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. PFITZNER Kym Richard
Mr. ZINGER Simon
Ms. LEE Kwei-Fen
Mr. HUNG Hak Hip
Mr. LIU Yuk Chi, David
Mr. WONG Ying Ho, Kennedy, BBS, JP

Independent Non-Executive Directors

Mr. LAU Hon Chuen, GBS, JP
Mr. LAM Haw Shun, Dennis, JP
Mr. HUI Koon Man, Michael, JP

Remuneration Committee

Mr. LAM Haw Shun, Dennis, JP (Chairman)
Mr. LAU Hon Chuen, GBS, JP
Mr. LIU Yuk Chi, David

Audit Committee

Mr. LAM Haw Shun, Dennis, JP (Chairman)
Mr. LAU Hon Chuen, GBS, JP
Mr. LIU Yuk Chi, David

Authorised Representatives

Dr. LEUNG Anita Fung Yee Maria
Ms. CHAN Wing Yi

Company Secretary and Qualified Accountant

Ms. CHAN Wing Yi

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

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

Union Registrars Limited
Room 1803, Fook Lee Commercial Centre,
Town Place, 33 Lockhart Road,
Wanchai, Hong Kong

Principal Bankers

Standard Chartered Bank (Hong Kong) Limited
The Hong Kong and Shanghai Banking
Corporation Limited
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
Industrial and Commercial Bank of China
(Asia) 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 board of directors ("Directors") of Qin Jia Yuan Media Services Company Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 March 2007. These results have been reviewed by the Company's auditors, KPMG, in accordance with the 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

According to the report issued by National Bureau of Statistics of China, national GDP growth is expected to reach about 8% in 2007 (as compared to 10.7% in 2006), indicating that the economy of the People's Republic of China (the "PRC" or "China") is enjoying a prosperous development and the continuous growth of the consumption power of the Chinese citizens. These lead to an increase in advertising expenditures targeted at the consumer market. According to the statistics of AGB Nielsen Media Research, the advertising expenditures via television in China, the media through which the Group operates its core business, will experience an annual growth rate of over 20% for the third successive year in 2007.

Media industry is considered to be the most appealing sector to local and foreign investors in China following banking and insurance industries. The Chinese government's open attitude to welcome mainland media to collaborate with foreign media has given Hong Kong television ("TV") program suppliers and TV advertising operators countless business opportunities. Moreover, relying on the status of the special administration region and the success of the "One Country Two Systems Policy", Hong Kong has derived significant benefits from China's huge market. The Group's focused strategy is to become both the leading TV drama provider and a "one-stop TV media services supermarket" in China. The strong performance of the Group with an annual net profit growth of at least 26% over the past years since the listing of the Company has proved that the Group has adopted right business direction and policies. With the implementation of the Mainland-Hong Kong Closer Economic and Partnership Arrangement ("CEPA"), the Group's over 10 years experience in the media industry in the Mainland has further strengthened the Group's competitive edge over other foreign media companies in the PRC market. This, in turn, added more advantageous conditions to the Group to establish strategic partnerships with both Mainland and foreign industry players, which could lead to an all-win situation, and pave the way towards enterprise internationalization for the Group.

Business Review

During the period under review, the Group has achieved a remarkable increase in turnover and profit. Turnover grew by 48% to HK$93.7 million as compared to the corresponding period last year. The Group achieved a profit of HK$62.9 million, an increase by 45% compared to the same period last year. Earnings per share were HK12.33 cents for the period. According to the Group's dividend policy adopted since listing, the Directors declared an interim dividend for the first half of 2007 in scrip form equivalent to HK2.5 cents per share. Shareholders are given an option to receive cash in lieu of the scrip dividend.

