Qin Jia Yuan Media Services Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2366

Interim Report 2010

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. LIU Yuk Chi, David *(Vice Chairman)*
Mr. PFITZNER Kym Richard
Mr. ZINGER Simon
Ms. LEE Kwei-Fen
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

AUDIT COMMITTEE

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

REMUNERATION 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
Mr. YEUNG Ching Wan

COMPANY SECRETARY

Mr. YEUNG Ching Wan

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 OFFICES

Flat A–C, 19th Floor
Sing Tao News Corporation Building
No. 3 Tung Wong Road
A Kung Ngam, Shau Kei Wan
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

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
18th Floor, 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

2366

WEBSITE

http://www.qjymedia.com

The board of directors (the "Directors") of Qin Jia Yuan Media Services Company Limited (the "Company") is pleased to report the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 March 2010. These results have been reviewed by the Company's auditors, KPMG, in accordance with the 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, and by the Audit Committee.

Management Discussion and Analysis

By the fourth quarter of 2009, overall global economy began to stabilize from the devastating assault of the financial tsunami during the period from fourth quarter of 2008 to the third quarter of 2009. Despite sharp slowdown in its export sector, China was one of the few countries still recorded healthy GDP growth when most countries worldwide were suffering from deep recessions. China has since 2007, shifted to rely more on personal consumption for its economic growth. Government policies and programs to actively support and encourage domestic consumption appeared to be successful. Domestic and foreign enterprises attracted by such positive developments moved to expand their business operations and market shares in China. As the Group's principal businesses were well grounded in China's consumer related entertainment and advertising sectors, we have been successful to promptly resume the fast growth track in the expansion of our core businesses.

BUSINESS REVIEW

During the period under review, the Group recorded a turnover of HK$248,933,000, a healthy increase of 115% as compared to the same period last year. Net profit of the Group amounted to HK$40,368,000, a reversal from the loss recorded for the same period last year. After adjustment of the one-off write-off and non-cash impairment loss of HK$465,855,000, the Group actually recorded a net profit of HK$32,760,000 during the first half of last year. Comparing to the adjusted net profit figure, the Group enjoyed an increase of 23% in net profit during the period under review. In line with our past dividend policy, the Group declared an interim dividend of HK1.28 cents per share. Shareholders may elect to receive payment in cash in lieu of scrip dividend.

Last year's financial tsunami dealt a severe blow to China's television program production sector generally. To counter this development, the Group adjusted the strategy in the enrichment of our television drama library by focusing on planning and acquisitions of completed high quality television drama programs and investments in smaller scale television drama programs with short pay back period. The Group also stayed out of investments in large scale television drama projects that would require substantial funding and long pay back period. It turned out that this strategy was the right call. The industry wide slow down of investments in television drama programs seriously curtailed the supply of quality programs. Good market demand for high quality television dramas elevated values of our enriched drama library as well as keen interest in our planned large scale television drama programs. Consequently, the Group succeeded in maintaining our high income revenue and growth rate in the television drama businesses. Looking forward, the Group planned to resume investments in and acquisitions of both large and smaller scale television drama programs. In addition, we intend to employ innovative investment strategy, supported by our nine television production partners, to minimize our investment risks in long pay back period projects. The Group firmly believes that television programs will be an integral and important part of China entertainment space and that television drama programs will command high ratings and generate substantial advertising revenue.

The Group will continue the further development of our key principal business, television channel advertising. Late last year, the State Administration of Radio, Film and Television promulgated a new policy on the restriction of 'feature advertisements'. Such advertisements constituted a relatively important part of television channel advertising revenue. Whilst it is true that this policy would have short term adverse impact on television channel advertising, we continue to believe this business will prosper as television remains the key traditional media platform in China. Market share of television in China's media advertising space exceeds 70%. To strengthen our positioning in this lucrative business, the Group built up a professional team of media advertising elites last year. The expertise of the team should enhance our marketing capabilities in our profitable television channel advertising platforms as well as facilitate deeper collaborations with local advertising agencies on the further expansion of our television channel advertising businesses to achieve record business results.

In mid 2008, the Group formed a Business Strategy Committee with the objective to build a unique foreign-owned listed company in China that has its core business in the traditional television program production and advertising space whilst concurrently expanding its business reach into cross-platform media space. After extensive hard work and planning, the Group managed to achieve major breakthroughs in the cross-platform media space. In December 2009, the Group exercised its exclusive advertising agency rights to news advertising display boards. We began operations of six large outdoor news advertising LED boards dedicated to Xinhua News Agency in China's major cities of Beijing, Shanghai, Chengdu and Guangzhou. Results of the business met the expectations in the initial off-peak four months period.

Concurrently, the Group succeeded to establish a cooperation agreement with 科倫比亞戶外傳媒廣告（北京）有限公司 ("CBSO Beijing") and became one of its substantial minority shareholders. The Group wholly-owned subsidiary, QJY OOH Holding Company Limited acquired 22.95% of CBSO Beijing. We also intended to work closely with its professional advertising and marketing team, to promote outdoor advertising business of its fleet of 6,000 buses serving the Beijing metropolitan area. CBSO Beijing has been operating profitably for the past five years. As of the 2009 fiscal year, it has achieved an aggregate net profit of RMB52 million in the past three years. CBSO Beijing should have the necessary qualifications for an Initial Public Offering. Furthermore, CBSO Beijing can deploy its extensive professional management expertise and experience in public transport outdoor advertising business across China. It is expected that the Group can bring its substantial experience in media advertising and marketing and its elaborate business network to facilitate CBSO Beijing on its nationwide business aspirations.

During the period, the Group also acquired 100% equity interests in Mega Faith Asia Outdoor Marketing Limited. This acquisition will further strengthen our professional team in the outdoor advertising business.

The Group acquired 90% equity stakes in Triangle Marketing Services Company Limited ("Triangle") last year. During the period, Triangle achieved better than expected business results as it successfully signed up the Hong Kong Trade Development Council in the provision of market promotion services. Furthermore, Triangle is committed to expanding into the China market, using Shanghai as its base to provide unique professional market promotion and brand-building services.

During the period, the Group joined forces with Impact Entertainment (International) Limited in the formation of QJY Impact (China) Entertainment Services Company Limited to operate concerts/shows production businesses in China. Its first production will be a concert of the famous Taiwanese singer, Alan Luo at the end of June 2010 in Wuhan. Moreover, the Group also commenced artist agency operation in view of our focus in television program production. Artists with great talents and potentials who are under contract with the Group will be able to utilize our show and program production platform.

BUSINESS PROSPECTS

During the period, the Group has taken an important first step in the establishment of a cross media business platform. In addition to the television content production and television advertising businesses, the Group has definitively expanded into outdoor media advertising business. We will persist in the further development of outdoor advertising business opportunities from the unique nationwide broadcast of news contents produced by Xinhua News Agency through outdoor LED boards. It is planned that during the second half of this fiscal year, three to four additional outdoor LED boards will be built in Shenzhen and Shanghai. The Group has plans to build such additional LED boards in China's major cities in order to establish a specialized platform for the outdoor broadcast of daily news contents produced by Xinhua News Agency. The Group expects to secure an exclusive advertising agency rights under this specialized platform.

