

## CHAIRMAN'S STATEMENT

I am pleased to announce that the Group has achieved remarkable results beyond expectation for the first year after the public listing of the Company. I would like to express my gratitude to our partners for their support, and customers for their trust, as well as all the staff for their dedication.

Since its establishment, the Group has been well recognized for the provision of integrated and comprehensive television media services for TV drama investors, production houses, distributors, broadcasters, advertisement sponsors, advertising agencies and audience. The recent open policy regarding TV programmes promulgated by the government of the People's Republic of China (the "PRC") is encouraging news to the Group.

Looking forward, the Group will continue to explore business opportunities under the existing business model but at the same time will strive for business in production of, investment in and distribution of TV programmes and also in advertising, playing the new roles as local investor, production house

and distributor of TV programmes and advertising agency in the PRC which is in line with the relaxed PRC advertising laws and regulations on radios, movies and TV programmes. This will have a positive effect on the long term growth of the Group's business.

The television media market in the PRC is experiencing rapid growth today. Advertising expenditures on television media in the PRC account for over 70% of the total advertising expenditures among key media types (Note 1). It is also expected that growth in 2004 will exceed 30% of 2003 and that it will continue to grow in 2005. In the PRC, TV drama series always take the lead in viewing shares among all television stations (Note 2). Total advertising expenditures on TV drama series in China amounted to approximately 48% of the total advertising expenditure on TV in 2003 (Note 3). TV drama broadcasting time keeps increasing recently but the frequency of TV stations re-broadcasting quality TV dramas series has increased (Note 4). This is a clear indication to both the investors and the production houses of TV dramas thus strengthens their confidence.

new Challenges  
ahead

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As the future outlook of the market seems clear and optimistic, with the Group's long track records in provision of services in production and distribution, strong distribution network, excellent client relationship, healthy and stable financial management policies and devoted working attitude, we will be able to continue to achieve breakthrough in the quality, quantity and variety of TV dramas to which we provide services as the main stream of our business. We will also have sufficient resources to explore and develop other categories of TV programmes.

As the living standard in the PRC keeps improving and there are huge demands for quality TV dramas

from both the domestic and overseas markets, we will work towards the goal of radiating the brand name of Qin Jia Yuan and its synergy effect in the TV media industry and thereby providing long term benefits to the Group.


## Notes:

- (1) Source: ACNielsen AdQuest
- (2) Source: CVSC-TNS Research Co., Ltd.
- (3) Source: NMR & CSM
- (4) Source: CVSC-Sofres Media

**WONG Yu Hong, Philip**

*Chairman*

Hong Kong, 15 December 2004



Non-executive Chairman, Honourable  
Dr. Wong Yu Hong, Philip, GBS