Corporate Information

Board of Directors
Executive Directors
Dr. LEUNG Anita Fung Yee Maria *(Chief Executive Officer)*
Mr. TSIANG Hoi Fong

Non-Executive Directors
Honourable Dr. WONG Yu Hong, Philip, GBS *(Chairman)*
Mr. LEE Woo Sing
Mr. PFITZNER Kym Richard
Mr. ZINGER Simon
Mr. WONG Seung Ho, Thomas
Mr. HUNG Hak Hip
Mr. WONG Ying Ho, Kennedy, JP

Independent Non-Executive Directors
Mr. LAU Hon Chuen, GBS, JP
Mr. LAM Haw Shun, Dennis, JP
Mr. HUI Koon Man, Michael, JP

Audit Committee
Mr. LAM Haw Shun, Dennis, JP *(Chairman)*
Mr. PFITZNER Kym Richard
Mr. HUI Koon Man, Michael, JP

Remuneration Committee
Mr. LAM Haw Shun, Dennis, JP *(Chairman)*
Mr. PFITZNER Kym Richard
Mr. HUI Koon Man, Michael, JP

Registered Office
Scotia Centre, 4th Floor
P.O. Box 2804
George Town
Grand Cayman
Cayman Islands

Head Office and Principal Place of Business in Hong Kong
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
Bank of Butterfield International (Cayman) Ltd.
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office
Tricor Investor Services Limited
Ground Floor, BEA Harbour View Centre
56 Gloucestor Road
Wanchai, Hong Kong

Authorised Representatives
Dr. LEUNG Anita Fung Yee Maria
Ms. LAU Ho Yee

Company Secretary and Qualified Accountant
Ms. LAU Ho Yee

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

Tax Adviser
PricewaterhouseCoopers
Certified Public Accountants
21st Floor, Edinburgh Tower
15 Queen's Road
Central, Hong Kong

Principal Bankers
Standard Chartered Bank (HK) Ltd
The Hong Kong and Shanghai Banking Corporation Ltd.
Hang Seng Bank Limited
CITIC Ka Wah Bank Limited
Bank of China (Hong Kong) Limited
The Bank of East Asia Limited
DBS Bank (Hong Kong) 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
The Stock Exchange of Hong Kong Limited: 2366

Website
http://www.qjymedia.com

The Directors of Qin Jia Yuan Media Services Company Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 March 2005. These results have been reviewed by the Company's auditors, KPMG, in accordance with the Hong Kong Statement of Auditing Standards 700 "Engagements to review interim financial reports" and by the Audit Committee of the Board of Directors.

Management Discussion and Analysis

Since the beginning of 2004, the economy of China has been growing at a healthy and steady pace as the macroeconomic measures started to take effect. This is also supported by a rapid increase in domestic advertising expenditure. More companies increase spendings in promoting their brands, products or services as they perceive the economic environment remains stable. Since China widens its open-door policy, it is expected that more and more international companies will explore opportunities to enter into the China market and there will be new and exciting challenges for the media industry. Our Group definitely looks forward to benefiting from the growing media market in China by expanding our TV programme production, distribution, trading and market promotion related services.

Business review

The Group reported a turnover of approximately HK$52.3 million for the six months ended 31 March 2005 (the "Review Period") as compared to approximately HK$41.4 million for the corresponding period last year representing an increase of 26.5%. Profit attributable to shareholders for the Review Period amounted to HK$28.8 million compared to HK$24 million of the same period last year representing an increase of 20%. Earnings per share were HK7.21 cents for the period.

The better performance during the Review Period is mainly attributable to increased earnings in TV programme related and marketing related income generated from 84 hours of TV drama series compared to 35 hours for the same period last year. Since listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 June 2004, the Group started to focus on procurement of investment in large-scale TV dramas with good quality. During the period under review, "The Well", a Chinese ancient costume TV drama was complete and ready for broadcasting. Another large-scale TV drama was in the post-production stage but had already generated TV programme support service income for the Group.

Administrative and other operating expenses amounted to HK$11.6 million for the period under review compared to HK$5.8 million for the same period last year representing an increase of 101%. The increase is mainly due to increment in salaries of executives and increased expenses for more qualified employees hired following the successful listing of the Group on the Stock Exchange. In addition, more professional fees were incurred as the business expanded.

