The following table sets forth the average, high, low and period-end exchange rate between the Hong Kong dollar and the U.S. dollar (in Hong Kong dollars per U.S. dollar) for the fiscal periods indicated:

	Average[(1)]	High	Low	Period-end
	HK$	HK$	HK$	HK$
Fiscal 2009	7.7550	7.8094	7.7495	7.7505
Fiscal 2010	7.7646	7.8040	7.7495	7.7781
Fiscal 2011	7.7776	7.8087	7.7506	7.7876
Fiscal 2012	7.7670	7.8040	7.7532	7.7560
Fiscal 2013	7.7559	7.7654	7.7493	7.7544
June 2013	7.7602	7.7654	7.7534	7.7560
July 2013	7.7567	7.7587	7.7535	7.7558
August 2013	7.7553	7.7564	7.7537	7.7544
September 2013	7.7543	7.7557	7.7533	7.7551
October 2013	7.7536	7.7545	7.7524	7.7530
November 2013	7.7523	7.7535	7.7512	7.7526
December 2013 (through December 13, 2013)	7.7532	7.7543	7.7517	7.7534

Note:

(1) The average rates on the last business day of each month during the relevant fiscal year or the average rates for each business day during the relevant monthly period.

Source: For all periods prior to January 1, 2009, the exchange rate refers to the noon buying rate as reported by the Federal Reserve Bank of New York. For periods beginning on or after January 1, 2009, the exchange rate refers to the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board.

B. Capitalization and indebtedness

Not applicable.

C. Reasons for the offer and use of proceeds

Not applicable

D. Risk factors

You should carefully consider the risks described below and other information contained in this annual report before making an investment decision. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also adversely affect us.

Risks Relating to Our Business and Operations

Our application for a domestic free television programme service licence in Hong Kong was rejected.

In 2009, we submitted an application for a domestic free television programme service licence in Hong Kong to the HKBA. On October 15, 2013, the Chief Executive in Council announced that it had rejected our application. As a result, we are not able to operate domestic free television programme services in Hong Kong. As domestic free television was expected to be one of the major distribution channels for our self-produced television contents and the primary source of our advertising revenue, we will need to explore other distribution channels. Developing alternative distribution channels involves significant uncertainties, and we may not be able to generate revenue in the short term or become profitable in the long run.

We have taken legal advice and are considering and preparing to apply for leave for commencing judicial review against the Chief Executive in Council’s decision. The judicial review process may be protracted and costly and might not be successful. Even if a judicial review of the Chief Executive in Council’s decision is successful, we will not necessarily be granted a domestic free television programme service licence; a successful judicial review may merely mean that the Chief Executive in Council shall reconsider our application in light of the outcome of the judicial review.

If we do not make real progress in obtaining a domestic free television programme service licence in Hong Kong within the next several months, we may cease pursuing the domestic free television business in Hong Kong, which may have a material adverse effect on our business, prospects, financial condition and results of operations.

We have a limited operating history in our Multimedia Business, which makes it difficult to evaluate our business.

We have a limited operating history in the Multimedia Business for you to evaluate our business, financial performance and prospects. Our historical results, which were largely based on the Telecom Business that we disposed of in May 2012, are not indicative of our future performance. To date, we have not achieved significant revenue or profitability in our Multimedia Business and, going forward, we may not be able to generate revenue or achieve profitability.

We may not be able to implement our business plans and expansion strategies successfully.

We might not be able to implement our business plans and expansion strategies successfully. Our business plans include expanding our presence in the multimedia and television industry. We also plan to distribute our multimedia contents to Internet portals and overseas markets. In particular, we have decided to launch our OTT and mobile television services and expect to begin distributing our multimedia contents through these platforms on or about July 1, 2014. Our business plans and strategies have been formulated based on a number of assumptions, including successful cooperation with our business partners, and are expected to place substantial demands on our managerial, operational, financial and other resources.

The success of our business plans and expansion strategies depends on a number of factors including our ability to:

- build our infrastructure on schedule and within budget;
- produce high-quality contents appealing to our customers within budget;
- generate revenue through advertising, content licensing and distribution, content production, artiste management and other multimedia related platforms;
- develop effective marketing channels in Hong Kong and international markets; and
- maintain effective operational costs and quality control.

