Qin Jia Yuan Media Services Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 2366)

Interim Report 09

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Dr. LEUNG Anita Fung Yee Maria
(Chief Executive Officer)
Mr. YIU Yan Chi, Bernard
Mr. TSIANG Hoi Fong

Non-Executive Directors
Dr. Honourable WONG Yu Hong, Philip, GBS *(Chairman)*
Mr. PFITZNER Kym Richard
Mr. ZINGER Simon
Ms. LEE Kwei-Fen
Mr. HUNG Hak Hip, Peter
Mr. LIU Yuk Chi, David
Dr. WONG Ying Ho, Kennedy, BBS, JP
Mr. FLYNN Douglas Ronald
Ms. HO Chiu King, Pansy Catilina
Mr. OWYANG Loong Shui, Ivan

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

Ms. CHAN Wing Yi

AUDITORS

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

TAX ADVISER

Ernst & Young
Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street
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

Room 203, 2nd Floor
Aon China Building
29 Queen's Road Central
Hong Kong

BRANCH OFFICE

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
Rooms 1901-2, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng 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 (the "Directors") of Qin Jia Yuan Media Services Company Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 March 2009. These results have been reviewed by the Company's auditors, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" and by the Audit Committee of the Board of Directors.

MANAGEMENT DISCUSSION AND ANALYSIS

The PRC economy was not immune from the global financial tsunami happened in the fourth quarter of 2008 but the damage has been relatively less severe. The first quarter of 2009 saw an economic growth of 6.1%, which was remarkable compared to other countries in the world. PRC government has adjusted its macro policies and encouraged domestic consumption. Since 2007, personal consumption has been growing robustly on a continued basis and become one of the pillars for the PRC GDP growth structure. The overall economic conditions are still favourable to businesses associated with the domestic consumption market. Among all industries in the PRC, the media business is regarded as the "last gold mine", not only because it is the last sector to open up to foreign investors, but also because the culture, arts, media and advertising industries, which are driven by the state policies, have gained increasing importance from financial institutions at a time when the economic opening policy has successfully been implemented for 30 years. Domestic banks have explicitly approved loans to culture, arts, creative media and advertising industries in various favourable terms. This not only helps these industries catch up more easily with international practices but also facilitates the growth and development of the industries in a smooth and professional way. As a locally based media service enterprise, the Group believes it can benefit on a sustained basis in the long term outlook.

BUSINESS REVIEW

During the period under review, the Group recorded a turnover of HK$115.8 million, a decrease of 14% compared to the same period last year. Turnover from channel advertising business reached HK$47.1 million, representing an increase of 79% compared to the same period last year. The Group made an one-off write-off and impairment loss of HK$465.9 million which did not involve any cash outflow and a decrease in RMB exchange leading to an exchange loss during the period under review. Accordingly, a consolidated loss after tax of HK$433.1 million was recorded for the period. Excluding the one-off write-off and impairment loss, the operating business of the Group recorded a profit after tax of HK$32.8 million. On the basis of earnings per share of HK4.8 cents, the Group declared an interim dividend equivalent to HK0.5 cent per share with an option for the shareholders to elect to receive the dividend in cash or in scrip shares.

Since the global financial tsunami occurred in the fourth quarter of 2008, the countermeasures identified by the management of the Group mainly include: to ensure the collection of receivables on schedule, to reduce investment projects with a long production cycle, to strengthen the business with a shorter collection period, to capitalise on the opportunities of cash shortage in the market and to continue to expand the cross-media advertising agency platform with TV as the backbone in a prudent and proactive manner. The production of large-scale TV drama series, one of the three major business areas of the Group, has become comparatively more risky amidst the financial tsunami due to the long recovery period which may be up to 2 to 3 years. The increased risk was evidenced by the delay in repayment from the distribution of large-scale TV dramas in the first quarter of 2009, leading to a wave of divestments and project suspensions of these large-scale TV dramas, as covered by various media reports. On the other hand, TV dramas such as serialized, column and situational dramas and non-script TV programs, including but not limited to interview talk shows, variety show, documentary, entertainment and information, are relatively low budget and have a shorter production and recoupment cycle. As suggested by the encouragement from the relevant state authorities and the recent market response from audience rating, it is shown that there is a great demand for TV programs other than TV dramas. As a result, given the uncertain global economic outlook, the Group has decided to withdraw and suspend the long-term investment projects (mainly referring to various large-scale TV dramas production) and cancelled the original plan for the Dongguan TV Dramas Production Centre which resulted in an one-off write-off and impairment loss without further cash outflow.

The Group has gained continued support from major bankers on account of the reputation and results established since listing. The Group has respectively issued unlisted convertible bonds of up to HK$150,000,000 to CCB International Asset Management Limited, a subsidiary of the China Construction Bank Corporation, and Star Group International Investment Limited. Together with the proceeds from the approximately 5% new shares placement amounting to HK$46,300,000, the Group has raised a total maximum amount of HK$196,300,000, which provided ample funds on top of its existing net cash position.

The various TV programs with lower costs and a shorter recoupment period can not only be released on TV channels which the Group has the exclusive advertising agency rights but also on TV channels in all provinces and cities throughout the country (including the satellite TV channels). This enables the Group's production resources and experience to be fully leveraged, and at the same time, upgrades the Group's film library to a diversified film library comprising various kinds of TV programs.