During the second half of this year, the Group will take advantage of its strong network of international advertising clientele, to expand its television channel advertising business in China's provinces/cities that are experiencing healthy economic growth. In line with China's national policies to transition into digital television by 2015, the Group will diversify into specialized and professional digital television channel advertising business. At the same time, the Group is confident that conversion of its television drama library into digital forms will substantially reduce costs and improve quality.

The Group's business development will be in line with the "Cultural Industry Promotion Program" promulgated by Premier Wen Jiabao last year. Current businesses of the Group, including cultural & creative activities, movie & TV production, advertising, large-scale functions/conventions & fairs and performing arts, together with the proposed new media businesses of publishing, games, teaching materials and digital contents in 2010, cover six out of eight cultural programs for which foreign investment is encouraged by national policies.

With respect to TV home shopping business, the Group will monitor progress of the license application and business collaboration negotiations. Concurrently, the Group's Business Strategy Committee is also examining synergy, positioning and management issues between TV home shopping business and the Group's core media businesses.

The Group has commenced the operations of the interactive platform of China's cross media space. We believe we can elevate the Group into a more comprehensive and influential new media business player in China.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent funding and treasury policy. As at 31 March 2010, the Group's cash level stood at HK$348,129,000 (30 September 2009: HK$400,271,000). The balances are in Hong Kong Dollar and Renminbi. With cash in hand and banking facilities available, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

As at 31 March 2010, the Group had outstanding bank borrowings of approximately HK$399,918,000, comprising short term revolving loan of HK$324,856,000 and mortgage bank loan of HK$75,062,000. 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$129.9 million (30 September 2009: HK$93.0 million).

The gearing ratio (expressed as a percentage of total borrowings net of pledged deposits over total equity) was 39% (30 September 2009: 29%).

Bank deposits of HK$68,436,000 (30 September 2009: HK$191,525,000) were pledged to banks to secure general banking facilities granted to the Group.

Certain land and buildings with carrying value of HK$111.3 million (30 September 2009: HK$20.1 million) was secured for mortgage bank loan of HK$75,062,000 (30 September 2009: HK$13.5 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. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

POST STATEMENT OF FINANCIAL POSITION EVENT

Acquisition of Rich State Media Enterprises Limited

On 16 April 2010, the Group entered into the Sale and Purchase Agreement with an independent third party, pursuant to which the Group agreed to acquire 51% of the issued share capital of Rich State Media Enterprises Limited, which owns 45% equity interest in an enterprise established in the PRC and engaging in the outdoor media advertising business in the PRC, at a consideration of HK$75,000,000 to be satisfied partly in cash for HK$37,500,000 and partly by issuing and allotting 20,973,154 shares of the Company.

At the extraordinary general meeting of the Company held on 3 June 2010, shareholders of the Company have approved the issuance of 20,973,154 shares.

Issuance of Convertible Notes, Warrants and Placement Shares to First Media Holdings, Ltd.

On 27 May 2010, the Group and First Media Holdings, Ltd. ("First Media") entered into the subscription agreement (the "Subscription Agreement") for the proposed issue of the convertible notes ("CN"), the warrants and the placement shares to First Media.

Subject to the provisions of the Subscription Agreement, the Company shall issue the Series A CN and the Series B CN to First Media up to HK$120,892,924 at their respective face value if the specific mandate is approved at the extraordinary general meeting; or issue the Alternate Series B CN, to First Media up to HK$70,520,872 at its face value if the specific mandate is not approved at the EGM.

Subject to the provisions of the Subscription Agreement, the Company shall issue warrant to First Media and warrant holders are entitled to subscribe for 11,380,942 shares at the initial subscription price of HK$1.3278 per share (subject to adjustments).

Subject to the provisions of the Subscription Agreement, the Company shall issue 37,936,475 shares to First Media on the issue date at the issue price of HK$1.3278 per share.

EMPLOYEES

As at 31 March 2010, the Group had a total staff of 52. 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 2010 in scrip form equivalent to HK1.28 cents per share with a cash option (2009: interim dividend in scrip form of HK0.5 cent per share with a cash option) to shareholders whose names appeared on the register of members on Thursday, 15 July 2010. The interim dividend will be payable on Monday, 9 August 2010.

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 HK1.28 cents per share instead of the allotment of shares. Full details of the interim scrip dividend set out in a circular 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 Monday, 12 July 2010 to Thursday, 15 July 2010, 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 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration no later than 4:00 pm on Friday, 9 July 2010.

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.

During the six months ended 31 March 2010, the Company has granted 8,000,000 options (six months ended 31 March 2009: Nil) to Directors to subscribe for shares of the Company, of which 1,500,000 options were lapsed due to non-acceptance of the offer.

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

At 31 March 2010, 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 2010**
Dr. LEUNG Anita Fung Yee Maria ("Dr. Leung")	Interests in controlled corporation and beneficial owner and interests of spouse	285,494	287,064 *(Note 1)*	198,988,721 *(Note 2)*	199,561,279	–	26.30%
Dr. Honourable WONG Yu Hong, Philip, GBS ("Dr. Wong")	Interests in controlled corporation and beneficial owner and interests of spouse	287,064	11,262,922 *(Note 3)*	188,011,293 *(Note 4)*	199,561,279	–	26.30%
Mr. LIU Yuk Chi, David	Beneficial owner	3,141,403	Nil	Nil	3,141,403	7,000,000 *(Note 5)*	1.34%
Mr. YIU Yan Chi, Bernard	Beneficial owner	550,000	Nil	Nil	550,000	–	0.07%
Mr. PFITZNER Kym Richard	Beneficial owner	110,974	Nil	Nil	110,974	–	0.01%
Mr. OWYANG Loong Sui, Ivan	Beneficial owner	110,000	Nil	Nil	110,000	–	0.01%
Mr. HUI Koon Man, Michael, JP	Beneficial owner	456,534	Nil	Nil	456,534	–	0.06%

Notes:

1. The family interest of 287,064 shares refers to those shares beneficially owned by Dr. Wong, spouse of Dr. Leung.

2. The 198,988,721 shares are held as to 186,119,596 shares by Dynamic Master Developments Limited, 1,111,963 shares by Hunterland City Limited, 1,891,697 shares by Goodhold Limited and 9,865,465 shares by Up & Rise Limited. Dynamic Master Developments Limited is owned as to 58.37% 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 198,988,721 shares under the SFO.

3. The family interest of 11,262,922 shares refers to 285,494 shares beneficially owned by Dr. Leung, spouse of Dr. Wong, 1,111,963 shares held by Hunterland City Limited and 9,865,465 shares held by Up & Rise Limited which are included in corporate interests of 198,988,721 shares held by Dr. Leung.