The failure to achieve any of the above could increase our costs of operation and investments. We may not be able to manage our operations efficiently to compete successfully in our existing markets or any new markets that we may enter, which may materially and adversely affect our business, prospects, financial condition and results of operations.

If we are not successful in integrating and managing our strategic acquisitions, our business and results of operations may suffer and we may incur exceptional expenses or write-offs.

We have completed acquisitions in the past and may continue to pursue strategic acquisitions in line with our business strategy. For example, on December 20, 2013, we, through one of our wholly-owned subsidiaries, acquired the Target Company, which is principally engaged in the provision of mobile television and related services and holds, among other things, the Mobile TV Spectrum, the Unified Carrier Licence and access to infrastructure, facilities and equipment for the provision of broadcast-type mobile television services in Hong Kong. The Target Company does not provide any mobile telephony services in Hong Kong. For the Target Company and other companies we may acquire in the future, we could have difficulty in assimilating the acquired company’s personnel, operations, products, services and technology into our operations. In addition, we may be unsuccessful in obtaining qualifications or consents necessary for the operation of the acquired businesses. These difficulties could disrupt our business, distract our management and employees and increase our expenses, including causing us to incur significant one-time expenses, impairment charges and write-offs. Furthermore, any acquisition or investment that we attempt, whether or not completed, or any media reports or rumors with respect to any such transactions, may adversely affect the value of our ADSs.

Our Multimedia Business may not be profitable.

We are actively pursuing and evaluating the feasibility of different distribution channels and platforms and other approaches, including film production, content licensing and co-production of programme contents with mainland Chinese and overseas producers. We may incur substantial expenditures in connection with these endeavors before we can generate revenue. In addition, given that the Multimedia Business is a new business venture, we may not be able to become profitable.

The construction and development of the Centre is subject to a number of risks beyond our control.

Since February 2012, we have been building the Centre on land granted by Hong Kong Science and Technology Parks Corporation in the Tseung Kwan O Industrial Estate. We have authorized HK$800.0 million for the construction of the Centre.

In light of the rejection of our application for a domestic free television programme service licence in Hong Kong, we temporarily slowed down construction of the Centre. Although we subsequently announced that we will enter into the next phase of the construction of the Centre as we develop our OTT and mobile television services, the construction and development of the Centre are subject to a number of risks beyond our control, including:

- the possibility of construction delay or costs overrun due to inclement weather, labor or material shortages, work stoppages, market inflation and delayed regulatory approvals;
- the possibility of discovering previously undetected defects or problems; and
- natural disasters, social disorder and other extraordinary events.

The occurrence of any of these events could further delay the construction and development of the Centre or increase construction costs, which may in turn have a material adverse effect on our business, prospects, financial condition and results of operations. Any delay in the completion of the Centre by August 2014 will subject us to a monetary penalty payable to Hong Kong Science and Technology Parks Corporation.

The development of our Multimedia Business requires significant capital expenditures, which may not be available on satisfactory terms or may impose a burden on our other business activities.

We expect to incur significant capital expenditures to develop our Multimedia Business, a major portion of which will be for the building of the Centre. Our capital expenditure plans will also include the development of our OTT and mobile television services. While we intend to fund such expenditures by using our currently available cash, as well as unutilized banking facilities, we may not have adequate capital to fund our projected capital expenditures if there is any further delay in our capital expenditure plans or if there is an increase in costs. If we cannot finance our capital expenditures using existing available cash and unutilized banking facilities, we may be required to incur additional debt, reduce capital expenditures, sell assets, or raise equity. Market conditions may impair our ability to obtain financing to support our capital expansion plans. Additional debt or equity financing may not be available, and debt financing, if available, may involve restrictions on our investing, financing and operating activities.

If we fail to capture viewer preferences, our business prospects and reputation could be materially and adversely affected.