The TV service platform established by the Group comprised 7 24-hour full-channel businesses with exclusive advertising agency rights. In addition, the "Dandelion Theatre" ,originally planned to have a network of 50 TV channels by the end of 2009, has been completed ahead of schedule and the Group could successfully exchange its film library resources for 2-minute commercials per hour during the 2-hour prime time in 52 provincial and municipal TV channels. Meanwhile, the Group has also concurrently developed the TV shopping business and signed a contract with Korean GS, one of the largest TV shopping enterprises in the world. The Group devotes advertising agency interests of its existing TV channels as well as thousands of quality film libraries and professional packaged promotion techniques so as to join hands with Korean GS to increase cash flow and advertising income through the joint cooperation for the TV shopping business. The Yunnan Cultural Digital Channel which the Group has advertising agency rights will be the first channel having TV shopping business in operation, making the whole advertising services platform more comprehensive.

The turnover contributed by the exclusive TV channel advertising agency rights held by the Group for the period amounted to HK$47.1 million, an increase of 79% compared to the same period last year. Given the fact that the economy of all provinces in the PRC has somehow suffered from the export due to the global economic recession, this demonstrates the prospects of the domestic advertising market are still promising. The growth of advertisements is estimated to maintain between 10% and 12% in 2009, whereas the extent of benefits the media can enjoy will depend on its operating principles and program quality. The achievement evidences the preliminary results of the Strategic Committee, set up by the Group in the second half of 2008, with a particular focus on soliciting advertising customers and strengthening program planning.

PROSPECTS

Amidst uncertain global economic prospects, various experts in global politics and economics recognise that the sectors with the greatest potential for future development are media and energy. The PRC has been generally recognised as one of the few countries to have the most outstanding growth momentum in the short run. Based in the PRC with media as its mainstream business, the Group strongly believes that it can grasp opportunities out of the present crisis to make a breakthrough in its development in the short term.

The strategy of the Group is to constantly strengthen the cross-TV media service platform with TV as its core business. The platform has been widely recognised as an extremely exceptional domestic TV media supermarket that offers full-spectrum services integrating TV program production, distribution, advertising, public relations, marketing and TV shopping. Under these circumstances, the Group is confident of securing further quality advertising agency rights of TV and other popular media in the second half year. With professional experience of more than 10 years and 9 well-established domestic TV stations and media institutions as production and distribution partners, the Group is confident of developing TV programs of various kinds with a shorter collection period and a higher return at full speed. Meanwhile, the Group will continue to acquire copyrights and/or broadcasting rights of quality TV programs to further enrich its film library. Besides, by capitalising on its reputation and achievements for more than 10 years in the PRC, introducing more international media institutions as strategic partners to capture their resources and experience, and complying with the relevant state laws and regulations and availing itself of the preferential terms specified for the Hong Kong Special Administrative Region, the Group is well-positioned to extend its integrated services quickly and smoothly. The Group will continue to recruit top management talents from cross-media industries especially in TV to build a strong team with endurance to resist the adversities. With the funding in place and a strong team, the Group is readily moving forward with a view to take the business to the next level. The Group is confident of becoming a modern, professional, highly reputable and efficient media service enterprise in the PRC and act as a bridge for international media institutions to enter the PRC media market.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent funding and treasury policy. As at 31 March 2009, the Group's cash level stood at HK$465.8 million (30 September 2008: HK$320.1 million). The balances are in Hong Kong Dollar and Renminbi.

As at 31 March 2009, the Group had outstanding bank borrowings of approximately HK$430.4 million, comprising short term revolving loan of HK$316.6 million, term loan of HK$110.3 million and mortgage bank loan of HK$3.5 million. All the Group's bank borrowings are at floating rates and denominated in Hong Kong Dollar and Renminbi. The unutilised bank loan facilities amount to HK$92.9 million (30 September 2008: HK$185.8 million).

The gearing ratio (expressed as a percentage of total borrowings less cash over total equity) was 18% (30 September 2008: 6%).

Bank deposits of HK$181.3 million (30 September 2008: HK$107.3 million) were pledged to banks to secure general banking facilities granted to the Group.

Certain land and buildings in the PRC with carrying value of HK$5.4 million (30 September 2008: HK$5.4 million) was secured for mortgage bank loan of HK$3.5 million (30 September 2008: HK$3.6 million).

There has been no significant changes in the Group's policy in terms of exchange rate exposure. Transactions of the Group are mainly denominated either in Hong Kong Dollar or Renminbi. The Group did not enter any financial derivative instruments to hedge against the foreign exchange currency exposures.

EMPLOYEES

As at 31 March 2009, the Group had a total staff of 45. 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 2009 in scrip form equivalent to HK0.5 cent per share with a cash option (2008: interim dividend in scrip form of HK3.6 cents per share with a cash option) to shareholders whose names appeared on the register of members on Tuesday, 7 July 2009. The interim dividend will be payable on Friday, 7 August 2009.

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 HK0.5 cent 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 REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 3 July 2009 to Tuesday, 7 July 2009, both dates inclusive. To qualify for the interim dividend, all share transfers must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited of Rooms 1901-2, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration no later than 4:00pm on Thursday, 2 July 2009.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the shareholders passed on 13 June 2004, the Company has established 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 13 June 2014.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2009, 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) Interests in the Company