During the period under review, according to the stated plan in regard to increasing production/procurement of TV drama series, the Group has completed a total of 139 episodes/hours of TV dramas on schedule, which were sold at a price comparable to the rate for the prime time dramas broadcast on China Central TV and 200 major provincial and city TV stations across China, helping the Group to achieve a better than expected results. This was attributable to the Group's collaboration with eight major mainland TV stations in Beijing, Dalian, Fujian, Guangdong, Harbin, Hubei, Jiangsu and Shanghai on the production, procurement and distribution of TV dramas, allowing the Group to make significant achievements in developing new types of drama series, enhancing product quality, scouting industry talent and collecting debts. In addition to the cooperation of those eight TV stations, the Group has also reached a strategic partnership agreement with Chongqing Broadcasting Group (Station) ("Chongqing TV") during the period under review. This latest collaboration not only strengthened the Group's TV drama production, procurement and distribution, but also extends its operations into artist management, recruitment and training. In addition, capitalizing on the national coverage and high viewing rate of Satellite Channel of Chongqing TV, the Group will work with Chongqing TV to hold large-scale public relations and promotion activities appropriate to different occasions in order to perfect our one-stop TV media services and provide our sponsoring clients with high quality and comprehensive promotional services.

Advertising operations, one of the three core businesses of the Group, made a breakthrough during the period under review. The Group has acquired 3 years plus a renewal of another 3 years for the exclusive advertising rights from the Hubei TV Station Film/TV Drama Channel, expanding the Group's operations from syndicated program only to the exclusive and comprehensive advertising business of a TV channel. In other words, the Group's profits source has been expanded from 2 minute syndicated advertising for each single episode of TV dramas to the advertising time of 3 hours and 19 minutes of a TV channel for a day. The revenue from market planning services brought by such advertising rights has been recognized as income since February of 2007.

The Group has been a market player distributing TV dramas in China for over 10 years and has established a strong distribution network encompassing 200 major provincial and city TV stations across China. As for overseas TV drama distribution market, there is still much room for further development. In April of this year, the Group reached a cooperative agreement with SGL Entertainment Limited ("SGL"), a wholly-owned subsidiary of STAR Group Limited, whereby both parties will join together to explore the Mainland and overseas TV drama markets and sharing profits. Under such collaboration, the Group's TV dramas will be broadcast through the Group's TV stations network in the PRC and distributed in overseas markets through the Star Chinese Channel in Taiwan, thus increasing the revenue from distribution in overseas markets. Moreover, the cooperation will also achieve the synergistic effects on formulation of themes and concepts, cast selection, packaging and promotion and so on. All these are highly beneficial to TV dramas produced.

Prospects

Based on the performance of the first half of 2007, it is expected to complete the number of episodes of TV drama to be produced and acquired on schedule in the second half of the year, leading the Group towards its goal of increasing its market share of the prime-time TV dramas in China to 15% within four years. The increase of need to purchase more movies and TV dramas as a result of the acquisition of the exclusive advertising rights of the Hubei TV Station Film/TV Drama Channel will strengthen the Group's film library and script bank. Such advantages will put the Group in a favourable position in the highly competitive environment of the exclusive advertising rights of the mainland TV channels, and helped to convince the TV stations seeking for collaboration with foreign companies on advertising operations to believe that the Group is competent to boost the viewing rate and bring about synergies to their advertising business.

The Group has already made a comprehensive blueprint for the exclusive advertising operations of TV channels. In addition, the Group has received approval from the relevant authorities for the establishment of Qin Jia Yuan (China) Advertising Company Limited as a foreign-owned enterprise in China during the period under review. It is expected that the official advertising operating license will be issued during the second half of 2007. With such license, the Group will be granted the legal right to place advertising and run agency business directly in the PRC, whereby the Group will be able to perform the agreement between the Group and Tianjin QJY Advertising Company Limited, which will provide the Group with a number of long-term advertising contracts that will ensure a stable revenue. Consequently, the Group could turn its hand to advertising operations immediately, making the Group's plan of establishing a TV channel advertising platform in the Mainland more comprehensive and enhancing the Group's chances and capacities of taking on more advertising clients.

According to the terms of the service contract with Dr. Leung Anita Fung Yee ("Dr. Leung"), the Chief Executive Officer and Director of the Group, on 1 December 2003, the Group has priority to buy the scripts from Dr. Leung at HK$1 per TV drama episode. Such rights will be exercised during the second half of 2007. The movie and TV drama series "Wonder Woman" marking the 10th anniversary of Hong Kong's return to China, inspired and written by Dr. Leung, will be finished and released in the second half of 2007. The exclusive sponsorship rights to the TV drama series "Wonder Woman" have already been pre-sold at a record price for the Group's TV drama series ever made. Along with the income from the copyrights of the original work and the script rights to the movie version of "Wonder Woman", the revenue will be recorded as income in the second half of 2007.