4. The 188,011,293 shares are held as to 186,119,596 shares by Dynamic Master Developments Limited and 1,891,697 shares by Goodhold Limited. Dynamic Master Developments Limited is owned as to 58.37% by Goodhold Limited. Dr. Wong is entitled to exercise control of 50% in Goodhold Limited and therefore is deemed to be interested in the 188,011,293 shares under the SFO.

5. The 7,000,000 shares will be issued and allotted to Mr. Liu Yuk Chi, David as remuneration shares, credited as fully paid, being 3,500,000 shares upon completion of each year of services.

(ii) Share options 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 2009	Grant during the period	Exercise during the period	Lapsed/ Cancelled during the period	As at 31 March 2010	Per cent of total issued share capital of the Company as at 31 March 2010
Dr. Honourable WONG Yu Hong, Philip, GBS	21 December 2009	7 January 2010 to 13 June 2014	1.57	1.63	–	500,000	–	–	500,000	0.066%
Mr. LIU Yuk Chi, David	21 December 2009	27 January 2010 to 13 June 2014	1.57	1.63	–	1,500,000	–	–	1,500,000	0.198%
Mr. YIU Yan Chi, Bernard	16 April 2008	16 April 2008 to 13 June 2014	4.50	4.12*	1,365,861	–	–	–	1,365,861	0.180%
	21 December 2009	11 January 2010 to 13 June 2014	1.57	1.63	–	500,000	–	–	500,000	0.066%
Mr. TSIANG Hoi Fong	15 March 2007	15 March 2007 to 13 June 2014	2.04	2.05*	5,608,453	–	–	–	5,608,453	0.739%
	21 December 2009	7 January 2010 to 13 June 2014	1.57	1.63	–	500,000	–	–	500,000	0.066%
Mr. PFITZNER Kym Richard	21 December 2009	–	1.57	1.63	–	500,000	–	(500,000)	–	–
Mr. ZINGER Simon	21 December 2009	–	1.57	1.63	–	500,000	–	(500,000)	–	–
Ms. LEE Kwei-Fen	21 December 2009	–	1.57	1.63	–	500,000	–	(500,000)	–	–
Mr. HUNG Hak Hip, Peter	6 March 2007	6 March 2007 to 13 June 2014	2.04	2.05*	560,844	–	–	(560,844)	–	–
Dr. WONG Ying Ho, Kennedy, GBS, JP	21 December 2009	12 January 2010 to 13 June 2014	1.57	1.63	–	500,000	–	–	500,000	0.066%
Mr. FLYNN Douglas Ronald	22 May 2008	22 May 2008 to 13 June 2014	5.46	5.14*	682,930	–	–	–	682,930	0.090%
	21 December 2009	19 January 2010 to 13 June 2014	1.57	1.63	–	500,000	–	–	500,000	0.066%
Ms. HO Chiu King, Pansy Catilina	10 June 2008	10 June 2008 to 13 June 2014	5.16	5.14*	682,930	–	–	–	682,930	0.090%
	21 December 2009	29 January 2010 to 13 June 2014	1.57	1.63	–	500,000	–	–	500,000	0.066%
Mr. OWYANG Loong Shui, Ivan	21 December 2009	30 January 2010 to 13 June 2014	1.57	1.63	–	500,000	–	–	500,000	0.066%
Mr. LAU Hon Chuen, GBS, JP	21 March 2007	21 March 2007 to 13 June 2014	2.09	2.05*	560,844	–	–	–	560,844	0.074%
	21 December 2009	8 January 2010 to 13 June 2014	1.57	1.63	–	500,000	–	–	500,000	0.066%
Mr. LAM Haw Shun, Dennis, JP	6 March 2007	6 March 2007 to 13 June 2014	2.04	2.05*	560,844	–	–	–	560,844	0.074%
	21 December 2009	7 January 2010 to 13 June 2014	1.57	1.63	–	500,000	–	–	500,000	0.066%
Mr. HUI Koon Man, Michael, JP	21 December 2009	15 January 2010 to 13 June 2014	1.57	1.63	–	500,000	–	–	500,000	0.066%
Employee	16 April 2008	16 April 2008 to 13 June 2014	4.50	4.12*	1,365,861	–	–	(1,365,861)	–	–
Total					11,388,567	8,000,000	–	(3,426,705)	15,961,862	

* *Exercise price was adjusted after bonus issue of one share for every ten existing shares on 29 January 2009.*

Note:

These share options represent personal interest held by the Directors as beneficial owners.

(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 2010
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	Nil	2 *(Note 1)*	100%
	Dr. Honourable WONG Yu Hong, Philip, GBS	Beneficial owner and interests of spouse	Class A (non-voting)	1	1	Nil	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	Nil	1 *(Note 2)*	2	100%
	Dr. Honourable WONG Yu Hong, Philip, GBS	Interests of spouse and interests in controlled corporation	Class A (non-voting)	Nil	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 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 interests held by Dr. Leung, spouse of Dr. Wong.

Save as mentioned above, as at 31 March 2010, 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 2010, 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	Total number of underlying shares pursuant to convertible notes/ warrants held	Per cent of total issued share capital as at 31 March 2010	Notes
Dynamic Master Developments Limited	Beneficial owner	Beneficial interest	186,119,596	—	24.53%	1
Goodhold Limited	Interested in controlled corporation and beneficial owner	Corporate interest/ Beneficial interest	188,011,293	—	24.78%	2
Hunterland City Limited	Interested in controlled corporation and beneficial owner	Corporate interest/ Beneficial interest	187,231,559	—	24.68%	2
Aegis Media Asia Pacific Pte. Ltd.	Beneficial owner	Beneficial interest	108,094,706	—	14.25%	3
Aegis International Limited	Interested in controlled corporation	Corporate interest	108,094,706	—	14.25%	3
Aegis Group plc	Interested in controlled corporation	Corporate interest	108,094,706	—	14.25%	3
Smart Peace Investment Limited	Beneficial owner	Beneficial interest	—	58,775,126	7.75%	4
CCB International Asset Management Limited	Interested in controlled corporation	Corporate interest	—	58,775,126	7.75%	4
CCB International Asset Management (Cayman) Limited	Interested in controlled corporation	Corporate interest	—	58,775,126	7.75%	4
CCB International (Holdings) Limited	Interested in controlled corporation	Corporate interest	—	58,775,126	7.75%	4
CCB Financial Holdings Limited	Interested in controlled corporation	Corporate interest	—	58,775,126	7.75%	4
CCB International Group Holdings Limited	Interested in controlled corporation	Corporate interest	—	58,775,126	7.75%	4
China Construction Bank Corporation	Interested in controlled corporation	Corporate interest	—	58,775,126	7.75%	4
Central SAFE Investments Limited	Interested in controlled corporation	Corporate interest	—	58,775,126	7.75%	4
Central Huijin Investment Limited	Interested in controlled corporation	Corporate interest	—	58,775,126	7.75%	4
Star Group International Investment Limited	Beneficial owner	Beneficial Interest	—	41,375,688	5.45%	5
Li Tak Tai Leada	Interested in controlled corporation	Corporate interest	—	41,375,688	5.45%	5

Notes:

1. The issued share capital of Dynamic Master Developments Limited is owned as to 58.37%, 32.76%, 3.55%, 3.55% and 1.77% by Goodhold Limited, Hunterland City Limited, Madam Au Tak Yee, Y. Y. Yao & Co., Limited and Up & Rise Limited.