Prospects

Nielsen Media Research statistics indicate that the advertising expenditure of China soared to RMB 261.4 billion in 2004, an increase of 32% over 2003, of which 76% was accounted for by TV advertising. As most Chinese TV networks increased their listed rates by 10% to 20% at the beginning of this year, it is expected that there will be at least another 30% growth in advertising expenditure in 2005 over 2004. On the other hand, TV dramas produced in China are gaining popularity not only locally but also in overseas Chinese communities. The management perceives good opportunities for business development for the Group as there will be more investments in TV dramas in China.

Script is considered to be the cornerstone of a good TV drama and therefore quality scripts are always in big demand. During the period under review, the Group acquired the copyrights to a number of scripts and story concepts and also engaged a number of renowned script writers/editors from both China and Hong Kong to work exclusively for the Group. This acquisition strengthens the library of quality scripts owned by the Group. In addition, the Group acquired the exclusive right to adapt novels of a renowned novelist into TV drama series.

With abundant source of good quality scripts on hand and good script writers/editors available, the Group can offer a wider choice to the investors and is able to attract good production teams. This will facilitate the Group's long-term planning in securing investors and production teams for production of large-scale TV programmes.

The Group is also looking into the possibility and feasibility of setting up joint ventures or strategic partnerships with both advertising companies which have strong network of clients and production houses with experienced and qualified talents in the industry to strengthen its one-stop media services to clients. This will help the Group promote its branding nationwide and thus capture a larger market share.

Presently, the Group is exploring the idea of co-operation with advertising agencies which have strategic alliance with TV stations in China to form an advertising platform to broadcast TV dramas it procures in exchange for prime commercial airtime every day all year round. The Group believes that such co-operation will offer more flexibility and convenience for clients to advertise seasonal products or services at suitable time. In summary, the advertising clients can select from our library the scripts they find attractive and match with desirable commercial timeslots to broadcast their commercials. This unique mode of syndication programme is a new breakthrough in the industry. As the clients will appreciate the efficient one-stop services tailor-made for them, the Group is capable to attract a wider spectrum of clients and generate a steady stream of revenue.

Liquidity and Financial Resources

During the Review Period, the Group's operations were financed by internally generated cashflow, the bank borrowings and the proceeds from the initial public offering.

As at the balance sheet date, the Group had outstanding bank borrowings of approximately HK$65.4 million, comprising secured bank loans of approximately HK$58.8 million and mortgage loans of HK$6.6 million. All the secured bank loans were repayable within one year. The mortgage loans comprised an amount of HK$5.3 million repayable after five years, an amount of HK$0.8 million which was repayable after two years but within five years, HK$0.3 million which was repayable after one year but within two years, and an amount of HK$0.2 million repayable within one year. Both the secured bank loans and the mortgage loans carried interest at floating rates. As at 31 March 2005, all bank balances and bank borrowings were denominated in Hong Kong Dollar ("HKD") and Renminbi ("RMB"). Risk in exchange rate fluctuation would be immaterial. Thus, the Group does not use any hedges.

As at 31 March 2005, the Group's total available banking facilities amounted to HK$123.6 million (30 September 2004: HK$74.5 million) of which approximately HK$58.8 million was utilized.

As at 31 March 2005, the Group had cash and bank balances of HK$83.7 million (30 September 2004: HK$113.1 million) of which HK$60.3 million and HK$23.4 million were denominated in HKD and RMB respectively.

The gearing ratio (expressed as a percentage of total liabilities over total assets of the Group) was 28% (30 September 2004: 20%).

As at 31 March 2005, the Group's bank loans of HK$58.8 million were secured by time deposits of approximately HK$45.9 million placed with banks while the mortgage bank loans of HK$6.6 million were secured by the land and buildings in the PRC with carrying value of approximately HK$9.5 million as at 31 March 2005.

Employees

As at 31 March 2005, the Group had a total staff of 30. Staff remuneration is maintained at competitive levels and bonuses are calculated based on an evaluation of efforts and the financial performance of the Group. The Group also provides provident funds, insurance, medical cover and share option scheme.