Liquidity and Financial Resources

During the review period, the Group's operations were financed by internally generated cashflows, the bank borrowings and the proceeds from the placement of shares.

As at the balance sheet date, the Group had outstanding bank borrowings of approximately HK$142.5 million, comprising secured bank loans of approximately HK$136.3 million and mortgage loans of HK$6.2 million. All the secured bank loans were repayable within one year. The mortgage loans comprised an amount of HK$5.0 million repayable after five years, an amount of HK$0.8 million which was repayable after two years but within five years, HK$0.2 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 2007, all bank balances and bank borrowings were denominated in Hong Kong Dollar ("HKD"), Renminbi ("RMB") and Macau Pataca ("MOP"). The Group therefore has no significant exposure to foreign exchange risk.

As at 31 March 2007, the Group's total available banking facilities amounted to HK$166.5 million (30 September 2006: HK$181.6 million) of which approximately HK$136.3 million was utilized.

As at 31 March 2007, the Group had cash and bank balances of HK$152.7 million (30 September 2006: HK$190.0 million) of which HK$106.0 million and HK$46.4 million and HK$0.3 million were denominated in HKD, RMB and MOP respectively.

The gearing ratio (expressed as a percentage of total liabilities over total assets of the Group) was 30% (30 September 2006: 24%).

As at 31 March 2007, the Group's bank loans of HK$136.3 million were secured by time deposits of approximately HK$49.7 million placed with banks while the mortgage bank loans of HK$6.2 million were secured by the land and buildings in the PRC with carrying value of approximately HK$9.1 million as at 31 March 2007.

Employees

As at 31 March 2007, the Group had a total staff of 29. 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 declared an interim dividend for the six months ended 31 March 2007 in scrip form equivalent to HK2.5 cents per share with a cash option (2006: interim dividend in scrip form of HK1.8 cents per share with a cash option) to shareholders whose names appeared on the register of members on 7 June 2007. The interim dividend will be payable on or about 9 August 2007.

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") granting listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholders could elect to receive in cash and that they will be given the option to elect to receive payment in cash of HK2.5 cents per share instead of the allotment of shares. Full details of the interim scrip dividend will be set out in a letter which will be sent to shareholders together with a form of election for cash as soon as practicable.

Closure of the Register of Members

The register of members of the Company will be closed from Friday, 8 June 2007 to Monday, 11 June 2007 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, Union Registrars Limited, Room 1803, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 7 June 2007.

Share Option Scheme

Pursuant to the written resolutions of the shareholders passed on 13 June 2004, the Company has adopted a share option scheme ("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.

During the period under review, options to subscribe 8,667,608 shares had been granted to the Directors. The details of these share options are disclosed in the Section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures". No share options were exercised, cancelled or lapsed during the period.

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

At 31 March 2007, 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 (Chapter 571 of the laws of Hong Kong) (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) Shares of the Company

Name of Director	Capacity	Number of ordinary shares of the Company: Personal interests	Family interests	Corporate interests	Total	Per cent of total issued share capital of the Company as at 31 March 2007
Dr. Leung Anita Fung Yee Maria ("Dr. Leung")	Interests in controlled corporation	Nil	Nil	180,966,813 (Note 1)	180,966,813	35.31%
Honourable Dr. Wong Yu Hong, Philip, GBS ("Dr. Wong")	Interests in spouse and interests in controlled corporation	Nil	5,405,290 (Note 2)	175,561,523 (Note 3)	180,966,813	35.31%
Mr. Lam Haw Shun, Dennis, JP	Beneficial owner	231,000	Nil	Nil	231,000	0.05%

Notes:

1. The 180,966,813 shares are held as to 165,126,690 shares by Dynamic Master Developments Limited, 986,528 shares by Hunterland City Limited, 10,434,833 shares by Goodhold Limited and 4,418,762 shares by Up & Rise 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, 50% in Goodhold Limited and 100% in Up & Rise Limited and therefore is deemed to be interested in the 180,966,813 shares under the SFO.