2. The issued share capital of Dynamic Master Developments Limited is owned as to 58.37% 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 186,119,596 shares held by Dynamic Master Developments Limited under the SFO. In addition, Goodhold Limited directly holds 1,891,697 shares and Hunterland City Limited directly holds 1,111,963 shares.

3. Aegis Media Asia Pacific Pte. Ltd. is the beneficial registered owner of the 108,094,706 shares, which is a directly wholly owned subsidiary of Aegis International Limited, a company incorporated in the United Kingdom. Aegis International Limited is a directly wholly owned subsidiary of Aegis Group plc which is a company listed on the London Stock Exchange. Accordingly, Aegis International Limited and Aegis Group plc are deemed to be interested in the 108,094,706 shares held by Aegis Media Asia Pacific Pte. Ltd. under the SFO.

4. Smart Peace Investment Limited ("Smart Peace") is wholly owned by CCB International Asset Management Limited ("CCB IAM") which in turn is wholly owned by CCB International Asset Management (Cayman) Limited ("CCB IAM Cayman"). CCB IAM Cayman is wholly owned by CCB International (Holdings) Limited ("CCB Holdings") which in turn is wholly owned by CCB Financial Holdings Limited ("CCB Financial"). CCB Financial is wholly owned by CCB International Group Holdings Limited ("CCB Group") which in turn is wholly owned by China Construction Bank Corporation ("CCBC") which is a company listed on the Stock Exchange and Shanghai Stock Exchange. Central SAFE Investments Limited ("Central SAFE") has 57.09% control in CCBC. Central Huijin Investment Limited ("Central Huijin") is within the group of CCBC. Accordingly, Central Huijin, Central SAFE, CCBC, CCB Group, CCB Financial, CCB Holdings, CCB IAM Cayman and CCB IAM are deemed to be interested in the 58,775,126 underlying shares held by Smart Peace under the SFO. The terms of the convertible notes and warrants are set out in note 16 to the financial statements and the announcement made by the Company on 29 April 2009.

5. Star Group International Investment Limited ("Star Group") is wholly owned by Ms. Li Tak Tai, Leada. Accordingly, Ms Li is deemed to be interested in the 41,375,688 underlying shares held by Star Group. The terms of the convertible notes and warrants are set out in note 16 to the financial statements and the announcement made by the Company on 29 April 2009.

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 2010.

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.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY AND ASSOCIATED COMPANY

Save as disclosed above, the Group had no other material acquisition or disposal of subsidiaries and associated companies during the six months ended 31 March 2010.

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 Rules Governing the Listing of Securities on the Stock Exchange ("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 2010.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 31 March 2010, the Group has complied with the provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules except the Chairman of the Company, Dr. Honourable Wong Yu Hong, Philip, did not attend the 2009 annual general meeting held on 15 January 2010 as required by the Code Provision E.1.2 of the Listing Rules due to his personal commitment in the Legislative Council on that day.

CHANGES OF DIRECTOR'S INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to rule 13.51B(1) of the Listing Rules, the change of directors' information of the Company since the date of the 2009 Annual Report are as follows:

Mr. Liu Yuk Chi, David ("Mr. Liu"), a non-executive Director and Chairman of the Business Strategy Committee of the Company, was appointed as the Vice Chairman of the Board of Directors of the Company for a term of two years commencing from 1 February 2010. Pursuant to the letter of appointment, Mr. Liu will be paid an amount of HK$1,200,000 annually and be allotted a total of 7,000,000 shares, being 3,500,000 shares for each year of service in addition to a director's fee of HK$100,000 per annum.

Ms. Ho Chiu King, Pansy Catilina, a non-executive Director of the Company, was a director of Sociedade de Turismo e Diversões de Macau, S.A.R.L. ("STDM") up till 31 March 2010 and has become an appointed representative of a corporate director of STDM since 1 April 2010.

The annual salary of Mr. Yiu Yan Chi, Bernard, an executive Director of the Company, would be reduced from HK$1,794,000 to HK$360,000 since 1 February 2010.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The audit committee has reviewed the interim financial report for the six months ended 31 March 2010 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, 9 June 2010

Consolidated Income Statement

for the six months ended 31 March 2010
(Expressed in Hong Kong dollars)

		Six months ended 31 March	
		2010	2009
		Unaudited	Unaudited
	Note	**$'000**	$'000
Turnover	4	**248,933**	115,798
Direct costs		**(166,926)**	(52,477)
		82,007	63,321
Other revenue	5(a)	**865**	2,544
Other net loss	5(b)	**(2,728)**	(851)
Impairment loss for intangible assets, reimbursements receivable, long term deposits and other receivables	6	**—**	(426,355)
Write down of value of inventories	6	**—**	(39,500)
Administrative and other operating expenses		**(28,829)**	(18,940)
Profit/(loss) from operations		**51,315**	(419,781)
Change in fair value of derivative financial instruments	16	**7,889**	—
Finance costs		**(17,317)**	(12,695)
Profit/(loss) before taxation	6	**41,887**	(432,476)
Income tax	7	**(1,519)**	(619)
Profit/(loss) for the period		**40,368**	(433,095)
Attributable to:			
Equity shareholders of the Company		**40,446**	(433,095)
Minority interests		**(78)**	—
Profit/(loss) for the period		**40,368**	(433,095)
Dividends	8	**9,980**	3,420
Earnings/(loss) per share			
Basic	9(a)	**5.59 cents**	(63.32) cents
Diluted	9(b)	**N/A**	N/A

The notes on pages 19 to 35 form part of these financial statements.

Consolidated Statement of Comprehensive Income

for the six months ended 31 March 2010
(Expressed in Hong Kong dollars)

	Six months ended 31 March	
	2010	2009
	Unaudited	Unaudited
	$'000	$'000
Profit/(loss) for the period	**40,368**	(433,095)
Other comprehensive income for the period		
Exchange difference on translation of financial statements of foreign subsidiaries	**(811)**	295
Cash flow hedge: effective portion of changes in fair value, net of deferred tax	**401**	—
	(410)	295
Total comprehensive income for the period	**39,958**	(432,800)
Attributable to:		
— Equity shareholders of the Company	**40,036**	(432,800)
— Minority interests	**(78)**	—
Total comprehensive income for the period	**39,958**	(432,800)

The notes on pages 19 to 35 form part of these financial statements.