Interim Dividend

The Directors have resolved to declare an interim dividend of HK1.5 cents (2004: HK$Nil) per share for the six months ended 31 March 2005, payable on 25 July 2005 to the shareholders whose names appear on the register of members of the Company on 7 July 2005.

Closure of the Register of Members

The register of members of the Company will be closed from Monday, 4 July 2005 to Thursday, 7 July 2005 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share certificates with completed transfer forms must be lodged with the Company's Registrars in Hong Kong, Tricor Investor Services Limited, Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 30 June 2005.

Major Customer

Pursuant to paragraph 13.20 of Chapter 13 of Listing Rules, details of the receivables from Tianjin Qin Jia Yuan Advertising Company Limited ("Tianjin Advertising") as at 31 March 2005 which in aggregate exceeded 8% of the Group's consolidated total assets as set out in the latest published annual report for the year ended 30 September 2004 and the market capitalisation (the percentage ratio as defined under the Listing Rules) of the Company of HK$589,600,000 as at 31 March 2005 are set out below:

(1) Total reimbursements receivable due from Tianjin Advertising amounted to approximately HK$45.1 million. The reimbursements receivable represented the funding provided to production houses on behalf of Tianjin Advertising for investment in the production of TV programmes. The reimbursements receivable are secured by certain benefits to be derived from the first round broadcasting license rights in China of the TV programmes. The reimbursements receivable are interest-free and have repayment dates determined with reference to the timing that Tianjin Advertising would be able to receive the sale proceeds of commercial airtime under syndication programmes.

(2) Total accounts receivable due from Tianjin Advertising amounted to approximately HK$13.8 million. The accounts receivable are unsecured, interest-free and have a normal repayment term ranging from 6 to 12 months. All the accounts receivable arose from the Group's ordinary course of business.

Use of Proceeds from the Company's Initial Public Offering

The net proceeds from the Company's initial public offering in June 2004, after deduction of related issuance expenses, amounted to approximately HK$97.3 million . As at 31 March 2005, an aggregate amount of approximately HK$46.8 million was used to finance the production of TV programmes in form of reimbursements receivable. Apart from the purchase of the exclusive adaptation rights of certain novels into TV programmes at HK$6 million, the Group also acquired copyright of scripts together with story concepts at a consideration of HK$10.2 million. In addition, approximately HK$4.7 million was used to finance the establishment of a production centre in the PRC.

Share Option Scheme

Pursuant to the written resolutions of the shareholders passed on 13 June 2004, the Company has established a Share Option Scheme whereby the Directors of the Company may, at their discretion, invite any full time or part time employees and Directors, consultants and advisers to the Group (subject to the eligibility requirements as set out therein) to take up options which entitle them to subscribe for shares. The Share Option Scheme shall be valid and effective for a period of ten years ending on 12 June 2014.

No option has been granted, exercised, cancelled or lapsed during the six months ended 31 March 2005 and up to the date of this report.

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

At 31 March 2005, 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 (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 by Directors of Listed Issuers (the "Model Code") were as follows:

(i) Interests in the Company

	Number of Shares of the Company				
Name of Director	**Personal Interests**	**Family Interests**	**Corporate Interests**	**Total**	**Per Cent of Total Issued Share Capital of the Company as at 31 March 2005**
Dr. LEUNG Anita Fung Yee Maria ("Dr. Leung")	Nil	Nil	185,340,000 *(Note 1)*	185,340,000	46.34%
Honourable Dr. WONG Yu Hong, Philip, GBS ("Dr. Wong")	Nil	12,720,000 *(Note 2)*	172,620,000 *(Note 3)*	185,340,000	46.34%
Mr. LEE Woo Sing	Nil	4,110,000 *(Note 4)*	3,525,000 *(Note 5)*	7,635,000	1.91%
Mr. LAM Haw Shun, Dennis, JP	231,000	Nil	Nil	231,000	0.06%

Notes:

1. The 185,340,000 shares are held as to 162,360,000 shares by Dynamic Master Developments Limited, 12,720,000 shares by Hunterland City Limited and 10,260,000 shares by Goodhold Limited. Dynamic Master Developments Limited is owned as to 53.07% 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 and 50% in Goodhold Limited and therefore is deemed to be interested in the 185,340,000 shares under the SFO.