		Number of ordinary shares of the Company					
Name of director	**Capacity**	**Personal interests**	**Family interests**	**Corporate interests**	**Total**	**Number of underlying shares**	**Per cent of total issued share capital of the Company as at 31 March 2009**
Dr. LEUNG Anita Fung Yee Maria ("Dr. Leung")	Interests in controlled corporation and beneficial owner and interests of spouse	284,546	284,546	211,455,555 *(Note 1)*	212,024,647	—	30.99%
Dr. Honourable WONG Yu Hong, Philip, GBS ("Dr. Wong")	Interests in controlled corporation and beneficial owner and interests of spouse	284,546	14,516,296 *(Note 2)*	197,223,805 *(Note 3)*	212,024,647	—	30.99%
Mr. YIU Yan Chi, Bernard	Beneficial owner	550,000	—	—	550,000	—	0.08%
Mr. PFITZNER Kym Richard	Beneficial owner	110,000	—	—	110,000	—	0.02%
Mr. LIU Yuk Chi, David	Beneficial owner	121,000	—	—	121,000	3,500,000 *(Note 4)*	0.53%
Mr. HUI Koon Man, Michael, JP	Beneficial owner	455,017	—	—	455,017	—	0.07%

Notes:

1. The 211,455,555 shares are held as to 185,501,261 shares by Dynamic Master Developments Limited, 1,108,269 shares by Hunterland City Limited, 11,722,544 shares by Goodhold Limited and 13,123,481 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 211,455,555 shares under the SFO.

2. The family interest of 14,516,296 shares refers to 284,546 shares beneficially owned by Dr. Leung, spouse of Dr. Wong, 1,108,269 shares held by Hunterland City Limited and 13,123,481 shares held by Up & Rise Limited which are included in corporate interests of 211,455,555 shares held by Dr. Leung.

3. The 197,223,805 shares are held as to 185,501,261 shares by Dynamic Master Developments Limited and 11,722,544 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 197,223,805 shares under the SFO.

4. The 3,500,000 shares will be issued and allotted to Mr. Liu as remuneration shares, credited as fully paid, upon completion of his first year of services.

(ii) Share option of the Company

Directors	Date of grant	Exercise period	Closing price immediately before date of grant HK$	Exercise price per share before adjustment (Note 1) HK$	Exercise price per share after adjustment (Note 1) HK$	Number of share options: As at 1 October 2008	Adjusted during the period (Note 1)	Granted during the period	Exercised during the period	Cancelled during the period	As at 31 March 2009	Per cent of total issued share capital of the Company as at 31 March 2009
Mr. YIU Yan Chi, Bernard	16 April 2008	16 April 2008 to 13 June 2014	4.50	4.53	4.12	1,241,692	124,169	–	–	–	1,365,861	0.20%
Mr. TSIANG Hoi Fong	15 March 2007	15 March 2007 to 13 June 2014	2.04	2.26	2.05	5,098,594	509,859	–	–	–	5,608,453	0.82%
Mr. HUNG Hak Hip, Peter	6 March 2007	6 March 2007 to 13 June 2014	2.04	2.26	2.05	509,859	50,985	–	–	–	560,844	0.08%
Mr. FLYNN Douglas Ronald	22 May 2008	22 May 2008 to 13 June 2014	5.46	5.65	5.14	620,846	62,084	–	–	–	682,930	0.10%
Ms. HO Chiu King, Pansy Catilina	10 June 2008	10 June 2008 to 13 June 2014	5.16	5.65	5.14	620,846	62,084	–	–	–	682,930	0.10%
Mr. LAU Hon Chuen, GBS, JP	21 March 2007	21 March 2007 to 13 June 2014	2.09	2.26	2.05	509,859	50,985	–	–	–	560,844	0.08%
Mr. LAM Haw Shun, Dennis, JP	6 March 2007	6 March 2007 to 13 June 2014	2.04	2.26	2.05	509,859	50,985	–	–	–	560,844	0.08%
Employee	16 April 2008	16 April 2008 to 13 June 2014	4.50	4.53	4.12	1,241,692	124,169	–	–	–	1,365,861	0.20%
Total						10,353,247	1,035,320	–	–	–	11,388,567	

Notes:

1. The exercise price and number of outstanding share options were adjusted after the bonus issue of one new share for every ten existing shares on 29 January 2009.

2. During the period, no share options were granted, exercised, lapsed or cancelled under the Share Option Scheme.

3. These share options represent personal interest held by the director as beneficial owner.

(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 relevant class of associated corporation as at 31 March 2009
Qin Jia Yuan Cultural Assets (Hong Kong) Company Limited ("QJY Cultural")	Dr. LEUNG Anita Fung Yee Maria	Beneficial owner and interests of spouse	Class A (non-voting)	1	1	—	2 (Note 1)	100%
	Dr. Honourable WONG Yu Hong, Philip, GBS	Beneficial owner and interests of spouse	Class A (non-voting)	1	1	—	2 (Note 1)	100%
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	—	1 (Note 2)	2	100%
	Dr. Honourable WONG Yu Hong, Philip, GBS	Interests of spouse and interests in controlled corporation	Class A (non-voting)	—	1 (Note 3)	1 (Note 2)	2	100%

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 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 2009, 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, 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.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 31 March 2009, the interests and short positions of those persons (other than a Director or chief executive of the Company disclosed above) 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	Nature of interest	Total number of ordinary shares held	Per cent of total issued share capital as at 31 March 2009	Notes
Dynamic Master Developments Limited	Beneficial owner	Beneficial interest	185,501,261	27.12%	1
Goodhold Limited	Interests in controlled corporation and beneficial owner	Corporate interest/ Beneficial interest	197,223,805	28.83%	2
Hunterland City Limited	Interests in controlled corporation and beneficial owner	Corporate interest/ Beneficial interest	186,609,530	27.28%	2
Aegis Media Asia Pacific Pte. Ltd.	Beneficial owner	Beneficial interest	98,267,915	15.80%	3
Aegis International Ltd.	Interests in controlled corporation	Corporate interest	98,267,915	15.80%	3
Aegis Group plc	Interests in controlled corporation	Corporate interest	98,267,915	15.80%	3
Shun Tak Holdings Limited	Interest in controlled corporation	Corporate interest	34,521,252	5.05%	4

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 185,501,261 shares held by Dynamic Master Developments Limited under the SFO. In addition, Goodhold Limited directly holds 11,722,544 shares and Hunterland City Limited directly holds 1,108,269 shares.