2. The family interest of 5,405,290 shares refers to the 986,528 shares held by Hunterland City Limited and 4,418,762 shares by Up & Rise Limited which are included in corporate interests of 180,966,813 shares held by Dr. Leung, spouse of Dr. Wong.

3. The 175,561,523 shares are held as to 165,126,690 shares by Dynamic Master Developments Limited and 10,434,833 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 175,561,523 shares under the SFO.

(ii) Share option of the Company

Directors	Date of Grant	Exercise Period	Closing price immediately before date of grant HK$	Exercise price per share HK$	Number of share options: As at 1 October 2006	Granted during the period	Exercised during the period	Cancelled during the period	As at 31 March 2007	Per cent of total issued share capital of the Company as at 31 March 2007
Dr. Leung Anita Fung Yee Maria	28 February 2007	28 February 2007 to 12 June 2014	2.42	2.26	–	254,930	–	–	254,930	0.05%
Dr. Wong Yu Hong, Philip, GBS	28 February 2007	28 February 2007 to 12 June 2014	2.42	2.26	–	254,930	–	–	254,930	0.05%
Mr. Tsiang Hoi Fong	15 March 2007	15 March 2007 to 12 June 2014	2.04	2.26	–	5,098,594	–	–	5,098,594	0.99%
Mr. Hung Hak Hip	6 March 2007	6 March 2007 to 12 June 2014	2.04	2.26	–	509,859	–	–	509,859	0.10%
Mr. Liu Yuk Chi, David	2 March 2007	2 March 2007 to 12 June 2014	2.23	2.26	–	509,859	–	–	509,859	0.10%
Mr. Wong Ying Ho, Kennedy, BBS, JP	1 March 2007	1 March 2007 to 12 June 2014	2.32	2.26	–	509,859	–	–	509,859	0.10%
Mr. Lau Hon Chuen, GBS, JP	21 March 2007	21 March 2007 to 12 June 2014	2.09	2.26	–	509,859	–	–	509,859	0.10%
Mr. Lam Haw Shun, Dennis, JP	6 March 2007	6 March 2007 to 12 June 2014	2.04	2.26	–	509,859	–	–	509,859	0.10%
Mr. Hui Koon Man, Michael, JP	6 March 2007	6 March 2007 to 12 June 2014	2.04	2.26	–	509,859	–	–	509,859	0.10%
Total						8,667,608	–	–	8,667,608	

Notes:

1. These share options represent personal interests held by the relevant directors as beneficial owners.

2. During the period, no share options were lapsed under the Share Option Scheme.

3. Details of the value of options granted during the period is set out in note 15(a) to the unaudited interim financial report.

(iii) Interests in associated corporations

Name of associated corporation	Name of Director	Capacity	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 2007
Qin Jia Yuan Cultural Assets (Hong Kong) Limited ("QJY Cultural")	Dr. Leung Anita Fung Yee Maria	Beneficial owner and interests in spouse	Class A (non-voting)	1	1	Nil	2 (Note 1)	2.13%
	Honourable Dr. Wong Yu Hong, Philip, GBS	Beneficial owner and interests in spouse	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	Beneficial owner and interests in controlled corporation	Class A (non-voting)	1	Nil	1 (Note 2)	2	50%
	Honourable Dr. Wong Yu Hong, Philip, GBS	Interests in spouse and interests in controlled corporation	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, and 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 2007, none of the Directors or chief executive of the Company or any of their spouses or children under eighteen years of age has 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), as 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.

Save as disclosed above, 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 during the period.

Discloseable Interests and Short Positions of Shareholders under the SFO

As at 31 March 2007, 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 2007	Notes
Dynamic Master Developments Limited	Beneficial owner	165,126,690	32.22%	1
Goodhold Limited	Interests in controlled corporation and beneficial owner	175,561,523	34.25%	2
Hunterland City Limited	Interests in controlled corporation and beneficial owner	166,113,218	32.41%	2
Up & Rise Limited	Beneficial owner	4,418,762	0.86%	–
Aegis Media Asia Pacific Pte. Ltd.	Beneficial owner	97,635,886	19.05%	3
Aegis International Ltd.	Interests in controlled corporation	97,635,886	19.05%	4
Aegis Group plc	Interests in controlled corporation	97,635,886	19.05%	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 165,126,690 shares held by Dynamic Master Developments Limited under the SFO. In addition, Goodhold Limited directly holds 10,434,833 shares and Hunterland City Limited directly holds 986,528 shares.