2. The family interest of 12,720,000 shares refers to the 12,720,000 shares held by Hunterland City Limited which are included in corporate interests of 185,340,000 shares held by Dr. Leung, spouse of Dr. Wong.

3. The 172,620,000 shares are held as to 162,360,000 shares by Dynamic Master Developments Limited and 10,260,000 shares by Goodhold Limited. Dynamic Master Developments Limited is owned as to 53.07% by Goodhold Limited. Dr. Wong is entitled to exercise control of 50% in Goodhold Limited and therefore is deemed to be interested in the 172,620,000 shares under the SFO.

4. The 4,110,000 shares are held by Y. Y. Yao & Co., Limited. Madam Y. Y. Yao, spouse of Mr. Lee Woo Sing, is entitled to exercise control of 99% in Y.Y. Yao & Co., Limited. Therefore, Mr. Lee is deemed to be interested in the 4,110,000 shares under the SFO.

5. The 3,525,000 shares are held by Master Asset International Limited as beneficial owner. Mr. Lee Woo Sing is entitled to exercise control over Master Asset International Limited and therefore is deemed to be interested in the 3,525,000 shares under the SFO.

(ii) Interests in associated corporations

Name of Associated Corporation	Name of Director	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 Associated Corporation as at 31 March 2005
Qin Jia Yuan Cultural Assets (Hong Kong) Company Limited ("QJY Cultural")	Dr. LEUNG Anita Fung Yee Maria	Class A (non-voting)	1	1	Nil	2 *(Note 1)*	2.13%
	Honourable Dr. WONG Yu Hong, Philip, GBS	Class A (non-voting)	1	1	Nil	2 *(Note 1)*	2.13%
Qin Jia Yuan Publishing Company Limited ("QJY Publishing")	Dr. LEUNG Anita Fung Yee Maria	Class A (non-voting)	1	Nil	1 *(Note 2)*	2	50%
	Honourable Dr. WONG Yu Hong, Philip, GBS	Class A (non-voting)	Nil	1 *(Note 3)*	1 *(Note 2)*	2	50%

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, 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 interest held by Dr. Leung, spouse of Dr. Wong.

Save as mentioned above, as at 31 March 2005, none of the Directors or 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 had been recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

During the period, no right has been granted to or exercised by, any Director or chief executive of the Company to subscribe for shares, warrants and debentures of the Company.

Substantial Interests in the Share Capital of the Company

As at 31 March 2005, the interests and short positions of those persons (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Substantial Shareholder	Capacity	Total Number of Ordinary Shares Held	Per Cent of Total Issued Share Capital as at 31 March 2005	Remark
Dynamic Master Developments Limited	Beneficial owner	162,360,000	40.59%	*Note 1*
Goodhold Limited	Interests in controlled corporation and beneficial owner	172,620,000	43.16%	*Note 2*
Hunterland City Limited	Interests in controlled corporation and beneficial owner	175,080,000	43.77%	*Note 2*
Aegis Media Asia Pacific Pte. Ltd.	Beneficial owner	96,000,000	24.00%	*Note 3*
Aegis International Ltd.	Interests in controlled corporation	96,000,000	24.00%	*Note 4*
Aegis Group plc	Interests in controlled corporation	96,000,000	24.00%	*Note 5*

Notes:

1. The issued share capital of Dynamic Master Developments Limited is owned as to 53.07%, 32.76%, 5.3%, 3.55%, 3.55% and 1.77% by Goodhold Limited, Hunterland City Limited, Sliver Well Limited, Madam Au Tak Yee, Y. Y. Yao & Co., Limited and Commanding Profits Limited respectively.

2. The issued share capital of Dynamic Master Developments Limited is owned as to 53.07% and 32.76% by Goodhold Limited and Hunterland City Limited. As each of Goodhold Limited and Hunterland City Limited is entitled to exercise control over Dynamic Master Developments Limited, they are deemed to be interested in the 162,360,000 shares held by Dynamic Master Developments Limited under the SFO. In addition, Goodhold Limited directly holds 10,260,000 shares and Hunterland City Limited directly holds 12,720,000 shares.