3. According to the register kept under Section 336 of the SFO, Aegis Media Asia Pacific Pte. Ltd. is the beneficial registered owner of the 98,267,915 shares, which is a directly wholly owned subsidiary of Aegis International Ltd., a company incorporated in the United Kingdom. Aegis International Ltd. is a directly wholly owned subsidiary of Aegis Group plc which is a company listed on the London Stock Exchange. Accordingly, Aegis International Ltd. and Aegis Group plc are deemed to be interested in the 98,267,915 shares held by Aegis Media Asia Pacific Pte. Ltd. under the SFO. According to the branch register of members of the Company at 31 March 2009, Aegis Media Asia Pacific Pte. Ltd. was interested in 108,094,706 shares. The increase of 9,826,791 shares held by Aegis Media Asia Pacific Pte. Ltd. was attributable to the issue and allotment of bonus issue of one new share for every ten existing shares by the Company on 29 January 2009.

4. Shun Tak Holdings Limited held through its wholly owned subsidiary holds 34,521,252 shares.

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 2009.

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

There were no purchases, sales or redemptions of the Company's listed securities by the Company and any of its subsidiaries during the period.

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 2009.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 31 March 2009, the Group has complied with 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 2009 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, 16 June 2009

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 March 2009
(Expressed in Hong Kong dollars)

		Six months ended 31 March	
		2009	2008
		Unaudited	Unaudited
	Note	**$'000**	$'000
Turnover	4	**115,798**	134,025
Direct costs		**(52,477)**	(34,515)
		63,321	99,510
Other revenue	5(a)	**2,544**	1,730
Other net (loss)/income	5(b)	**(851)**	40,342
Impairment loss for intangible assets, reimbursements receivables, long term deposits and other receivables	6, 10, 11, 13	**(426,355)**	—
Write down of value of inventories	6, 14	**(39,500)**	—
Administrative and other operating expenses		**(18,940)**	(24,174)
(Loss)/profit from operations		**(419,781)**	117,408
Finance costs		**(12,695)**	(6,134)
(Loss)/profit before taxation	6	**(432,476)**	111,274
Income tax	7	**(619)**	(1,886)
(Loss)/profit for the period		**(433,095)**	109,388
Dividends	8	**3,420**	22,350
(Loss)/earnings per share			
– Basic	9(a)	**(63.32) cents**	16.48 cents
– Diluted	9(b)	**N/A**	16.43 cents

The notes on pages 18 to 35 form part of these interim financial statements.

CONSOLIDATED BALANCE SHEET

At 31 March 2009

(Expressed in Hong Kong dollars)

	Note	**At 31 March 2009 Unaudited $'000**	At 30 September 2008 Audited $'000
Non-current assets			
Fixed assets		**27,271**	27,184
Intangible assets	10	**546,640**	424,528
Reimbursements receivable	11	**—**	91,626
Long term receivables	12	**10,000**	21,368
Long term deposits	13	**—**	13,447
Other asset		**380**	380
		584,291	578,533
Current assets			
Inventories	14	**110,396**	87,856
Accounts receivable	12	**177,394**	161,057
Reimbursements receivable	11	**4,996**	357,353
Prepayments, deposits and other receivables		**79,353**	120,093
Pledged deposits		**181,347**	107,255
Cash and cash equivalents		**284,445**	212,849
		837,931	1,046,463
Current liabilities			
Bank loans		**(361,457)**	(243,220)
Accruals and other payables		**(173,472)**	(92,340)
Current taxation		**(8,999)**	(8,382)
		(543,928)	(343,942)
Net current assets		**294,003**	702,521
Total assets less current liabilities		**878,294**	1,281,054

CONSOLIDATED BALANCE SHEET *(continued)*

At 31 March 2009

(Expressed in Hong Kong dollars)

	Note	At 31 March 2009 Unaudited $'000	At 30 September 2008 Audited $'000
Non-current liability			
Bank loans		**(68,989)**	(38,949)
NET ASSETS		**809,305**	1,242,105
CAPITAL AND RESERVES			
Share capital	15	**53,352**	48,502
Reserves	16	**755,953**	1,193,603
		809,305	1,242,105

The notes on pages 18 to 35 form part of these interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2009
(Expressed in Hong Kong dollars)

	Note	Six months ended 31 March 2009 Unaudited $'000	2008 Unaudited $'000
Shareholders' equity at 1 October 2008/2007		**1,242,105**	897,405
Net income/(loss) recognised directly in equity:			
Exchange differences on translation of financial statements of PRC subsidiaries	16	**295**	(4,907)
(Loss)/profit for the period	16	**(433,095)**	109,388
Dividend approved and paid during the period	16	**—**	(17,297)
Movements in equity arising from capital transactions:			
Shares issued during the period			
– scrip dividends	15, 16	**—**	9,714
– share placement	15, 16	**—**	153,751
– shares issued under share option scheme	15, 16	**—**	2,304
		—	165,769
Shareholders' equity at 31 March		**809,305**	1,150,358

The notes on pages 18 to 35 form part of these interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 March 2009
(Expressed in Hong Kong dollars)

	Six months ended 31 March	
	2009	2008
	Unaudited	Unaudited
	$'000	$'000
Net cash generated from/(used in) operating activities	**285,437**	(139,052)
Net cash used in investing activities	**(275,311)**	(68,128)
Net cash generated from financing activities	**61,490**	280,785
Net increase in cash and cash equivalents	**71,616**	73,605
Cash and cash equivalents at 1 October 2008/2007	**212,849**	168,705
Effect of foreign exchange rate changes	**(20)**	3,072
Cash and cash equivalents at 31 March	**284,445**	245,382

The notes on pages 18 to 35 form part of these interim financial statements.