Consolidated Balance Sheet

as at 31 March 2010
(Expressed in Hong Kong dollars)

	Note	At 31 March 2010 Unaudited $'000	At 30 September 2009 Audited $'000
Non-current assets			
Fixed assets		**147,379**	63,396
Intangible assets	10	**754,848**	638,600
Other financial assets	11	**31,908**	—
Other asset		**380**	380
		934,515	702,376
Current assets			
Inventories	14	**145,399**	145,396
Accounts receivable	13	**317,024**	192,341
Reimbursements receivable	12	**5,002**	5,002
Prepayments, deposits and other receivables		**93,863**	102,216
Pledged deposits		**68,436**	191,525
Cash and cash equivalents		**279,693**	208,746
		909,417	845,226
Current liabilities			
Bank loans		**(324,856)**	(362,434)
Accruals and other payables		**(311,166)**	(135,134)
Derivative financial instruments	15	**(71,570)**	—
Convertible notes	16	**(57,661)**	—
Current taxation		**(11,232)**	(9,576)
		(776,485)	(507,144)
Net current assets		**132,932**	338,082

Consolidated Balance Sheet (Continued)

as at 31 March 2010
(Expressed in Hong Kong dollars)

	Note	At 31 March 2010 Unaudited $'000	At 30 September 2009 Audited $'000
Total assets less current liabilities		**1,067,447**	1,040,458
Non-current liabilities			
Bank loans		**(75,062)**	(55,958)
Derivative financial instruments	15	**(4,731)**	(57,011)
Convertible notes	16	**—**	(32,412)
Deferred tax liability		**(2,420)**	(1,311)
		(82,213)	(146,692)
NET ASSETS		**985,234**	893,766
CAPITAL AND RESERVES			
Share capital	17	**59,181**	56,041
Reserves		**925,429**	837,023
Total equity attributable to equity shareholders of the Company		**984,610**	893,064
Minority interests		**624**	702
TOTAL EQUITY		**985,234**	893,766

The notes on pages 19 to 35 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the six months ended 31 March 2010
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company										
	Share capital $'000	**Share premium** $'000	**General reserve** $'000	**Capital redemption reserve** $'000	**Capital reserve** $'000	**Exchange reserve** $'000	**Hedging reserve** $'000	**Retained earnings** $'000	**Total** $'000	**Minority interest** $'000	**Total** $'000
At 1 October 2008	56,041	680,838	666	95	2,562	(12,328)	—	521,770	1,249,644	—	1,249,644
Total comprehensive income for the period	—	—	—	—	—	295	—	(433,095)	(432,800)	—	(432,800)
Bonus issue *(note 17(iii))*	—	(4,850)	—	—	—	—	—	—	(4,850)	—	(4,850)
At 31 March 2009	56,041	675,988	666	95	2,562	(12,033)	—	88,675	811,994	—	811,994
At 1 October 2009	56,041	719,282	666	95	5,922	(11,620)	(5,132)	127,810	893,064	702	893,766
Total comprehensive income for the period	—	—	—	—	—	(811)	401	40,446	40,036	(78)	39,958
Dividends declared in respect of the previous year *(note 17(ii))*	65	1,269	—	—	—	—	—	(6,323)	(4,989)	—	(4,989)
Placement of shares *(note 17(i))*	2,802	49,219	—	—	—	—	—	—	52,021	—	52,021
Remuneration shares *(note 17(iv))*	273	4,767	—	—	—	—	—	—	5,040	—	5,040
Equity settled share-based transactions *(note 17(v))*	—	—	—	—	(1,467)	—	—	905	(562)	—	(562)
At 31 March 2010	**59,181**	**774,537**	**666**	**95**	**4,455**	**(12,431)**	**(4,731)**	**162,838**	**984,610**	**624**	**985,234**

The notes on pages 19 to 35 form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

for the six months ended 31 March 2010
(Expressed in Hong Kong dollars)

	Six months ended 31 March	
	2010	2009
	Unaudited	Unaudited
	$'000	$'000
Net cash generated from operating activities	**136,572**	285,437
Net cash used in investing activities	**(239,085)**	(275,311)
Net cash generated from financing activities	**173,460**	61,490
Net increase in cash and cash equivalents	**70,947**	71,616
Cash and cash equivalents at 1 October 2009/2008	**208,746**	212,849
Effect of foreign exchange rate changes	**–**	(20)
Cash and cash equivalents at 31 March	**279,693**	284,445

The notes on pages 19 to 35 form part of these 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 9 June 2010.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2009 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 on explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2009 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 2009 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 2009 are available from the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 26 November 2009.

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

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 2010 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, however the adoption of the following new and revised HKFRSs has resulted in accounting policy, financial statement presentation and disclosure changes:

As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statements, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense of net assets for the period presented.

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 Amendments to HKAS 32 "Financial instruments: Presentation — Classification of rights issues", which is effective for accounting periods beginning on or after 1 February 2010, 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

An operating segment is a component of the Group that engages in business activities from which the Group may earn revenues and incur expenses, and is identified on the basis of the internal financial reports that are provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. For the periods presented, management has determined that no operating segment has been presented as the Group is only engaged in media related services. The Group's assets located and operating revenues derived from activities outside the People's Republic of China (the "PRC") are less than 5 per cent of the Group's assets and operating revenues, respectively. No geographical area information has been presented as such information is immaterial.

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

4 TURNOVER

	Six months ended 31 March	
	2010	2009
	Unaudited	Unaudited
	$'000	$'000
TV program related income	**189,204**	44,681
TV advertising income	**46,468**	67,152
Outdoor advertising income	**10,277**	—
Public relations service income	**2,984**	3,965
	248,933	115,798

5 OTHER REVENUE AND OTHER NET LOSS

(a) Other revenue

	Six months ended 31 March	
	2010	2009
	Unaudited	Unaudited
	$'000	$'000
Interest income	**479**	2,544
Others	**386**	—
	865	2,544

(b) Other net loss

	Six months ended 31 March	
	2010	2009
	Unaudited	Unaudited
	$'000	$'000
Net exchange loss	**2,728**	21
Loss on disposal of fixed assets	**—**	830
	2,728	851

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

	Six months ended 31 March	
	2010	2009
	Unaudited	Unaudited
	$'000	$'000
Interest on borrowings	**16,288**	12,695
Depreciation of fixed assets	**4,297**	3,635
Amortisation of intangible assets	**18,202**	17,687
Cost of inventories	**38,435**	5,375
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

Note: In light of the global economic turmoil occurred during the first half of the 2009 fiscal year, 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 TV program production related business and considered it appropriate to continue with the Group's production of TV programs with relatively short production cycle and to reduce the Group's investments in production of TV programs with a long production cycle. As a result, the directors considered that a provision for impairment loss in respect of certain intangible assets, reimbursements receivable, long term deposits and other receivables and a write down of value of certain inventories were made during the six months ended 31 March 2009.