3. Aegis Media Asia Pacific Pte. Ltd. is the registered owner of the 96,000,000 shares.

4. Aegis Media Asia Pacific Pte. Ltd. is a directly wholly owned subsidiary of Aegis International Ltd., a company incorporated in the United Kingdom. Aegis International Ltd. is deemed to be interested in the 96,000,000 shares under the SFO.

5. Aegis Media Asia Pacific Pte. Ltd. is an indirectly wholly owned subsidiary of Aegis Group plc which is a company listed on the London Stock Exchange. Aegis Group plc is deemed to be interested in the 96,000,000 shares under the SFO.

The Company had not been notified of any short positions in the shares of the Company as at 31 March 2005.

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

During the six months ended 31 March 2005, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out by the Stock Exchange in the Model Code in Appendix 10 to the Listing Rules. Having made specific enquiry, the Company confirmed that all Directors have complied with the required standard of dealings set out therein throughout the six months ended 31 March 2005.

Code of Best Practice

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the period, in compliance with the Code of Best Practice as set out by the Stock Exchange in Appendix 14 to the Listing Rules (in force prior to 1 January 2005). On 1 January 2005, the Code of Best Practices was replaced by the Code on Corporate Governance Practices (the "New Code"). Pursuant to the New Code, listed issuers are expected to comply with the code provisions starting from 1 January 2005.

Audit Committee

The Company set up an Audit Committee on 13 June 2004 to review and supervise financial reporting process and internal control system of the Group. The Committee has three members, namely Mr. LAM Haw Shun, Dennis, JP and Mr. HUI Koon Man, Michael, JP, both of whom are Independent Non-executive Directors, and Mr. PFITZNER Kym Richard, who is a Non-executive Director. Mr. LAM Haw Shun, Dennis, JP is the chairperson of the Audit Committee. The Committee reviewed the interim financial report before they were tabled for the Board's review and approval and are of the opinion that such report complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

Remuneration Committee

The Remuneration Committee consists of three members. The functions of the Remuneration Committee include formulating and making recommendation to the Board of the Group's policy and structure for all remuneration of the Directors and senior management of the Group, establishing formal and transparent procedures for development policy on remuneration, determining specific remuneration packages of employees (including that for Executive Directors) in the manner specified in its terms of references, reviewing and approving performance-based remuneration, and receiving and giving recommendations to the shareholders of the Company as to the fairness and reasonableness of the terms of any Director's service agreement which is subject to the prior approval of the shareholders of the Company in general meeting pursuant to the Listing Rules. The current members of the Remuneration Committee are Mr. LAM Haw Shun, Dennis, JP and Mr. HUI Koon Man, Michael, JP, both of whom are Independent Non-executive Directors, and Mr. PFITZNER Kym Richard, who is a Non-executive Director. Mr. LAM Haw Shun, Dennis, JP is the chairperson of the Remuneration Committee.

On Behalf of the Board of Directors

LEUNG Anita Fung Yee Maria
Director

Hong Kong, 8 June 2005

Independent Review Report to the Board of Directors of Qin Jia Yuan Media Services Company Limited

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 10 to 18.

Respective responsibilities of directors and auditors

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion 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 liabilities to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants, except that the scope of our review was limited as explained below.

A review consists principally of making enquiries of Group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

The scope of our review was limited because the Company's interim financial report for the six months ended 31 March 2004 was neither reviewed in accordance with SAS 700 nor audited and consequently we were unable to perform a review of the comparative figures for that period in accordance with SAS 700.

Modified review conclusion arising from limitation of review scope

On the basis of our review which does not constitute an audit, with the exception of the possible adjustments to the information for the comparative period ended 31 March 2004 that might have been determined to be necessary had the above limitation not existed, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31 March 2005.

KPMG
Certified Public Accountants

Hong Kong, 8 June 2005

Unaudited Consolidated Income Statement
for the six months ended 31 March 2005
(Expressed in Hong Kong dollars)

		Six months ended 31 March	
	Note	**2005** **$'000**	2004 $'000
Turnover	*4*	**52,344**	41,384
Cost of services		**(10,512)**	(9,049)
		41,832	32,335
Other revenue	*5*	**368**	20
Other net income/(loss)	*5*	**446**	(11)
Administrative and other operating expenses		**(11,626)**	(5,785)
Profit from operations		**31,020**	26,559
Finance costs		**(1,181)**	(1,198)
Profit from ordinary activities before taxation	*6*	**29,839**	25,361
Income tax	*7*	**(1,019)**	(1,331)
Profit attributable to shareholders		**28,820**	24,030
Dividends	*8*	**6,000**	–
Earnings per share			
– Basic	*9(a)*	**HK7.21 cents**	HK8.01 cents
– Diluted	*9(b)*	**N/A**	N/A

The notes on pages 14 to 18 form part of this interim financial report.