The success of our self-produced multimedia contents, including television contents, depends primarily on our ability to capture viewer preferences, which vary for different demographic groups and regions and could change rapidly. In general, the popularity of multimedia contents among viewers is mainly determined by the producer’s ability to originate and source viewer-engaging contents, create high-quality scripts and characters that appeal to a broad range of viewers, and cast popular talents and directors. If viewers’ reaction to our multimedia contents is different from those we have predicted, the success and popularity of our multimedia contents may be at risk. If our multimedia contents fail to perform as expected, we may not be able to establish a strong reputation in the multimedia contents production business and our business prospects may be materially and adversely affected.

Changes in consumer viewing habits could adversely affect our business.

The manner in which consumers view multimedia contents is changing rapidly. Digital cable, wireless and Internet content providers are continuing to improve technologies, content offerings, user interface, and business models that allow consumers to access multimedia contents with interactive capabilities. The devices through which multimedia contents can be consumed are also changing rapidly. Currently, multimedia contents may be viewed on laptops and contents from Internet content providers may be viewed on TVs. Although we expect to begin distributing our multimedia contents through the OTT platform and mobile television devices in 2014, if other providers of multimedia contents address the changes in consumer viewing habits in a manner that is better able to meet consumer needs and expectations, our business could be materially and adversely affected.

Our distribution of television and multimedia contents may be materially and adversely affected by instability of the network of our prior Telecom Business or disruption in the network's continued development.

Upon the completion of the disposal of the Telecom Business, we were granted an indefeasible right of use, amongst other rights, to use certain of HKBN's telecommunications capacity for a term of 20 years to enable the delivery of our television and multimedia contents through the telecommunications network operated by HKBN. We expect the indefeasible right of use will form one of the main channels of distribution in Hong Kong for the Company's television and multimedia contents. Instability of the telecommunications network or disruption in the network's continued development could materially and adversely affect our operations.

Our business could be materially and adversely affected by claims of infringement of intellectual property rights.

Monitoring and preventing the unauthorized use of our intellectual property rights may be difficult, costly and time-consuming. If we are unable to adequately protect our copyrights and other intellectual property rights, these rights may be infringed, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

Moreover, third parties may claim that our self-produced multimedia contents, including television contents, misappropriate or infringe their intellectual property rights, including those with respect to their previous productions, scripts and characters. Litigation over intellectual property rights could be costly and time-consuming and could divert the attention of our management and key personnel from our business operations. If we are unsuccessful in defending any such assertions or claims, our business, financial condition, results of operations and reputation may be materially and adversely affected.

Our success depends on our ability to attract and retain high-quality production crew and talent artistes in a highly competitive market.

The Multimedia Business requires the collaboration of many different workstreams and people with different expertise. As such, our ability to attract and retain high-quality production crew and popular talent artistes is a key factor in our success. Loss of producers, other members of our production team or talent artistes could adversely affect our production volume and quality and, as a result, we could be materially and adversely affected. In addition, in October 2013, we announced a redundancy of about 320 Talents. Subject to the progress of the development of our OTT and mobile television services and business needs, we currently plan to offer to re-hire the approximately 320 Talents in phases. We may not be able to re-hire these Talents or replacement hires to meet our future business needs, however.

In addition, we face competition for high-quality production crew and popular talent artistes from other multimedia contents production companies and other organizations. Competition for these individuals could require us to offer higher compensation and other benefits in order to attract and retain them, which would increase our operating expenses.

We depend on key personnel, and our business and growth prospects may be disrupted by the loss of their services.

Our success depends upon the continued service of our key executives and Talents. If any of our key personnel were unable or unwilling to continue in their present positions we may not be able to replace them easily, our business may be significantly disrupted. Furthermore, as our industry is characterized by high demand and increased competition for Talents, we may need to offer higher compensation and other benefits in order to attract and retain key personnel. We might not be able to attract and retain the key personnel that we need to achieve our business objectives.

We may lose investor confidence in the reliability of our financial statements if we fail to maintain effective internal controls over financial reporting, which in turn could harm our business and adversely affect the trading prices of our ADRs.