3. Aegis Media Asia Pacific Pte. Ltd. is the registered owner of the 97,635,886 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 97,635,886 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 97,635,886 shares under the SFO.

Save as disclosed above, the Company had not been notified of any other interests or short positions in the shares or underlying shares representing 5% or more of the issued share capital of the Company as at 31 March 2007.

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

During the six months ended 31 March 2007, 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 2007.

Corporate Governance Practices

During the six months ended 31 March 2007, the Group has complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

Audit Committee

The Audit Committee has reviewed the interim financial report for the six months ended 31 March 2007 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.

On Behalf of the Board of Directors

LEUNG Anita Fung Yee Maria
Director

Hong Kong, 10 May 2007

Consolidated income statement

for the six months ended 31 March 2007
(Expressed in Hong Kong dollars)

	Note	Six months ended 31 March 2007 Unaudited $'000	2006 Unaudited $'000
Turnover	4	**93,732**	63,484
Cost of services		**(19,892)**	(8,580)
		73,840	54,904
Other revenue	5(a)	**1,606**	2,074
Other net income/(loss)	5(b)	**6,872**	(12)
Administrative and other operating expenses		**(15,175)**	(10,958)
Profit from operations		**67,143**	46,008
Finance costs		**(3,539)**	(2,240)
Profit before taxation	6	**63,604**	43,768
Income tax	7	**(660)**	(501)
Profit for the period		**62,944**	43,267
Dividends	8	**12,813**	9,137
Earnings per share			
– Basic	9(a)	**12.33 cents**	9.21 cents
– Diluted	9(b)	**N/A**	N/A

The notes on pages 15 to 23 form part of this interim financial report.

Consolidated balance sheet

at 31 March 2007

(Expressed in Hong Kong dollars)

	Note	At 31 March 2007 Unaudited $'000	At 30 September 2006 Audited $'000
Non-current assets			
Fixed assets		**28,216**	30,038
Intangible assets	10	**227,946**	70,412
Reimbursements receivable	11	**125,568**	64,275
Long term receivables	12	**2,907**	9,707
Long term deposits		**13,447**	13,447
		398,084	187,879
Current assets			
Inventories	13	**45,108**	45,108
Accounts receivable	12	**123,662**	77,770
Reimbursements receivable	11	**110,225**	136,319
Prepayments, deposits, and other receivables		**16,531**	62,053
Pledged deposits		**49,717**	45,270
Cash and cash equivalents		**103,025**	144,713
		448,268	511,233
Current liabilities			
Bank loans		**(136,479)**	(108,585)
Accruals and other payables		**(104,991)**	(45,879)
Current taxation		**(6,194)**	(5,519)
		(247,664)	(159,983)
Net current assets		**200,604**	351,250
Total assets less current liabilities		**598,688**	539,129
Non-current liabilities			
Mortgage bank loans		**(5,990)**	(6,102)
NET ASSETS		**592,698**	533,027
CAPITAL AND RESERVES			
Share capital	14	**39,978**	39,769
Reserves	15	**552,720**	493,258
		592,698	533,027

The notes on pages 15 to 23 form part of this interim financial report.

Consolidated statement of changes in equity

for the six months ended 31 March 2007

(Expressed in Hong Kong dollars)

	Note	Six months ended 31 March 2007 Unaudited $'000	2006 Unaudited $'000
Shareholders' equity at 1 October 2006/2005		**533,027**	379,701
Net loss recognised directly in equity:			
Exchange differences on translation of financial statements of PRC subsidiaries	15	**(1,461)**	–
Net profit for the period	15	**62,944**	43,267
Dividend approved and paid during the period	15	**(9,177)**	(7,990)
Movements in equity arising from capital transactions:			
Final scrip dividends	14/15	**5,443**	–
Capital reserve on share option scheme	15	**1,922**	–
		7,365	–
Shareholders' equity at 31 March		**592,698**	414,978

The notes on pages 15 to 23 form part of this interim financial report.