Consolidated Balance Sheet
at 31 March 2005
(Expressed in Hong Kong dollars)

	Note	At 31 March 2005 Unaudited $'000	At 30 September 2004 Audited $'000
Non-current assets			
Fixed assets	10	22,972	27,081
Licence rights		19,030	9,630
Reimbursements receivable	11	50,245	–
Long term receivables	12	11,418	15,626
Long term deposits	16(b)	13,194	8,477
Other assets		380	380
		117,239	61,194
Current assets			
Inventories	13	16,200	–
Accounts receivable	12	27,901	17,902
Reimbursements receivable	11	62,387	58,141
Prepayments, deposits, and other receivables		8,010	12,133
Pledged deposits		45,951	27,830
Cash at bank and in hand		37,781	85,282
		198,230	201,288
Current liabilities			
Bank loans and overdrafts		(59,018)	(24,752)
Accruals and other payables		(15,369)	(14,708)
Current taxation		(6,393)	(5,430)
		(80,780)	(44,890)
Net current assets		117,450	156,398
Total assets less current liabilities		234,689	217,592
Non-current liabilities			
Mortgage bank loans		(6,365)	(6,488)
NET ASSETS		228,324	211,104
CAPITAL AND RESERVES			
Share capital	14	31,200	31,200
Reserves	15	197,124	179,904
		228,324	211,104

The notes on pages 14 to 18 form part of this interim financial report.

Unaudited Consolidated Statement of Changes in Equity
for the six months ended 31 March 2005
(Expressed in Hong Kong dollars)

		Six months ended 31 March	
		2005	2004
	Note	***$'000***	*$'000*
Shareholders' equity at 1 October 2004/2003		**211,104**	63,470
Profit attributable to shareholders for the period	*15*	**28,820**	24,030
Dividends approved and paid during the period	*15*	**(11,600)**	–
Shareholders' equity at 31 March		**228,324**	87,500

The notes on pages 14 to 18 form part of this interim financial report.

Unaudited Condensed Consolidated Cash Flow Statement
for the six months ended 31 March 2005
(Expressed in Hong Kong dollars)

	Six months ended 31 March	
	2005	2004
	$'000	*$'000*
Net cash (used in)/generated from operating activities	**(43,566)**	7,427
Net cash used in investing activities	**(7,176)**	(5,417)
Net cash generated from/(used in) financing activities	**3,241**	(4,671)
Net decrease in cash and cash equivalents	**(47,501)**	(2,661)
Cash and cash equivalents at 1 October 2004/2003	**85,282**	10,634
Cash and cash equivalents at 31 March	**37,781**	7,973

The notes on pages 14 to 18 form part of this interim financial report.

Notes on the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

1 Reorganisation and basis of preparation

(a) Reorganisation

Qin Jia Yuan Media Services Company Limited (the "Company") was incorporated in the Cayman Islands on 29 October 2002 as an exempted company with limited liability under the Companies Law (Revised) Chapter 22 of the Cayman Islands. Pursuant to a group reorganisation (the "Reorganisation"), which was complete on 17 November 2003 to rationalise the group structure in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the subsidiaries comprising the Group on 17 November 2003. The shares of the Company have been listed on the Stock Exchange since 30 June 2004.

The Group is regarded as a continuing entity resulting from the Reorganisation and has been accounted for on the basis of merger accounting. The interim financial report has been prepared on the basis that the Company was the holding company of the Group throughout the periods presented, rather than from 17 November 2003. Accordingly, the consolidated results of the Group for the six months ended 31 March 2004 include the results of the Company and its subsidiaries with effect from 1 October 2003 or since their respective dates of incorporation, whichever is a shorter period. All material intra–group transactions and balances have been eliminated on combination.