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1 BASIS OF PREPARATION

These interim financial statements have 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"). They were authorised for issuance on 16 June 2009.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements.

The preparation of interim financial statements 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.

These interim financial statements contain 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 2008 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) issued by the HKICPA.

These interim financial statements are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. KPMG's review report to the Board of Directors is included on page 36.

The financial information relating to the financial year ended 30 September 2008 that is included in the interim financial statements 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 2008 are available from the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 17 November 2008.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which term collectively included individual HKFRSs, HKASs and Interpretations, that are first effective or available for early adoption for current accounting period of the Group. The Group has determined the accounting policies expected to be adopted in the preparation of the Group's financial statements for the year ending 30 September 2009 on the basis of HKFRSs currently in issue. There have been no significant changes to the accounting policies applied in these condensed interim financial statements for the periods presented as a result of these developments.

The Group is in the process of making an assessment of what the impact of other amendments, new standards and new interpretations, which are not yet effective for the forthcoming accounting period and which have not been adopted in these condensed interim financial statements, is expected to be in the period of initial application. So far it has concluded that the adoption of HKFRS 8 "Operating segments" and revised HKAS 1 "Presentation of financial statements", which are effective for accounting periods beginning on or after 1 January 2009, may result in new or amended disclosures in the financial statements. In respect of other amendments, new standards and new interpretations, the Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

3 SEGMENT INFORMATION

No analysis of the Group's turnover and contribution to (loss)/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 (loss)/profit from operations are derived from activities outside the Group's media related services.

4 TURNOVER

	Six months ended 31 March	
	2009	2008
	$'000	$'000
TV program related income	**36,334**	45,010
Marketing and advertising related income	**75,499**	68,340
Public relations service income	**3,965**	20,675
	115,798	134,025

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

5 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	Six months ended 31 March	
	2009	2008
	$'000	$'000
(a) Other revenue		
Interest income	**2,544**	1,674
Others	**—**	56
	2,544	1,730
(b) Other net (loss)/income		
Net exchange (loss)/gain	**(21)**	39,038
Loss on disposal of fixed assets	**(830)**	—
Gain on disposal of a subsidiary	**—**	1,304
	(851)	40,342

6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	Six months ended 31 March	
	2009	2008
	$'000	$'000
Interest on borrowings	**12,695**	6,134
Depreciation	**3,635**	3,228
Amortisation of intangible assets	**17,687**	11,461
Cost of inventories	**5,375**	1,378
Impairment loss for intangible assets *(note)*	**133,465**	—
Impairment loss for reimbursements receivable *(note)*	**247,271**	—
Impairment loss for other receivables *(note)*	**32,172**	—
Impairment loss for long term deposits *(note)*	**13,447**	—
Write down of value of inventories *(note)*	**39,500**	—

6 (LOSS)/PROFIT BEFORE TAXATION *(continued)*

Note: In light of the current economic turmoil, management has undertaken a review of the business and operation of the Group with a view to reallocate more resources to businesses which yield higher return and with a shorter collection cycle so as to enhance the return of the existing business. In line with this strategy, the Group has undertaken a review of its printed advertising related business and television program production related business and considered it appropriate to continue with the Group's production of television programs with relatively short production cycle and to reduce the Group's investments in production of television programs with a long production cycle. As a result, the directors consider that a provision for impairment loss in respect of certain intangible assets (note 10), reimbursements receivable (note 11), long term deposits (note 13) and other receivables and a write down of value of certain inventories (note 14) are required during the period.

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 2009.

(b) Pursuant to the Macao SAR's Offshore Laws, Qin Jia Yuan Media Services Investment Macao Commercial Offshore Limited, a subsidiary of the Group and a Macao Offshore Company, is exempted from all taxes in Macau.

(c) Income tax in the consolidated income statement represents the provision of PRC income tax as follows:

— Profits of the subsidiaries established in the PRC are subject to PRC income tax. Pursuant to the Corporate Income Tax Law of the PRC income tax rates for domestic and foreign enterprises in the PRC are unified at 25%. For subsidiaries which are foreign investment enterprises located and operated in Shenzhen, and approved to be established before 16 March 2007 by the State Administration of Industrial and Commerce, the Corporate Income Tax Law of the PRC provides a five-year transition period during which the transitional rates are 18%, 20%, 22%, 24% and 25% for the year ended 31 December 2008, 2009, 2010, 2011 and 2012 onwards, respectively.

— Foreign enterprises with permanent establishment in the PRC are also subject to PRC income tax. The provision for PRC income tax in respect of certain subsidiaries incorporated outside the PRC has been calculated at the applicable tax rate of 25% on a deemed profit basis on their PRC sourced income during the period.

(Expressed in Hong Kong dollars)

8 DIVIDENDS

	Six months ended 31 March	
	2009	2008
	$'000	$'000
Interim dividend declared of 0.5 cent (2008: 3.6 cents) per share	**3,420**	22,350
Final dividend in respect of the financial year ended 30 September 2008, approved and paid during the following interim period, of nil cent (year ended 30 September 2007: 2.8 cents) per share	**—**	17,297

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.

