Operating lease charges in respect of properties	10,182	3,572
Cost of inventories	<u>4,643</u>	<u>5,331</u>

#### 5. Income tax

- (a) No provision has been made for Hong Kong Profits Tax as the Group did not earn any income subject to Hong Kong Profits Tax during the year.
- (b) 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.
- (c) Income tax in the consolidated income statement represents the provision of PRC income tax as follows:

— Profits of the subsidiaries established in the PRC are subject to PRC income tax. Pursuant to the Corporate Income Tax Law of the PRC ("new tax law") passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprises are unified at 25% and effective from 1 January 2008. For subsidiaries which are foreign investment enterprises located and operated in Shenzhen, and approved to be established before 16 March 2007 by the State Administration for Industrial and Commerce, provision for PRC income tax has been made at 15% for the period from 1 October 2007 to 31 December 2007 and 18% for the period from 1 January 2008 to 30 September 2008.

- Foreign enterprises with permanent establishment in the PRC are also subject to PRC income tax. The provision for PRC income tax in respect of certain subsidiaries incorporated outside the PRC has been calculated at the applicable tax rate of 33% for the period from 1 October 2007 to 31 December 2007 and 25% for the period from 1 January 2008 to 30 September 2008 on a deemed profit basis on their PRC sourced income during the period.

## 6. Dividends

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interim dividend declared and paid of HK3.6 cents per share (2007: HK2.5 cents per share)	22,350	14,463
Final dividend proposed after the balance sheet date of HK nil cent per share (2007: HK2.8 cents per share)	<u>—</u>	<u>17,297</u>
	<u>22,350</u>	<u>31,760</u>

During the year, interim scrip dividends were offered to shareholders with cash option.

The directors did not recommend any payment of final dividend for the year ended 30 September 2008. The final dividend proposed for the year ended 30 September 2007 after the balance sheet date has not been recognised as a liability at 30 September 2007.

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year of HK2.8 cents per share (2007: HK1.8 cents per share)	<u>17,297</u>	<u>9,177</u>

## 7. Earnings per share

- (a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$217,463,000 (2007: HK\$139,399,000) and the weighted average number of 612,339,000 (2007: 533,039,000) ordinary shares in issue during the year, calculated as follows:

*Weighted average number of ordinary shares*

	2008 '000	2007 '000
Issued ordinary shares at 1 October	582,428	509,859
Effect of placement of shares	27,350	20,976
Effect of scrip dividends	1,900	1,986
Effect of share options exercised	791	218
Effect of share repurchased	<u>(130)</u>	<u>—</u>
Weighted average number of ordinary shares at 30 September	<u>612,339</u>	<u>533,039</u>

(b) *Diluted earnings per share*

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$217,463,000 (2007: HK\$139,399,000) and the weighted average number of 616,027,000 (2007: 534,026,000) ordinary shares (diluted) calculated as follows:

*Weighted average number of ordinary shares (diluted) for the year ended 30 September 2008 is calculated as follows:*

	2008 '000	2007 '000
Weighted average number of ordinary shares at 30 September	612,339	533,039
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<u>3,688</u>	<u>987</u>
Weighted average number of ordinary shares (diluted) at 30 September	<u>616,027</u>	<u>534,026</u>

8. **Accounts receivable**

	2008 HK\$'000	2007 HK\$'000
Accounts receivable	182,425	128,957
Less: Amount expected to be recovered after one year, included as non-current assets	<u>(21,368)</u>	<u>(695)</u>
	<u>161,057</u>	<u>128,262</u>

Included in accounts receivable expected to be recovered within twelve months from the balance sheet date are debtors with the following ageing analysis:

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current	<u><b>161,057</b></u>	<u>128,262</u>

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 months 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.

## **MANAGEMENT DISCUSSION & ANALYSIS**

Over the past four years, the economy of the People's Republic of China ("China", the "State" or the "Mainland") continued to prosper and grow at an average annual growth rate of 10.7%. According to the National Bureau of Statistics, an annual growth rate of 10.1%, 10.4%, 11.1% and 11.4% were recorded in 2004, 2005, 2006 and 2007 respectively, and an annual growth rate of 8% is estimated for 2008.