Under the Sarbanes-Oxley Act, every public company must include a management report on its internal controls over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal controls over financial reporting. Under the Sarbanes-Oxley Act, we are also required to have an independent registered public accounting firm to attest to and report on the effectiveness of our internal controls over financial reporting. For a detailed discussion of our controls and procedures, see Item 15 "Controls and procedures."

Notwithstanding our efforts, our management could conclude that our internal controls over financial reporting are not effective. Further, even if our management concludes that our internal controls over financial reporting are effective, our independent registered public accounting firm may conclude that our internal controls over financial reporting are not effective. If this were to occur, we could experience a negative reaction in the financial markets and incur additional costs to improve our internal controls. If we do not successfully design and implement changes to our internal controls and management systems, or if we fail to maintain the adequacy of these controls as such standards are modified or amended from time to time, we may not be able to comply with the Sarbanes-Oxley Act. This could subject us to regulatory scrutiny and penalties that may result in a loss of public confidence in our management, which could, among other things, adversely affect our shareholders' confidence, stock price and our ability to raise additional capital and operate our business as projected.

We may not be able to sustain the level of other income we generated in fiscal 2013.

We recorded "other income, net" of HK$128.9 million in fiscal 2013, which was significantly more than in previous years. The increase was mainly due to an increase in returns from investment of surplus cash retained from the proceeds from the sale of the Telecom Business. In fiscal 2013, our "other income, net" mainly comprised interest income from available-for-sale securities, bank interest income, net exchange gain and rental income from investment properties. As we develop our Multimedia Business, less surplus cash will be available for these investments and, accordingly, we may not be able to generate a similar level of other income as we did in fiscal 2013.

In addition, our investment income is affected by many factors beyond our control. For example, our interest income is affected by changes in interest rates, which are highly sensitive to many factors, including governmental monetary policies and domestic and international economic and political conditions. Deterioration in the credit of the securities in which we have invested and general market conditions may also materially and adversely affect our investment income.

We may not be able to realize our investment in other financial assets at our desired time, price and transaction size, or to receive the debt principal back upon maturity.

We recorded other financial assets of HK$1,961.6 million as of August 31, 2013 which represented investment in available-for-sale securities mainly composed of debt securities, a significant portion of which has a maturity date of over 1 year, and equity securities. Although we mostly invested in liquid instruments with sound credit quality, such as investment grade products, securities of constituents in major stock indices or securities of state-owned or -controlled companies, we may still face liquidity risk, which is highly sensitive to many factors, including issuer's credit and financial condition, governmental monetary policies and general market conditions. We may not be able to realize our investment in other financial assets at our desired time, price and transaction size.

In addition, we may not be able to recover the par value of our investment in available-for-sale debt securities, upon maturity or at all, if the credit quality and financial position of the debt issuers deteriorate.

Risks Relating to the Regulatory, Political and Economic Environment

Currency fluctuations of the Hong Kong dollar, our functional currency, may increase our operating costs and adversely affect our profitability.

We are exposed to foreign exchange risk because our expected revenue will be predominantly denominated in Hong Kong dollars, while a portion of our operating costs and some of our capital expenditure plans are expected to be denominated in U.S. dollars, Renminbi or other foreign currencies. In addition, a significant portion of our investments in available-for-sale securities and deposits is denominated in U.S. dollars and Renminbi.

Although the Hong Kong dollar has been linked to the U.S. dollar since 1983 at the rate of HK$7.80 per US$1.00, it may not continue to be linked. Any depreciation of the Hong Kong dollar against the U.S. dollar, Renminbi or other currencies would increase our operating costs, make some of our capital expenditure plans more expensive and adversely affect our profitability. In addition, any depreciation in U.S. dollar or Renminbi against the Hong Kong dollar would reduce the value of our investments in available-for-sale securities and deposits.

Our Chairman and Vice Chairman have significant ownership interests in the Company. They could engage in transactions that lead to conflicts of interest resulting from their ownership interests.