9 (LOSS)/EARNINGS PER SHARE

The weighted average numbers of ordinary shares for the purpose of the calculation of basic (loss)/earnings per share for both periods and diluted earnings per share for the period ended 31 March 2008 have been adjusted for the effect of ten existing shares for one bonus new share issued and allotted on 29 January 2009 (note 15(iii)).

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of $433,095,000 (period ended 31 March 2008: profit of $109,388,000) and the weighted average number of 684,000,000 (period ended 31 March 2008 (adjusted): 663,681,000) ordinary shares in issue during the period, calculated as follows:

	Six months ended 31 March	
	2009	2008
	'000	'000
Issued ordinary shares at 1 October 2008/2007	**684,000**	640,671
Effect of placement of shares	**—**	21,669
Effect of scrip dividends	**—**	720
Effect of share option exercised	**—**	621
Weighted average number of ordinary shares at 31 March	**684,000**	663,681

9 (LOSS)/EARNINGS PER SHARE *(continued)*

(b) Diluted (loss)/earnings per share

Diluted loss per share for the six months ended 31 March 2009 is not presented because the existence of outstanding share options during the period had an anti-dilutive effect on the basic loss per share.

The calculation of diluted earnings per share for the six months ended 31 March 2008 is based on the profit attributable to equity shareholders of the Company of $109,388,000 and the adjusted weighted average number of 665,737,000 ordinary shares (diluted).

Adjusted weighted average number of ordinary shares (diluted) at 31 March 2008 is calculated as follows:

	'000
Weighted average number of ordinary shares at 31 March 2008	663,681
Effect of deemed issue of shares under the Company's share option scheme	2,056
Weighted average number of ordinary shares (diluted) at 31 March 2008	665,737

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

10 INTANGIBLE ASSETS

	Purchased licence rights $'000	TV programs in progress $'000	Purchased advertising rights $'000	Customer contract costs $'000	Others $'000	Total $'000
Cost:						
At 1 October 2008	287,471	85,759	50,220	38,000	6,182	467,632
Additions	246,881	26,383	—	—	—	273,264
At 31 March 2009	**534,352**	**112,142**	**50,220**	**38,000**	**6,182**	**740,896**
Accumulated amortisation and impairment loss:						
At 1 October 2008	11,300	—	24,612	6,265	927	43,104
Charge for the period	8,806	—	6,401	2,325	155	17,687
Impairment loss	—	112,142	16,223	—	5,100	133,465
At 31 March 2009	**20,106**	**112,142**	**47,236**	**8,590**	**6,182**	**194,256**
Net book value:						
At 31 March 2009	**514,246**	**—**	**2,984**	**29,410**	**—**	**546,640**
At 30 September 2008	276,171	85,759	25,608	31,735	5,255	424,528

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.

As mentioned in note 6, due to management's decision to reduce the Group's investments in production of television programs with a long production cycle, a provision for an impairment loss totalling $133,465,000 (note 6) in respect the Group's related TV programs in process, purchased advertising rights and other related intangible assets has been recognised as at 31 March 2009.

11 REIMBURSEMENTS RECEIVABLE

	At 31 March 2009 $'000	At 30 September 2008 $'000
Reimbursements receivable	**252,267**	448,979
Less: Impairment loss	**(247,271)**	—
	4,996	448,979
Less: Amount expected to be recovered after one year, included as non-current assets	**—**	(91,626)
	4,996	357,353

Reimbursements receivable represents funding advanced to production houses on behalf of advertising agencies for investment in the production of TV programs. As mentioned in note 6, as a result of the current economic turmoil, the Group has undertaken a review of its TV program production business and determined to reduce its investments in production of TV programs with a long production cycle. In this connection, the Group has entered into a Receivable/Payable Set-off Agreements with relevant parties on 24 April 2009 pursuant to which the financial and legal liabilities of the parties, including the Group's recoverability of certain related reimbursements receivable, and the Group's commitment to procure required funding to production houses for the production of TV programs were discharged. As a result, the Group recorded an impairment loss of $247,271,000 in respect of these reimbursements receivable as at 31 March 2009.

12 ACCOUNTS RECEIVABLE

	At 31 March 2009 $'000	At 30 September 2008 $'000
Accounts receivable	**187,394**	182,425
Less: Amount expected to be recovered after one year, included as non-current assets	**(10,000)**	(21,368)
	177,394	161,057

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

	At 31 March 2009 $'000	At 30 September 2008 $'000
Current	**177,394**	161,057

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. An aging analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Amounts to be recovered after one year based on repayment schedules agreed with the relevant customers have been included as non-current assets.

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

13 LONG TERM DEPOSIT

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 four supplementary agreements signed during 2005 to 2007, the Group agreed to make instalment payments to Shanghai Yali totalling $30,000,000 on or before 30 November 2008, and in return the Group is granted the use of the production centre upon its completion for a period of 12 years. In addition, $3,000,000 deposit has been 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. As at 31 March 2009, the total progress payments including the said deposit that the Group has made to Shanghai Yali to secure the right to purchase the property at the discount amounted to $13,447,000 (30 September 2008: $13,447,000) and the outstanding commitment was $19,553,000 (30 September 2008: $19,553,000).

As mentioned in note 6, as a result of the current economic turmoil, the Group has revised its television program production business and determined to reduce its investments in production of television programs with a long production cycle. Accordingly, the Group has decided not to proceed with its investment plans in the production centre in Dongguan. The Group has also entered into an agreement with Shanghai Yali on 30 April 2009 to terminate the co-operative agreement and the supplemental agreements thereto. Upon termination, the total progress payments including the said deposit of $13,447,000 would be forfeited by Shanghai Yali and neither party has any other financial and legal liabilities or commitments towards the other party. Accordingly, the Group's progress payments including the said deposit made to Shanghai Yali totalling $13,447,000 has become irrecoverable and has been fully written off in the interim financial statements.