The global financial tsunami in the second half of the year devastated several economies. At a time when recession fears loom over the global economy, the export of China will inevitably be impacted which will likely slow down the economic growth.

The weighting of drivers heading to the Gross Domestic Product growth in China have changed, with personal consumption being the biggest driver for 2007. The Government will continue its efforts to expand domestic consumption to effectively realize the expected economic growth.

## **INDUSTRY OVERVIEW**

Being focused in TV media business in China where more than 95% of the population is TV viewers, the Group is well positioned for a steady business growth. In times of economic recession, whilst people tend to cut their spending and look for mental nourishment and comforts, free and high-quality TV programs are especially popular. According to a recent research released by the State Administration of Radio, Film and Television, the total number of domestically produced TV programs in 2007 accounted for only 17.5% of the total demand by the TV channels across China. Second-round and third-round releases were extensively accepted, proving that

quality TV program libraries can generate long-term revenues. Furthermore, advertisements for daily necessities, a major advertising item which covers pharmaceutical products, foods, beverages, personal items, cosmetics, bathroom accessories and communication products, will not be significantly affected.

## **BUSINESS OVERVIEW**

After recording an annual net profit growth of at least 26% for four consecutive years subsequent to its listing, the Group recorded a net profit growth of 56% this year. Basic earnings per share also increased by 36%. Adhering to its dividend payout policy, the Group declares interim and final dividends every year since its listing. In view of credit crunch whereas many enterprises are hardly hit by the recent global financial tsunami, the Group proposes to retain cash for use as working capital for future development and recommends a bonus issue to shareholders on the basis of one bonus share for every ten existing shares held.

Since listing, the Group has been focusing on the planning of and investment in TV drama series, the TV programs which are most popular for advertising placement. The TV drama production of the Group has increased from 58 episodes in 2004 to 353 episodes in 2008, a rise in market share from 1.2% to 7.1% based on the market demand for 5,000 episodes/hours of prime-time (19:00-22:00) TV dramas every year. The supply of the TV dramas as planned is mainly attributable to the unique and close collaboration in investment, planning, production and procurement of TV drama series with nine prominent TV stations/media groups in Beijing, Guangdong, Fujian, Chongqing, Jiangsu, Shanghai, Hubei, Dalian and Harbin.

Since 2008, the Group has commenced the exclusive advertising business of seven TV channels given that Qin Jia Yuan (China) Advertising Company Limited, a wholly-owned subsidiary set up in Shenzhen in mid 2007 is permitted to operate full scope of advertising business in China. Following the Drama Channel of Hubei TV Station, the Entertainment Channel of Chongqing TV Station, the City Channel of Hebei TV Station, the Red Classic Channel of Jiangxi TV Station, the Economic Channel of Shanxi TV Station, the Satellite Channel of Southern TV Station (Guangdong) and the Education & Culture Channel of China Yellow River TV Station also co-operated with the Group to form the QJY cross-media advertising agency platform.

The Group continued to source talents to develop its TV channel advertising agency business. Apart from working on the procurement of branded products and advertising sponsors whilst meeting the international advertising practice, the Group also focused on channel packaging and promotion, which complemented the running programs and created synergistic effect. Based on past two years' experience, the

Group believes the synergy of having advertising business of more than one channel should be more than “1+1=2”. Due to the rise in TV ratings, the Group has succeeded in raising the advertising rate card of the seven channels two times in 2008, with the increase ranging from 10% to 30%.