Condensed consolidated cash flow statement

for the six months ended 31 March 2007

(Expressed in Hong Kong dollars)

	Six months ended 31 March	
	2007	2006
	Unaudited	Unaudited
	$'000	$'000
Net cash generated from operating activities	**59,903**	17,706
Net cash used in investing activities	**(117,653)**	(28,779)
Net cash generated from financing activities	**16,062**	6,762
Net decrease in cash and cash equivalents	**(41,688)**	(4,311)
Cash and cash equivalents at 1 October 2006/2005	**144,713**	117,064
Cash and cash equivalents at 31 March	**103,025**	112,753

Notes on the unaudited interim financial report

(Expressed in Hong Kong dollars)

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "SEHK"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). It was authorised for issuance on 10 May 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes 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 2006 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations).

The 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 HKICPA. KPMG's independent review report to the Board of Directors is included on page 24.

The financial information relating to the financial year ended 30 September 2006 that is included in the interim financial report as being previously reported information 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 2006 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 22 November 2006.

2 Changes in accounting policies

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2006. The Board of Directors has determined the accounting policies to be adopted in the preparation of the Group's annual financial statements for the year ending 30 September 2007, on the basis of HKFRSs currently in issue. The adoption of these new HKFRSs did not result in substantial changes in the Group's accounting policies.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 30 September 2007 may be affected by the issue of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of this interim report. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

Notes on the unaudited interim financial report

(Expressed in Hong Kong dollars)

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 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	
	2007	2006
	$'000	$'000
TV program related income	**37,898**	36,169
Marketing related income	**38,167**	18,220
Public relations service income	**17,667**	9,095
	93,732	63,484

5 Other revenue and other net income/(loss)

(a) Other revenue

	Six months ended 31 March	
	2007	2006
	$'000	$'000
Interest income	**1,597**	1,746
Others	**9**	328
	1,606	2,074

(b) Other net income/(loss)

Other net income/(loss) represents net exchange gain or loss.

6 Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 31 March	
	2007	2006
	$'000	$'000
Interest on borrowings	**3,537**	2,226
Other borrowing costs	**2**	14
Depreciation	**3,669**	2,673
Amortisation of intangible assets	**5,725**	414
Costs of inventories	**1,966**	–

Notes on the unaudited interim financial report

(Expressed in Hong Kong dollars)

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 2007.

(b) Pursuant to the Macao SAR's Offshore Laws, Qin Jia Yuan Media Services Investment Macao Commercial Offshore Limited, 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. Provision for PRC income tax in respect of these subsidiaries has been made for the period, 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 establishment in the PRC is generally subject to enterprise income tax at 33%. Accordingly, provision for PRC income tax in respect of a subsidiary incorporated outside the PRC has been calculated at the applicable tax rate of 15% or 33% (depending on the provinces where the services are rendered) on a deemed profit basis on its PRC sourced income during the period.

(d) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("new tax law") which will take effect on 1 January 2008. The new tax law introduces a tax resident concept whereby companies not registered in PRC but being managed and controlled from PRC would be subject to PRC Enterprise Income Tax ("EIT") under the new tax law at the EIT rate of 25%. However, detailed implementation of the new tax law has yet to be made public. Consequently, the Group is not able to make an estimate of the expected financial effect of the new tax law. The expected financial effect of the new tax law, if any, will be reflected in the Group's 2007 annual financial statements. The enactment of the new tax law is not expected to have any financial effect on the amounts incurred in the balance sheet as at 31 March 2007 in respect of current tax payable.

8 Dividends

	Six months ended 31 March	
	2007	2006
	$'000	$'000
Interim dividend declared after the interim period of 2.5 cents (2006: 1.8 cents) per share	**12,813**	9,137
Final dividend in respect of the financial year ended 30 September 2006, approved and paid during the following interim period, of 1.8 cents (year ended 30 September 2005: 1.7 cents) per share	**9,177**	7,990

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

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

Notes on the unaudited interim financial report

(Expressed in Hong Kong dollars)

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 $62,944,000 (2006: $43,267,000) and the weighted average numbers of 510,305,000 ordinary shares (2006: 470,000,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share for the six months ended 31 March 2007 is not presented because the existence of outstanding share options during the period had an anti-dilutive effect on the basic earnings per share. Diluted earnings per share for the six months ended 31 March 2006 is not presented as there was no potential dilution of earnings per share.