14 INVENTORIES

The inventories as at 31 March 2009 represent the cost for acquisition of certain scripts, synopses and adaptation rights. They are carried at the lower of cost and net realisable value.

As mentioned above, the Group has determined to reduce its investments in production of television programs with a long production cycle. Accordingly, certain related inventories amounting to $39,500,000 were written off during the period ended 31 March 2009 (note 6).

(Expressed in Hong Kong dollars)

15 SHARE CAPITAL

	At 31 March 2009		At 30 September 2008	
	Number of shares '000	**Amount $'000**	Number of shares '000	Amount $'000
Authorised:				
Ordinary shares of US$0.01 each	**800,000**	**62,400**	800,000	62,400
Issued and fully paid:				
At 1 October 2008/2007	**621,819**	**48,502**	582,428	45,429
Placement of shares	**—**	**—**	35,000	2,730
Shares issued as scrip dividends	**—**	**—**	4,599	359
Shares issued under share option scheme *(note (i))*	**—**	**—**	1,020	79
Shares issued as bonus shares *(note (iii))*	**62,181**	**4,850**	—	—
Shares repurchased	**—**	**—**	(1,228)	(95)
At 31 March 2009/ 30 September 2008	**684,000**	**53,352**	621,819	48,502

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

15 SHARE CAPITAL *(continued)*

Notes:

(i) 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 $1 to subscribe for ordinary shares of the Company. The Scheme shall be effective for a period of ten years ending on 13 June 2014. Each option gives the holder the right to subscribe for one ordinary share in the Company.

(a) The terms and conditions of the options that existed during the six months ended 31 March 2009 are as follows:

Date granted	**Exercise period**	**Exercise price at 31 March 2009**	**Number of options existed during the six months ended 31 March 2009**
Options granted to Directors			
6 March 2007	6 March 2007 to 13 June 2014	$2.05	1,121,688
15 March 2007	15 March 2007 to 13 June 2014	$2.05	5,608,453
21 March 2007	21 March 2007 to 13 June 2014	$2.05	560,844
16 April 2008	16 April 2008 to 13 June 2014	$4.12	1,365,861
22 May 2008	22 May 2008 to 13 June 2014	$5.14	682,930
10 June 2008	10 June 2008 to 13 June 2014	$5.14	682,930
Options granted to an employee			
16 April 2008	16 April 2008 to 13 June 2014	$4.12	1,365,861
			11,388,567

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

15 SHARE CAPITAL *(continued)*

Notes: *(continued)*

(i) Equity settled share-based transactions *(continued)*

(b) The number and weighted average exercises prices of share options are as follows:

	At 31 March 2009		At 30 September 2008	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at 1 October 2008/2007	**$3.21**	**10,353,247**	$2.26	7,647,889
Adjustment arising from bonus issue *(note (iii))*	**—**	**1,035,320**	—	—
Granted during the period/year	**—**	**—**	$4.90	3,725,076
Exercised during the period/year	**—**	**—**	$2.26	(1,019,718)
Outstanding at 31 March 2009/ 30 September 2008	**$2.92**	**11,388,567**	$3.21	10,353,247
Exercisable at 31 March 2009/ 30 September 2008	**$2.92**	**11,388,567**	$3.21	10,353,247

No options were forfeited or expired during the period (30 September 2008: Nil). All the share options outstanding as at 31 March 2009 and 30 September 2008 are exercisable.

The weighted average share price at the date of exercise for share options exercised during the period was $Nil (30 September 2008: $4.78).

All the options outstanding at 31 March 2009 had a weighted average remaining contractual life of 5.2 years (30 September 2008: 5.7 years).

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

15 SHARE CAPITAL *(continued)*

Notes: (continued)

(ii) Terms of unexpired and unexercised share options at balance sheet date are as follows:

Exercise period	Adjusted/ original exercise price (note (iii))	**Number of options outstanding at 31 March 2009**	Number of options outstanding at 30 September 2008
6 March 2007 to 13 June 2014	$2.05/$2.26	**1,121,688**	1,019,718
15 March 2007 to 13 June 2014	$2.05/$2.26	**5,608,453**	5,098,594
21 March 2007 to 13 June 2014	$2.05/$2.26	**560,844**	509,859
16 April 2008 to 13 June 2014	$4.12/$4.53	**2,731,722**	2,483,384
22 May 2008 to 13 June 2014	$5.14/$5.65	**682,930**	620,846
10 June 2008 to 13 June 2014	$5.14/$5.65	**682,930**	620,846
		11,388,567	10,353,247

Each option entitles the holder to subscribe for one ordinary share in the Company.

(iii) On 29 January 2009, the Company issued and allotted 62,181,849 ordinary shares of US$0.01 to the shareholders pursuant to bonus issue of one new share for every ten existing shares as recommended by the Company on 17 November 2008. These shares rank pari passu with the existing ordinary shares of the Company in all respects and are recorded in the Company's share premium account.

In accordance with the terms of the Scheme and the supplementary guidance issued by the Hong Kong Stock Exchange regarding adjustment of share options under rule 17.03(13) of the Listing Rules, the exercise price of and the number of shares falling to be allotted and issued upon full exercise of the outstanding share options have been adjusted accordingly.