In addition, capitalizing on its advantage as a TV program producer and provider, the Group closely collaborated with the TV channels on TV program production and procurement. During the 2008 Chinese New Year, a cross-provincial broadcasting game show received a widespread response from the audience. In the wake of the Sichuan earthquake in May 2008, the Group not only contributed to the relief, but also worked on four touching earthquake documentaries through Chongqing CSQJY Media Company Limited. The Group also arranged to redistribute “Warm Hearts beyond the Cold Strait”, a TV drama series produced by the Group in 2001 to mark the 25th anniversary of the devastating Tangshan earthquake and to memorize the earthquake then happened in Taiwan. The Group was the only TV program provider in the Mainland to have both earthquake documentaries and TV drama series distributed at the same time. At the end of September, the Group arranged to distribute the repackaged “\$ Tornado”, a TV drama series produced in 1998 to mark the 10th anniversary of the Asian financial crisis. The distribution achieved remarkable results in the midst of global financial tsunami. It enabled the TV stations, audience and advertisers to realize that the Group has keen market sense, attentiveness to social affairs and insight to its audience’s livelihood. The market recognition of the Group’s efforts over the years which mitigated the economic loss resulting from the suspension of entertainment program and advertisement enforced by the State during the national mourning period for the Sichuan earthquake, was thereby reflected in the impressive results of the Group’s cross-media advertising agency business.

## **BUSINESS PROSPECTS**

The Group will continue its defined business strategy, strive to become a major Chinese-language TV drama series provider in Greater China and build a leading cross-media advertising agency platform with TV business as its core. Since the impact of the recent global financial turmoil on the operation and development of enterprises that have businesses in China is still uncertain, the Group will adopt a proactive but cautious approach. The Group will strengthen its content library, working on both quality and quantity, and lay a good foundation for the long term TV business development in future. The Group will repackage all-time favorite TV drama series in its film library for second-round and third-round distribution as the high quality TV dramas, which the Group has permanent copyrights, are long lasting programs and not limited to first-round distribution. The Group believes it will stay strong in the huge rebroadcasting market in China. In addition, the Group will

continue to implement the strategy of building its channel advertising agency platform in provinces that have sustainable economic growth whereas to reduce cash in the consideration for the acquisition of the advertising agency rights by leveraging its prolific content library. Meanwhile, the Group will work on the TV ratings and the brand images, enabling the advertisers to recognize the improvements of the channels after the Group has commenced to manage the exclusive advertising rights of the channels.

Under the State policy to separate production and broadcasting, and to allow the foreign companies to operate full scope of advertising business in the Mainland, the Group will capitalize on its unique operating model by providing one-stop TV services that covers production, distribution, advertising and public relations. The Group will continue to steadily develop its business in an optimistic but cautious manner that will result in diversified revenues and a prolific film library. Diversified business can generate stronger resilience to a sluggish economy, while the film library can lay a solid foundation for the long-term development of the TV media business.

Subject to State open-door policy on TV program production, the Group has experienced a remarkable improvement in operating working capital, which is of a special significance amidst the recent weakening global economy.

The Group is considering the adoption of an alternate remuneration policy under which certain senior management staff may opt for shares of the Group as part of their remuneration. It is believed that such employment policy demonstrates the confidence and encouragement in the Group.

## **OPERATING RESULTS**

For the year ended 30 September 2008, the Group achieved a turnover of approximately HK\$322.3 million (2007: HK\$196.9 million), which represented an increase by 64%. Profit attributable to shareholders amounted to HK\$217.5 million, recording a rise by 56% compared to HK\$139.4 million in 2007.

Revenue from TV program related income reported a decrease by 15% to HK\$72.2 million (2007: HK\$84.8 million). Driven by the contribution from the channel management as the Group has seven channels advertising business in operation since 2008, the marketing and advertising related income experienced a significant growth by 139% to HK\$197.4 million (2007: HK\$82.7 million). Revenue from the two categories contributed to approximately 84% of total turnover in the year. The rise of

the general administrative expenses to HK\$58.0 million (2007: HK\$26.9 million) was due to an increase in the staff costs and rental expenses which was incurred to support the expansion in the channel management business. Finance cost went up to HK\$17.2 million (2007: HK\$8.0 million) because of increase in interest rate and the loan utilization to support the Group's expansion.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group adopts a prudent funding and treasury policy with regards to its overall business operation. As at 30 September 2008, the Group's cash level stood at HK\$320.1 million (2007: HK\$228.5 million). The balances are mainly in Hong Kong Dollar and Renminbi.

As at the balance sheet date, the Group had outstanding bank borrowings of approximately HK\$282.2 million, comprising short term revolving loan of HK\$221.7 million, term loan of HK\$56.9 million and mortgage bank loan of HK\$3.6 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\$185.8 million (2007: HK\$186.3 million).