Further details of the Reorganisation have been set out in the prospectus dated 18 June 2004 issued by the Company.

(b) Basis of preparation

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is included on page 9.

The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of the Stock Exchange, including compliance with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the HKICPA.

The financial information relating to the financial year ended 30 September 2004 included in the interim financial report does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30 September 2004 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 15 December 2004.

The same accounting policies adopted in the 2004 annual financial statements have been applied to the interim financial report.

The notes on the interim financial report include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2004 annual financial statements.

2 Recently issued accounting standards

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005 and would therefore be effective for the Group's financial statements for the year ending 30 September 2006.

The Group has not early adopted these new HKFRSs in the interim financial report for the six months ended 31 March 2005. The Group is in the process of making an assessment of the impact of these new HKFRSs and has so far concluded that the adoption of these new HKFRSs would not have a significant impact on its results of operations and financial position. The Group will be continuing with the assessment of the impact of the new HKFRSs and significant changes may be identified as a result.

3 Segment information

No analysis of the Group's turnover and contribution 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 People's Republic of China (the "PRC") and less than 10 per cent of the Group's turnover and contribution to profit from operations are derived from activities outside the Group's media related services.

4 Turnover

	Six months ended 31 March	
	2005	2004
	$'000	*$'000*
TV programme related income	**27,010**	23,279
Marketing related income	**11,289**	6,189
Public relations service income	**14,045**	11,916
	52,344	41,384

5 Other revenue and other net income/(loss)

	Six months ended 31 March	
	2005	2004
	$'000	*$'000*
Other revenue		
Interest income	**174**	8
Others	**194**	12
	368	20
Other net income/(loss)		
Profit on sale of properties	**446**	–
Others	**–**	(11)
	446	(11)

6 Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging:

	Six months ended 31 March	
	2005	2004
	$'000	*$'000*
Interest on borrowings	**1,173**	1,075
Other borrowing costs	**8**	123
Depreciation	**2,331**	1,065

7 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 six months ended 31 March 2005.

(b) 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. Provision for PRC income tax in respect of these subsidiaries has been made for the six months ended 31 March 2005, calculated at 15% which is the tax rate applicable to foreign investment enterprises located and operated in Shenzhen.

– Under the existing PRC tax laws and regulations, a foreign enterprise which carries on business with an establishment in the PRC is generally subject to enterprise income tax at 33%. Accordingly, provision for PRC income tax in respect of a subsidiary has been calculated at the applicable tax rate of 15% or 33% on a deemed profit basis on its PRC sourced income during the six months ended 31 March 2005.

8 Dividends

	Six months ended 31 March	
	2005	2004
	$'000	*$'000*
Interim dividend declared after the interim period end of HK1.5 cents (2004: $Nil) per share	**6,000**	–
Final dividend in respect of the previous financial year, approved and paid during the period, of HK2.9 cents (2004: $Nil) per share	**11,600**	–

The interim dividend declared after the balance sheet date has not been recognised as a liability at the balance sheet date.

9 Earnings per share

(a) *Basic earnings per share*
The calculation of basic earnings per share is based on the profit attributable to shareholders of $28,820,000 (2004: $24,030,000) and 400,000,000 ordinary shares in issue during the period (2004: 300,000,000 ordinary shares outstanding after the Reorganisation and the capitalisation issue as if those shares had been outstanding from 1 October 2003).

(b) *Diluted earnings per share*
There were no dilutive potential ordinary shares in existence during the six months ended 31 March 2004 and 2005.

10 Fixed assets

During the period, the Group disposed of certain properties with carrying value of $3,633,650 (2004: $Nil).

11 Reimbursements receivable

Reimbursements receivable represent funding advanced to the production houses on behalf of advertising agencies for investment in the production of TV programmes. The amounts are recoverable by the Group from the sales proceeds of commercial airtime to be granted by the relevant broadcasting TV stations. The amounts are interest free and secured by the advertising agencies' rights to certain benefits to be derived from the first round broadcasting licence right in the PRC in certain TV programmes and in which the advertising agencies have invested. They are governed by the reimbursement repayment guarantees entered into among the Group, the production houses and the advertising agencies. The amounts expected to be recovered after one year are included under non-current assets.