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

16 RESERVES

	Share premium $'000	General reserve $'000	Capital redemption reserve $'000	Capital reserve $'000	Exchange reserve $'000	Retained earnings $'000	Total $'000
At 1 October 2007	512,110	666	—	136	(4,985)	344,049	851,976
Profit for the period	—	—	—	—	—	109,388	109,388
Dividends approved in respect of the previous financial year *(notes 8 and 15)*	9,526	—	—	—	—	(17,297)	(7,771)
Exchange difference on translation of financial statements of subsidiaries in the PRC	—	—	—	—	(4,907)	—	(4,907)
Exercise of share options *(note 15)*	2,451	—	—	(226)	—	—	2,225
Placement of shares *(note 15)*	156,520	—	—	—	—	—	156,520
Share issuance costs	(5,499)	—	—	—	—	—	(5,499)
At 31 March 2008	675,108	666	—	(90)	(9,892)	436,140	1,101,932
At 1 October 2008	680,838	666	95	2,562	(12,328)	521,770	1,193,603
Loss for the period	—	—	—	—	—	(433,095)	(433,095)
Exchange difference on translation of financial statements of subsidiaries in the PRC	—	—	—	—	295	—	295
Bonus issue *(note 15)*	(4,850)	—	—	—	—	—	(4,850)
At 31 March 2009	**675,988**	**666**	**95**	**2,562**	**(12,033)**	**88,675**	**755,953**

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

17 COMMITMENTS

(a) Commitments under operating leases

At 31 March 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 March 2009 $'000	At 30 September 2008 $'000
Within one year	**6,187**	11,873
After one year but within five years	**4,872**	13,717
	11,059	25,590

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

(b) Capital commitments

At 31 March 2009, the Group had commitments for the acquisition of properties contracted but not provided for in the interim financial statements amounting to $28,388,000 (30 September 2008: $Nil).

17 COMMITMENTS *(continued)*

(c) Other commitments

In addition to the commitments relating to the long term deposits as disclosed in note 13, the Group's other commitments at 31 March 2009 were as follows:

(i) Pursuant to the terms of a Master Investors Procurement Agreement, the Group agreed to procure funding to a production house for the production of 6,000 hours of TV programs. During the six months ended 31 March 2009, the Group did not procure any funding for the production of TV programs (year ended 30 September 2008: Nil). The total funding required for the remaining 5,713 hours (year ended 30 September 2008: 5,713 hours) is to be determined when individual projects for TV program production are agreed and therefore cannot be quantified as at 31 March 2009.

During the six months ended 31 March 2009, 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 2008: 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 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.

(ii) The Group has entered into acquisition agreements of certain exclusive advertising agency rights of TV channels and purchased licence rights. The total outstanding commitment was as follows:

	At 31 March 2009 $'000	At 30 September 2008 $'000
Within one year	**91,504**	117,306
After one year but within five years	**634,449**	696,568
After five years	**244,516**	501,640
	970,469	1,315,514

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

18 MATERIAL RELATED PARTY TRANSACTIONS

(a) On 28 December 2006, the Group entered into three leasing agreements with Winco (Dongguan) Paper Products Co., Ltd. ("Winco") to lease three properties located at Dongguan at annual rental of RMB1,032,000 from 1 January 2007 to 31 December 2009. Winco is a foreign wholly owned enterprise established in the PRC and controlled by Dr. Wong Yu Hong, Philip ("Dr. Wong") and Dr. Leung Anita Fung Yee Maria ("Dr. Leung"), both are Directors of the Company. Rental expenses paid/payable to Winco in this regard amounted to $586,000 during the period ended 31 March 2009 (period ended 31 March 2008: $551,000). The transactions were carried out on normal commercial terms and in the ordinary course of business.

(b) On 10 May 2007, the Group entered into a leasing agreement with Dr. Leung to lease a property located at Guangzhou at annual rental of RMB339,600 from 1 June 2007 to 31 May 2010. Rental expenses paid/payable to Dr. Leung in this regard amounted to $193,000 during the period ended 31 March 2009 (period ended 31 March 2008: $181,000). The transactions were carried out on normal commercial terms and in the ordinary course of business.

19 NON-ADJUSTING POST BALANCE SHEET EVENTS

In addition to the transactions and events disclosed elsewhere in these financial statements, the Group has non-adjusting post balance sheet events as follows:

(a) On 27 April 2009 and 28 April 2009, the Company entered into subscription agreements respectively with Smart Peace Development Limited ("Smart Peace"), a wholly owned subsidiary of CCB International Asset Management Limited, and Star Group International Investment Limited ("Star Group"), pursuant to which the Company agreed to issue up to $150 million unlisted convertible bonds and unlisted warrants to Smart Peace and Star Group. On 15 May 2009, the Company issued unlisted convertible bonds with a principal amount of $50,000,000 and unlisted warrants to Smart Peace.

(b) On 28 April 2009, the Company and Grand Investment (Securities) Limited (the "Placing Agent") entered into a Placing Agreement, pursuant to which the Company agreed to issue and the Placing Agent agreed to procure not less than six subscribers for 33,300,000 new shares at $1.39 per share on a fully underwritten basis.

20 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDING 30 SEPTEMBER 2009

Up to the date of issue of these condensed interim financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ending 30 September 2009 and which have not been adopted in these condensed interim financial statements.

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.

KPMG

REVIEW REPORT

TO THE BOARD OF DIRECTORS OF QIN JIA YUAN MEDIA SERVICES COMPANY LIMITED

INTRODUCTION

We have reviewed the interim financial statements set out on pages 13 to 35 which comprise the consolidated balance sheet of Qin Jia Yuan Media Services Company Limited as of 31 March 2009 and the related consolidated income statement, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of interim financial statements 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 directors are responsible for the preparation and presentation of the interim financial statements in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial statements 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 liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements as at 31 March 2009 are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

16 June 2009