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 2010 and 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:

— For subsidiaries which are foreign investment enterprises located and operated in Shenzhen, the PRC 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. Profits of other 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%.

— Foreign enterprises with permanent establishment in the PRC are also subject to PRC income tax at a rate of 33% on a deemed profit basis on their PRC sourced income for the period from 1 October 2007 to 31 December 2007 and 25% from 1 January 2008 onwards.

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

8 DIVIDENDS

	Six months ended 31 March	
	2010	2009
	Unaudited	Unaudited
	$'000	$'000
Interim dividend declared of 1.28 cents (2009: 0.5 cents) per share	**9,980**	3,420
Final dividend in respect of the financial year ended 30 September 2009, approved and paid during the following interim period, of 0.88 cents (year ended 30 September 2008: Nil cents) per share	**6,323**	—

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 EARNINGS/(LOSS) PER SHARE

For the period ended 31 March 2009, the weighted average numbers of ordinary shares for the purpose of the calculation of basic loss per share and diluted loss per share have been adjusted for the effect of ten existing shares for one bonus new share issued and allotted on 29 January 2009 (note 17(iii)). There was no bonus new share issued and allotted during the period ended 31 March 2010.

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of $40,446,000 (period ended 31 March 2009: loss of $433,095,000) and the weighted average number of 723,107,000 (period ended 31 March 2009: 684,000,000) ordinary shares in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 31 March	
	2010	2009
	Unaudited	Unaudited
	'000	'000
Issued ordinary shares at 1 October 2009/2008	**718,474**	684,000
Effect of placement of shares *(note 17(i))*	**3,346**	—
Effect of scrip dividends *(note 17(ii))*	**155**	—
Effect of remuneration shares *(note 17(iv))*	**1,132**	—
Weighted average number of ordinary shares at 31 March	**723,107**	684,000

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

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

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for the six months ended 31 March 2010 and 2009 is not presented because the existence of outstanding share options, equity settled share-based transactions with a non-executive director and conversion option for the convertible notes during the period have anti-dilutive effect on the basic earnings per share. The then status of condition was assumed unchanged and the condition of reset and adjustment were not met.

10 INTANGIBLE ASSETS

	At 31 March 2010 Unaudited $'000	At 30 September 2009 Audited $'000
Purchased licence rights	**715,846**	602,581
Purchased advertising rights	**—**	994
Customer contract costs	**24,757**	27,083
Others	**14,245**	7,942
	754,848	638,600

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 OTHER FINANCIAL ASSETS

	At 31 March 2010 Unaudited $'000	At 30 September 2009 Audited $'000
Available-for-sale equity securities		
— Unlisted	**31,908**	—

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

12 REIMBURSEMENTS RECEIVABLE

Reimbursements receivable represent funding advanced to production houses on behalf of advertising agencies for investment in the production of TV programs. During the six months ended 31 March 2009, 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 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 during the six months ended 31 March 2009. No impairment loss for reimbursements receivable was recorded during the six months ended 31 March 2010.

13 ACCOUNTS RECEIVABLE

	At 31 March 2010 Unaudited $'000	At 30 September 2009 Audited $'000
Accounts receivable	**317,024**	192,341

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.

14 INVENTORIES

The inventories as at 31 March 2010 represent the cost of acquisition of certain scripts, synopses and editing rights. They are carried at the lower of cost and net realisable value.

No inventories were written off during the period ended 31 March 2010 (30 September 2009: $39,500,000).

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

15 DERIVATIVE FINANCIAL INSTRUMENTS

	At 31 March 2010 Unaudited $'000	At 30 September 2009 Audited $'000
Derivative financial liabilities		
Conversion option of convertible notes *(note 16)*	**71,320**	50,732
Redemption option of convertible notes *(notes 16)*	**250**	1,147
Cash flow hedges:		
— cross currency interest rate swap contract	**4,731**	5,132
	76,301	57,011
Less: Amount expected to be settled after one year, included as non-current liability	**(4,731)**	(57,011)
	71,570	—

All the amounts of derivative financial instruments are stated at fair value.

The fair values of conversion option and redemption option are determined by an independent valuer, BMI Appraisal Limited, using the binomial option pricing model.

The aggregate notional principal amount of the outstanding swap contract at 31 March 2010 was RMB50,000,000 (30 September 2009: RMB50,000,000). The swap contract comprises cross currency interest rate swap contract, which were entered into to hedge against interest rate risk and foreign currency risk in relation to a secured bank loan. The swap contract will mature on 9 September 2011 and is included as non-current liability.

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

16 CONVERTIBLE NOTES

	Liability	Conversion option (note 15)	Redemption option (note 15)	Total
	$'000	$'000	$'000	$'000
At 1 October 2009	32,412	50,732	1,147	84,291
Proceeds from issuance of convertible notes	22,420	27,454	126	50,000
Transaction costs	(2,094)	—	—	(2,094)
Net proceeds for the period	20,326	27,454	126	47,906
Effective interest for the period	4,923	—	—	4,923
Change in fair value	—	(6,866)	(1,023)	(7,889)
At 31 March 2010	**57,661**	**71,320**	**250**	**129,231**

During the year ended 30 September 2009, the Company entered into a subscription agreement 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") respectively pursuant to which the Company agreed to issue up to $100,000,000 unlisted convertible notes (the "Notes to Smart Peace") and unlisted warrants with exercise monies not more than $100,000,000 to Smart Peace, and to issue up to $50,000,000 unlisted convertible notes (the "Notes to Star Group") and unlisted warrants with exercise monies not more than $25,000,000 to Star Group (collectively, the "Notes").

On 15 May 2009 and 7 August 2009, two tranches of unlisted convertible notes with principal amount of $50,000,000 each ("Tranche 1 Smart Peace Note" and "Tranche 2 Smart Peace Note") were issued to Smart Peace.

The Notes to Smart Peace bear an interest at a rate of 5% per annum and a handling fee of 3.5% per annum, payable semi-annually in arrears with the first interest payment to be made on the date falling six months from the date of issue of such convertible notes.

On 18 November 2009 and 19 March 2010, two tranches of unlisted convertible notes with principal amount of $25,000,000 each ("Tranche 1 Star Group Note" and "Tranche 2 Star Group Note") were issued to Star Group.

The Notes to Star Group bear an interest at a rate of 6-month HIBOR per annum and a handling fee of 3.5% per annum for the unsecured Notes, payable monthly in arrears.

The Notes will be redeemed at 100% of the principal amount plus any accrued and unpaid interest together with a redemption premium calculated at the 6-month Hong Kong Interbank Offered Rate ("HIBOR") plus 2.5% per annum of the principal amount on the maturity date, being the fifth year from the date of issue. The Notes holders can, by serving a 30-day notice to the Company, after the expiry of the first anniversary of the date of issue of the respective Notes, require the Company to redeem in whole or in part of the Notes plus any accrued and unpaid interest together with a redemption premium at 1.5% per annum, 6-month HIBOR plus 2% per annum, and 6 month HIBOR plus 2.5% per annum during the second year, third year and fourth year up to the maturity dates since the issue date of the Notes, respectively.