Advertising contracts are entered into by the PRC licensed advertising agencies with the advertisers. In the circumstances, the Group has to obtain settlement of the related reimbursements receivable from the licensed advertising agencies. Collection of related reimbursements receivable is therefore dependent on the financial position of the licensed advertising agencies.

12 Accounts receivable

	At 31 March 2005 $'000	At 30 September 2004 $'000
Accounts receivable	**39,319**	33,528
Less: Amounts expected to be recovered after one year, included as non-current assets	**(11,418)**	(15,626)
	27,901	17,902

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

	At 31 March 2005 $'000	At 30 September 2004 $'000
Current to 6 months	**24,889**	11,093
6 months to 1 year	**3,000**	6,747
1 to 2 years	**12**	62
	27,901	17,902

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 six months to one year. Subject to negotiations, extended credit terms are available for certain major customers with well-established operating records. Amounts to be recovered after one year based on repayment schedules agreed with the relevant customers have been included as non-current assets.

13 Inventories

The inventories as at 31 March 2005 represent the cost of acquisition of certain scripts, synopses and editing rights. They are carried at the lower of cost and net realisable value.

14 Share capital

	Number of shares *'000*	*$'000*
Authorised:		
Ordinary shares of US$0.01 each at 30 September 2004 and 31 March 2005	800,000	62,400
Issued:		
At 1 October 2003	20,000	1,560
Issuance of shares by placing and public offer	100,000	7,800
Capitalisation issue	280,000	21,840
At 30 September 2004 and 31 March 2005	400,000	31,200

15 Reserves

	Share premium $'000	General reserve $'000	Capital reserve $'000	Retained earnings $'000	Total $'000
At 1 October 2004	67,633	406	(1,560)	113,425	179,904
Profit attributable to shareholders for the period	–	–	–	28,820	28,820
Dividends approved in respect of the previous financial year *(note 8)*	–	–	–	(11,600)	(11,600)
At 31 March 2005	67,633	406	(1,560)	130,645	197,124

16 Commitments

(a) 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 television programmes. During the six months ended 31 March 2005, the Group procured funding for the production of 33 hours (period ended 31 March 2004: 28 hours) of TV programmes, with estimated production costs totalling $16,981,000 (period end 31 March 2004: $12,453,000). The total funding required for the remaining 5,713 hours (30 September 2004: 5,746 hours) is to be determined when individual projects for TV programme production are agreed and therefore is not quantifiable as at 31 March 2005.

During the six months ended 31 March 2005, the corresponding funding agreed to be paid by the licensed advertising agencies pursuant to the agreements among the Group, the production house and the advertising agencies concluded on an individual programme basis amounted to $16,981,000 (period ended 31 March 2004: $12,453,000). 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 programme, 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 programme. The production house has received the agreed required funding in full as at 31 March 2005.

(b) On 24 October 2003, the Group entered into a co-operative agreement with Shanghai Yali Culture Communication Co., Ltd ("Shanghai Yali") (an independent third party) in respect of a piece of land in Dongguan in the PRC in connection with the construction of a production centre and the leasing arrangement of which upon its completion. Pursuant to the terms of the agreement, which was supplemented by a supplementary agreement dated 28 April 2005, the Group agreed to make instalment payments to Shanghai Yali totalling $30,000,000 on or before 30 November 2005, and in return the Group is granted the use of the production centre upon its completion for a period of 12 years. In addition, a $3 million deposit has been placed with Shanghai Yali to secure the right to purchase the property at a 5%-10% discount on its prevailing market value within the first 3 years upon completion. If the Group has not exercised the right within the said 3-year period, it has an option to pay an additional deposit of $3 million to secure the right for another 3-year period. If the Group does not exercise the right during the extended period, the two deposits will not be refunded but the lease term of the property will be extended for another 3 years.

As at 31 March 2005, the Group had made progress payments including the said deposit to secure the right to purchase the property at a discount to Shanghai Yali totalling $13,194,000 (30 September 2004: $8,477,000). The outstanding commitment at 31 March 2005 amounted to $19,806,000 (30 September 2004: $24,523,000).

17 Approval of interim financial report

The interim financial report was approved by the Board of Directors on 8 June 2005.