The gearing ratio (expressed as a percentage of total liabilities over total assets of the Group) was 24% (30 September 2007: 18%).

## **MORTGAGES AND CHARGES**

Bank deposits of HK\$107.3 million (2007: HK\$59.8 million) were pledged to banks to secure general banking facilities granted to the Group.

Certain land and buildings in the PRC with carrying value of HK\$5.4 million (2007: HK\$5.5 million) was secured for mortgage bank loan of HK\$3.6 million (2007: HK\$3.8 million).

## **USE OF PROCEEDS FROM PLACEMENT OF SHARES**

During the year, the Company raised net proceeds (after expenses) of approximately HK\$153.8 million by placing 35,000,000 shares and subsequently issuances of 35,000,000 new shares. The net proceeds will be used to finance the acquisition of the exclusive advertising rights of the Economic Channel of Shanxi TV Station and for further acquisition of exclusive advertising rights of TV channels.

## **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 or Renminbi. The Group did not enter any financial derivative instruments to hedge against the foreign exchange currency exposures. The Renminbi has been experiencing appreciation since July 2005. The reform of Renminbi exchange rate regime benefited the Group as a whole given the revenue from the business operations of the Group is mainly denominated in Renminbi.

## **EMPLOYEES**

As at 30 September 2008, the Group had a total staff of 51 (2007:32). 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 do not recommend payment of a final dividend for the year ended 30 September 2008 (2007: final dividend in scrip form with cash option of HK2.8 cents per share).

## **BONUS ISSUE OF SHARES**

The Directors recommend a bonus issue of one new share for every ten existing shares, credited as fully paid up, to shareholders whose names appear on the register of members as at the date of the forthcoming annual general meeting ("AGM"). The bonus shares, when issue, will rank *pari passu* in all other respects with the existing issued shares of the Company. The bonus issue of shares is conditional upon (a) the passing an ordinary resolution to approve the bonus issue of shares by the shareholders at the AGM; and (b) the granting of listing of and permission to deal in the bonus shares by the Listing Committee of The Stock Exchange of Hong Kong Limited. Details of the bonus issue of shares will be included in a circular to be despatched to shareholders of the Company as soon as practicable.

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

During the year ended 30 September 2008, the Company repurchased 1,228,000 ordinary shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK\$4,412,000. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases as follows:

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

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares.

Save as disclosed above, at no time during the year ended 30 September 2008 was there any purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities.

## **CORPORATE GOVERNANCE**

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

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.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the audited financial statements for the year ended 30 September 2008, and the accounting principles and practices adopted by the Group.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 5 January 2009 to 8 January 2009, both dates inclusive. To qualify for the proposed bonus issue of shares, all share transfers must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited of Rooms 1901-2, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 2 January 2009.

## **ANNUAL GENERAL MEETING**

The forthcoming Annual General Meeting ("AGM") of the Company will be held on 8 January 2009. Notice of AGM together with the Company's annual report for the year ended 30 September 2008 will be despatched to the shareholders in due course.

On behalf of the Board  
**DR. WONG Yu Hong, Philip, GBS**  
*Chairman*

Hong Kong, 17 November 2008

*As at the date of this announcement, the Executive Directors of the Company are Dr. Leung Anita Fung Yee Maria, Mr. Yiu Yan Chi, Bernard and Mr. Tsiang Hoi Fong, the Non-executive Directors are Honourable Dr. Wong Yu Hong, Philip, GBS (Chairman), Mr. Pfitzner Kym Richard, Mr. Zinger Simon, Ms. Lee Kwei-Fen, Mr. Hung Hak Hip, Mr. Liu Yuk Chi, David and Dr. Wong Ying Ho, Kennedy, BBS, JP, Mr. FLYNN Douglas Ronald, Ms. Ho Chiu King, Pansy Catilina and the Independent Non-executive Directors are Mr. Lau Hon Chuen, GBS, JP, Mr. Lam Haw Shun, Dennis, JP and Mr. Hui Koon Man, Michael, JP*