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

16 CONVERTIBLE NOTES *(continued)*

The Notes to Smart Peace and the Notes to Start Group are convertible into the Company's ordinary shares at any time from the day falling on the 180th days after the date of issue and from the day after the date of issue of the respective Notes up to the fifth business day prior to the maturity date at a conversion price of $1.7014 per share (subject to reset and adjustment).

As at 31 March 2010, Smart Peace and Star Group have the rights to exercise the conversion option of the respective Notes and accordingly, as at 31 March 2010, the related liability, conversion option and redemption option are re-classified as current liabilities.

The net proceeds received from the issue of the Notes contain the following components that are required to be separately accounted for in accordance with Hong Kong Accounting Standard 39:

(i) Liability component for the Notes represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest determined by the market to instruments of comparable credit status taken into account the business risk of the Company as well as the large amount of the Note, but without the conversion option. The effective interest rate of the liability component of the two tranches of the Notes to Smart Peace are 46.6% and 37.3%, respectively. The effective interest rate of the liability component of the two tranches of the Notes to Star Group are 29.7% and 23.9%, respectively.

(ii) Conversion option of the Notes to be accounted for as a separate financial liability represents the fair value of the option to convert the liability into equity of the Company but the conversion will be settled other than by the exchange of a fixed number of the Company's own equity.

(iii) Redemption option represents option of Smart Peace and Star Group to early redeem all or part of the Notes. Smart Peace is allowed to redeem the Notes at any time after one year from the issue date of respective tranche of the Notes. Star Group is allowed to redeem the Notes at any time after the issue date of the Notes.

The entire amount of issued share capital of certain subsidiaries held by the Company is pledged for the Notes with outstanding principal amount of $150,000,000 (30 September 2009: $100,000,000). Aggregated net assets held by those subsidiaries amounted to $133,952,000 (30 September 2009: $144,236,000) which consist of purchased license rights with carrying value of $485,434,000 (30 September 2009: $495,854,000) as of 31 March 2010.

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

17 SHARE CAPITAL

	Note	At 31 March 2010 Number of shares '000	At 31 March 2010 Amount $'000	At 30 September 2009 Number of shares '000	At 30 September 2009 Amount $'000
Authorised:					
Ordinary shares of US$0.01 each		**1,200,000**	**93,600**	800,000	62,400
Issued and fully paid:					
At 1 October 2009/2008		**718,474**	**56,041**	621,819	48,502
Placement of shares	(i)	**35,922**	**2,802**	33,300	2,597
Shares issued as scrip dividend	(ii)	**834**	**65**	1,174	92
Shares issued as bonus shares	(iii)	**—**	**—**	62,181	4,850
Remuneration shares	(iv)	**3,500**	**273**	—	—
At 31 March 2010/30 September 2009		**758,730**	**59,181**	718,474	56,041

Notes:

(i) A placement of 33,300,000 shares of the Company at a price of $1.39 per share was made with independent investors on 7 May 2009. The placing price represented a discount of approximately 4.79% to the twenty trading days average closing price of $1.46 per share on and immediately preceding 27 April 2009, and a discount of approximately 11.46% to the ten trading days average closing price of $1.57 per share on and immediately preceding 27 April 2009. Subsequently, 33,300,000 new ordinary shares of the Company were issued at the same price per share. The net proceeds will be used as to finance the acquisition of the Group's adoption rights in novels and scripts, original concepts of TV programs, license rights of TV programs, advertising agency rights in media, including TV channels and real properties for self use. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

A placement of existing 35,922,000 shares of the Company held by a substantial shareholder at a price of $1.48 per share was made with independent investors during the placing period from 3 March 2010 to 5 March 2010. A substantial shareholder thereafter at the same price subscribed for 35,922,000 new shares on 15 March 2010. The placing price represented a discount of approximately 5.12% to closing price of $1.56 per share on 3 March 2010, and a discount of approximately 0.67% to the ten trading days average closing price of $1.49 per share up to and including 3 March 2010. The net proceeds will be used to repay part of the outstanding bank borrowings of the Company and to finance the expansion of the Company's media advertising and retailing — TV home shopping businesses.

(ii) On 7 August 2009, the Company issued and allotted 1,173,034 ordinary shares of US$0.01 each at $1.50 per share to the shareholders who received shares of the Company in lieu of cash for 2009 interim dividend pursuant to a scrip dividend scheme announced by the Company on 14 July 2009. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

On 26 February 2010, the Company issued and allotted 833,689 ordinary shares of US$0.01 each at $1.60 per share to the shareholders who received shares of the Company in lieu of cash for 2009 final dividend pursuant to a scrip dividend scheme announced by the Company on 26 November 2009. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

17 SHARE CAPITAL *(continued)*

Notes: (continued)

(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 have been recorded in the Company's share premium account.

In accordance with the terms of the Scheme and the supplementary guidance issued by the 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.

(iv) Remuneration shares

At the extraordinary general meeting of the Company held on 30 March 2009, shareholders of the Company have approved to issue and allot 3,500,000 shares to Mr. Liu Yuk Chi, David ("Mr Liu") upon his completion of 12 months of service. On 1 February 2010, 3,500,000 ordinary shares of US$0.01 per share was issued and allotted to Mr. Liu for his appointment as non-executive Director and Chairman of Strategic Committee pursuant to his letter of appointment. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

(v) 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 2010 are as follows:

Date granted and accepted	Exercise period	Exercise Price at 31 March 2010	Number of options existed during the six months ended 31 March 2010
6 March 2007	6 March 2007 to 13 June 2014	$2.05	560,844
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
7 January 2010	7 January 2010 to 13 June 2014	$1.63	1,500,000
8 January 2010	8 January 2010 to 13 June 2014	$1.63	500,000
11 January 2010	11 January 2010 to 13 June 2014	$1.63	500,000
12 January 2010	12 January 2010 to 13 June 2014	$1.63	500,000
15 January 2010	15 January 2010 to 13 June 2014	$1.63	500,000
19 January 2010	19 January 2010 to 13 June 2014	$1.63	500,000
27 January 2010	27 January 2010 to 13 June 2014	$1.63	1,500,000
29 January 2010	29 January 2010 to 13 June 2014	$1.63	500,000
30 January 2010	30 January 2010 to 13 June 2014	$1.63	500,000
			15,961,862

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

17 SHARE CAPITAL *(continued)*

Notes: (continued)

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

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

	At 31 March 2010		At 31 March 2009	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at 1 October 2009/2008	**$2.92**	**11,388,567**	$3.21	10,353,247
Adjustment arising from bonus issue *(note (iii))*	**—**	**—**	—	1,035,320
Granted during the period	**$1.63**	**6,500,000**	—	—
Cancelled during the period	**$2.92**	**(1,926,705)**	—	—
Outstanding at 31 March 2010/31 March 2009	**$2.39**	**15,961,862**	$2.92	11,388,567
Exercisable at 31 March 2010/31 March 2009	**$2.39**	**15,961,862**	$2.92	11,388,567

1,926,705 options were forfeited or expired during the period (period ended 31 March 2009: Nil). All the share options outstanding as at 31 March 2010 and 31 March 2009 are exercisable.