10 Intangible assets

	At 31 March 2007 $'000	At 30 September 2006 $'000
Purchased licence rights	**117,539**	33,908
TV programs in progress	**30,251**	30,251
Purchased advertising rights	**74,058**	–
Others	**6,098**	6,253
	227,946	70,412

Intangible assets are stated at cost less accumulated amortisation and any impairment losses. Amortisation is provided on a systematic basis over their estimated useful lives.

11 Reimbursements receivable

Reimbursements receivable represent funding advanced to the production houses on behalf of advertising agencies for investment in the production of TV programs. 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 for certain TV programs 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 recoverable 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.

Notes on the unaudited interim financial report

(Expressed in Hong Kong dollars)

12 Accounts receivable

	At 31 March 2007 $'000	At 30 September 2006 $'000
Accounts receivable	**126,569**	87,477
Less: Amount expected to be recovered after more than one year, included as non-current assets	**(2,907)**	(9,707)
	123,662	77,770

Included in accounts receivable within twelve months from the balance sheet date are debtors with the following aging analysis:

	At 31 March 2007 $'000	At 30 September 2006 $'000
Current	**123,662**	77,770

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 three years. Subject to negotiations, extended credit terms are available for certain major customers with well-established operating records. Amounts to be recovered after more than 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 2007 represent the cost for acquisition of certain scripts, synopses and editing rights. They are carried at the lower of cost and net realisable value.

Notes on the unaudited interim financial report

(Expressed in Hong Kong dollars)

14 Share capital

	At 31 March 2007 Number of shares '000	At 31 March 2007 $'000	At 30 September 2006 Number of shares '000	At 30 September 2006 $'000
Authorised:				
Ordinary shares of US$0.01 each	**800,000**	**62,400**	800,000	62,400
Issued:				
At the beginning of the period	**509,859**	**39,769**	470,000	36,660
Placement of shares	**–**	**–**	37,600	2,933
Issued as scrip dividends	**2,676**	**209**	2,259	176
At the end of the period	**512,535**	**39,978**	509,859	39,769

On 1 March 2007, the Company issued and allotted 2,676,028 ordinary shares of US$0.01 each at $2.034 per share to the shareholders who received shares of the Company in lieu of cash for 2006 final dividend pursuant to a scrip dividend scheme announced by the Company on 19 January 2007. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

15 Reserves

	Share premium $'000	**General reserve** $'000	**Capital reserve** $'000	**Exchange reserve** $'000	**Retained earnings** $'000	**Total** $'000
At 1 October 2005	182,227	406	(1,560)	(104)	162,072	343,041
Profit for the period	–	–	–	–	43,267	43,267
Dividends approved in respect of the previous financial year (note 8)	–	–	–	–	(7,990)	(7,990)
At 31 March 2006	182,227	406	(1,560)	(104)	197,349	378,318
At 1 October 2006	266,882	406	(1,560)	(1,020)	228,550	493,258
Profit for the period	–	–	–	–	62,944	62,944
Exchange difference arising on translation of PRC subsidiaries	–	–	–	(1,461)	–	(1,461)
Dividends approved in respect of the previous financial year (note 8 and 14)	5,234	–	–	–	(9,177)	(3,943)
Equity settled share-based transactions (note 15 (a))	–	–	1,922	–	–	1,922
At 31 March 2007	272,116	406	362	(2,481)	282,317	552,720

Notes on the unaudited interim financial report

(Expressed in Hong Kong dollars)

(a) Equity settled share-based transactions

The Company has a share option scheme which was adopted on 13 June 2004 ("the Scheme") whereby the Directors of the Company are authorised, at their discretion, to invite any full time or part time employees and Directors, consultants and advisers of the Group, to take up options at HK$1 to subscribe for shares of the Company. The Scheme shall be effective for a period of ten years ending on 12 June 2014. Each option gives the holder the right to subscribe for one ordinary share in the Company.