Our Chairman and Vice Chairman each have an indirect ownership interest in our Company through Top Group International Limited, which, as of December 18, 2013, held approximately 42.00% of the Company’s shares, of which 42.12% and 27.06% was owned by our Chairman and Vice Chairman, respectively. Top Group International Limited is a special purpose vehicle incorporated in the British Virgin Islands. Its board of directors consists of Mr. Wong and Mr. Cheung. Mr. Wong and Mr. Cheung have entered into a voting agreement pursuant to which they agreed to vote the 339,814,284 shares held by Top Group International Limited, the 15,236,893 shares held by Mr. Wong individually, and the 50,377,763 shares held by Mr. Cheung individually, collectively as a group. Our Chairman and Vice Chairman could take actions that may not be in the best interests of our other shareholders.

We believe we were a passive foreign investment company for our taxable year ended August 31, 2013, which could result in adverse U.S. federal income tax consequences to U.S. Holders of our American depository shares or ordinary shares.

Based on the market price of our American depository shares, the value of our assets, and the composition of our income and assets, we believe we were a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for our taxable year ended August 31, 2013. In addition, it is likely one or more of our subsidiaries were also PFICs for such year. A non-U.S. corporation will be a PFIC for any taxable year if either (1) at least 75% of its gross income for such year is passive income or (2) at least 50% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income (the “asset test”). In general, the total value of our assets for purposes of the asset test will be determined based on the market price of our American depositary shares and ordinary shares. A separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Because the value of our assets for purposes of the PFIC test will generally be determined by reference to the market price of our American depositary shares and ordinary shares, our PFIC status will depend in large part on the market price of the American depositary shares and ordinary shares, which may fluctuate significantly. Furthermore, unless our share value increases and/or we invest a substantial amount of our cash and other passive assets in assets that produce active income, there is a significant risk we will be a PFIC for our taxable year ending August 31, 2014. Because we believe we were a PFIC for our taxable year ended August 31, 2013, certain adverse U.S. federal income tax consequences could apply to a U.S. Holder (as defined in “Item 10. Additional Information—E. Taxation—United States Federal Income Taxation”) who holds an American depository share or an ordinary share with respect to any “excess distribution” received from us and any gain from a sale or other disposition of the American depositary shares or ordinary shares. See “Item 10. Additional Information—E. Taxation—United States Federal Income Taxation—Passive Foreign Investment Company.”

Risks Relating to Our ADSs

As a foreign private issuer, we are not subject to U.S. proxy rules and are subject to Exchange Act reporting obligations that are more lenient than those of a U.S. issuer.

As a foreign private issuer, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic issuers, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K upon the occurrence of specified significant events. In addition, the executive compensation disclosure requirements to which we are subject under Form 20-F are be less rigorous than those required of U.S. issuers under Form 10-K. Furthermore, foreign private issuers are not required to file their annual report on Form 20-F until 120 days after the end of each fiscal year, while U.S. domestic issuers that are not large accelerated filers or accelerated filers are required to file their annual report on Form 10-K within 90 days after the end of each fiscal year. Foreign private issuers are also exempt from the Regulation FD, aimed at preventing issuers from making selective disclosures of material information.

Holders of ADSs must act through the depositary to exercise their rights as shareholders of our Company.

Holders of our ADSs do not have the same rights of our shareholders and may only exercise the voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement for the ADSs. When a general meeting is convened, you may not receive sufficient notice to permit you to withdraw your ordinary shares to allow you to cast your vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting instructions to you or carry out your voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to you in a timely manner, but you might not receive the voting materials in time to ensure that you can instruct the depositary to vote your ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders’ meeting.

The depositary for our ADSs will give us a discretionary proxy to vote our ordinary shares underlying your ADSs if you do not vote at shareholders’ meetings, except in limited circumstances, which could adversely affect your interests. Holders of our ordinary shares are not subject to this discretionary proxy.

You may be subject to limitations on transfers of ADSs.

Our ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings and you may not receive cash dividends or other distributions if it is impractical to make them available to you.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement, the depositary will not make rights available to you unless either both the rights and any related securities are registered under the Securities Act, or the distribution of them to ADS holders is exempted from registration under the Securities Act. We are not obligated to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.