The weighted average share price at the date of exercise for share options exercised during the period was $Nil (31 March 2009: $Nil).

All the options outstanding at 31 March 2010 had a weighted average remaining contractual life of 4.2 years (31 March 2009: 5.2 years).

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

		Number of options outstanding	
Exercise period	**Adjusted/original exercise price**	**At 31 March 2010**	**At 31 March 2009**
6 March 2007 to 13 June 2014	$2.05/$2.26	560,844	1,121,688
15 March 2007 to 13 June 2014	$2.05/$2.26	5,608,453	5,608,453
21 March 2007 to 13 June 2014	$2.05/$2.26	560,844	560,844
16 April 2008 to 13 June 2014	$4.12/$4.53	1,365,861	2,731,722
22 May 2008 to 13 June 2014	$5.14/$5.65	682,930	682,930
10 June 2008 to 13 June 2014	$5.14/$5.65	682,930	682,930
7 January 2010 to 13 June 2014	$1.63	1,500,000	—
8 January 2010 to 13 June 2014	$1.63	500,000	—
11 January 2010 to 13 June 2014	$1.63	500,000	—
12 January 2010 to 13 June 2014	$1.63	500,000	—
15 January 2010 to 13 June 2014	$1.63	500,000	—
19 January 2010 to 13 June 2014	$1.63	500,000	—
27 January 2010 to 13 June 2014	$1.63	1,500,000	—
29 January 2010 to 13 June 2014	$1.63	500,000	—
30 January 2010 to 13 June 2014	$1.63	500,000	—
Outstanding at 31 March 2010/31 March 2009		15,961,862	11,388,567

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

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

18 COMMITMENTS

(a) Commitments under operating leases

At 31 March 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 March 2010 $'000	At 30 September 2009 $'000
Within one year	**7,285**	8,909
After one year but within five years	**6,923**	13,490
After five years	**1,293**	—
	15,501	22,399

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

The Group's capital commitments outstanding as at 31 March 2010 not provided for in the financial statements were as follows:

	At 31 March 2010 $'000	At 30 September 2009 $'000
Contracted for	**—**	17,405
Authorised but not contracted for	**—**	28,647
	—	46,052

Included in the Group's capital commitment for the acquisition of properties contracted for as at 30 September 2009, an amount of $11,373,000 was entered into with two of the Group's key management personnel.

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

18 COMMITMENTS *(continued)*

(c) Other commitments

(i) 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 TV programs. During the six months ended 31 March 2010, the Group did not procure any funding for the production of TV programs (year ended 30 September 2009: Nil). The total funding required for the remaining 5,713 hours (year ended 30 September 2009: 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 2010.

During the six months ended 31 March 2010, 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 2009: 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 programme; or (2) the Group shall pay an amount up to 15% of the shortfall, following which the production house will be entitled to the rights in relation to the relevant TV program.

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

	At 31 March 2010 $'000	At 30 September 2009 $'000
Within one year	**74,131**	186,268
After one year but within five years	**317,459**	568,122
After five years	**127,590**	187,572
	519,180	941,962

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

19 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, the PRC, at an annual rental of RMB1,032,000 from 1 January 2007 to 31 December 2009. It was renewed on 31 December 2009 at an annual rental of RMB1,014,000 from 1 January 2010 to 31 December 2012. Winco is a wholly foreign 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"). Rental expenses paid and payable to Winco amounted to $582,000 for the period ended 31 March 2010 (period ended 31 March 2009: $586,000).

(b) On 26 September 2009, the Group entered into a leasing arrangement with Beli Yongfu Investment Consulting (Shenzhen) Co Ltd, a company wholly owned by Dr. Leung to lease a property located at Shanghai, the PRC, for a term of three years commencing on 1 October 2008 at an annual rental of RMB234,000. Rental expenses paid and payable to Dr. Leung amounted to $133,000 for the period ended 31 March 2010.

(c) On 10 May 2007, the Group entered into a leasing agreement with Dr. Leung to lease a property located of Guangzhou at annual rental of RMB339,600 from 1 June 2007 to 31 May 2010. The lease agreement has been terminated on 1 June 2009. Rental expense paid/payable to Dr. Leung amounted to $193,000 for the period ended 31 March 2009.

20 NON-ADJUSTING POST BALANCE SHEET EVENTS

Acquisition of Rich State Media Enterprises Limited

On 16 April 2010, the Group entered into a sales and purchase agreement with Business Product Development Limited, which the Group agreed to purchase 51% of the issued share capital of Rich State Media Enterprises Limited ("Rich State Media") at a consideration of HK$75,000,000 to be satisfied partly in cash and partly by issuing consideration shares. The consideration shares will be issued at HK$1.788 per share, representing a premium of approximately 19.2% above the closing price of HK$1.50 per share on 16 April 2010. Rich State Media holds a 45% equity interest in CBSO China, which carries on the business of design, production, advertising agency, publication of advertisements and corporate image planning in the PRC. At the extraordinary general meeting of the Group held on 3 June 2010, shareholders of the Group approved the issuance of 20,973,154 shares.

Issuance of convertible notes, warrants and placement shares to First Media Holding, Ltd.

On 27 May 2010, the Group and First Media Holdings, Ltd. ("First Media") entered into a subscription agreement (the "Subscription Agreement") for the proposed issue of certain convertible notes ("CN"), warrants and placement shares to First Media.

Subject to the provisions of the Subscription Agreement, the Company shall issue the Series A CN and the Series B CN to First Media up to HK$120,892,924 at their respective face value with the initial conversion price of HK$1.3278 per share if the specific mandate is approved at the extraordinary general meeting; or issue the Alternate Series B CN, to First Media up to HK$70,520,872 at its face value with the initial conversion price of HK$1.3278 per share if the specific mandate is not approved at the extraordinary general meeting.

Subject to the provisions of the Subscription Agreement, the Company shall issue warrants to First Media who is entitled to subscribe for 11,380,942 shares at the initial subscription price of HK$1.3278 per share (subject to adjustments).

Subject to the provisions of the Subscription Agreement, the Company shall issue 37,936,475 shares to First Media on the issue date at the issue price of HK$1.3278 per share.

Notes on the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

21 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDING 30 SEPTEMBER 2010

Up to the date of issue of these 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 2010 and which have not been adopted in these 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.

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 at 31 March 2010, the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated statement for cash flows 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 toward 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 on 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 2010 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

9 June 2010