No options were outstanding as at 1 October 2006. During the period, the Company granted 8,667,608 options to Directors of the Company pursuant to the Scheme to subscribe for 8,667,608 ordinary shares of the Company at a price of $2.26 per ordinary share.

As at 31 March 2007, the outstanding options were as follows:

Date granted	Exercise period	Exercise price	Number of options outstanding
Options granted to Directors			
28 February 2007	28 February 2007 to 12 June 2014	$2.26	509,860
1 March 2007	1 March 2007 to 12 June 2014	$2.26	509,859
2 March 2007	2 March 2007 to 12 June 2014	$2.26	509,859
6 March 2007	6 March 2007 to 12 June 2014	$2.26	1,529,577
15 March 2007	15 March 2007 to 12 June 2014	$2.26	5,098,594
21 March 2007	21 March 2007 to 12 June 2014	$2.26	509,859
			8,667,608

No options were forfeited, exercised or expired during the six months ended 31 March 2007 (2006: Nil). All the share options outstanding as at 31 March 2007 are exercisable.

Share option expenses charged to the consolidated income statement are determined with the Black-Scholes pricing model based on the following assumptions:

Fair value of share option as of the grant date	$0.22
Weighted average share price	$2.26
Exercise price	$2.26
Expected volatility	21.1%
Annual risk-free interest rate (based on Exchange Fund Notes)	4.0%
Expected dividend yield	–
Expected life of options	1.1 years

The expected volatility is based on the historic volatilities of the share prices of comparable companies over the periods that are equal to the expected lives before the grant date. The expected life of options is determined with reference to the vesting periods of the Scheme and the historical share price. The expected dividend yield is determined based on historical and forecasted dividend payments. Changes in the subjective input assumptions could materially affect the fair value estimate.

Notes on the unaudited interim financial report

(Expressed in Hong Kong dollars)

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 programs. During the six months ended 31 March 2007, the Group did not procure any funding for the production of TV programs (year ended 30 September 2006: Nil). The total funding required for the remaining 5,713 hours (year ended 30 September 2006: 5,713 hours) is to be determined when individual projects for TV program production are agreed and therefore is not quantifiable as at 31 March 2007.

During the six months ended 31 March 2007, there is no corresponding funding paid by the licensed advertising agencies pursuant to the agreements among the Group, the production house and the advertising agencies concluded on an individual program basis (year ended 30 September 2006: Nil). 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 program, 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 program; 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 program.

(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 three supplementary agreements dated 28 April 2005, 12 December 2005 and 28 December 2006 respectively, the Group agreed to make instalment payments to Shanghai Yali totalling $30,000,000 on or before 30 November 2007, and in return the Group is granted the use of the production centre upon its completion for a period of 12 years. In addition, $3 million deposit has placed to Shanghai Yali to secure the right to purchase the property at 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 2007, the Group made progress payments including the said deposit to secure the right to purchase the property at the discount to Shanghai Yali totalling $13,447,000 (30 September 2006: $13,447,000). The outstanding commitment at 31 March 2007: $19,553,000 (30 September 2006: $19,553,000).

(c) On 29 July 2005, Qin Jia Yuan International Advertising Company Limited, a subsidiary of the Group, entered into a co-operative agreement with Tianjin QJY Advertising Company Limited, an independent third party to establish an advertising joint venture in the PRC whereby the Group will contribute $38,010,000, representing 70% of the total registered capital of the joint venture. As at 31 March 2007, the joint venture has not yet been established and no contribution has been made by the Group.

Notes on the unaudited interim financial report

(Expressed in Hong Kong dollars)

17. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ending 30 September 2007

Up to the date of issue of this condensed interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ending 30 September 2007.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the interim financial report:

		Effective for accounting periods beginning on or after
HKFRS 7	Financial instruments: disclosures	1 January 2007
Amendments to HKAS 1	Presentation of financial statements: Capital disclosures	1 January 2007

Independent review report

To the board of directors of
Qin Jia Yuan Media Services Company Limited

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 11 to 23.

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 Hong Kong Accounting Standard 34 "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. 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.

Review conclusion

On the basis of our review, which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31 March 2007.

KPMG
Certified Public Accountants
Hong Kong, 10 May 2007