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QIN JIA YUAN MEDIA SERVICES COMPANY LIMITED
勤+緣媒體服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2366)

2011 FINAL RESULTS ANNOUNCEMENT

The Directors of Qin Jia Yuan Media Services Company Limited (the "Company") announce the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 30 September 2011.

CONSOLIDATED INCOME STATEMENT
for the year ended 30 September 2011

	Note	**2011** *HK$'000*	2010 *HK$'000*
Turnover	2	**742,234**	424,610
Direct costs		**(557,349)**	(257,812)
		184,885	166,798
Other revenue	3(a)	**1,285**	1,499
Other net income	3(b)	**20,183**	5,730
Administrative and other operating expenses		**(93,544)**	(67,366)
Profit from operations		**112,809**	106,661
Change in fair value of derivative financial instruments		**22,817**	16,851
Share of profit/(loss) from an associate		**3,486**	(55)
Finance costs	4(a)	**(78,953)**	(40,826)
Profit before taxation	4	**60,159**	82,631
Income tax	5	**(5,691)**	(2,603)
Profit for the year		**54,468**	80,028
Attributable to:			
Equity shareholders of the Company		**53,748**	80,472
Non-controlling interests		**720**	(444)
Profit for the year		**54,468**	80,028
Earnings per share			
Basic	7(a)	**6.16 cents**	10.64 cents
Diluted	7(b)	**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2011

	Note	2011 HK$'000	2010 HK$'000
Profit for the year		**54,468**	80,028
Other comprehensive income for the year			
Exchange difference on translation of financial statements of foreign subsidiaries		**(6,765)**	(1,721)
Cash flow hedge: effective portion of changes in fair value, net of deferred tax		**—**	868
Reclassification adjustment for a loss on settlement of cross currency interest rate swap contract		**4,264**	—
		(2,501)	(853)
Total comprehensive income for the year		**51,967**	79,175
Attributable to:			
— Equity shareholders of the Company		**51,247**	79,619
— Non-controlling interests		**720**	(444)
Total comprehensive income for the year		**51,967**	79,175

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Fixed assets		**120,447**	150,337
Intangible assets		**877,661**	783,804
Goodwill		**21,076**	—
Interest in an associate		**70,973**	67,487
Other financial assets		**31,908**	31,908
Other asset		**380**	380
		1,122,445	1,033,916
Current assets			
Inventories		**377,903**	341,089
Accounts receivable	8	**409,663**	311,472
Prepayments, deposits and other receivables		**254,283**	173,908
Pledged deposits		**89,281**	69,039
Cash and cash equivalents		**211,875**	236,796
		1,343,005	1,132,304
Current liabilities			
Bank loans and overdrafts		**(332,248)**	(348,252)
Loan from a shareholder		**(28,000)**	—
Accruals and other payables		**(504,301)**	(285,459)
Current taxation		**(19,252)**	(12,663)
Derivative financial instruments		**(40,937)**	(125,288)
Convertible notes		**(120,790)**	(116,144)
		(1,045,528)	(887,806)
Net current assets		**297,477**	244,498
Total assets less current liabilities		**1,419,922**	1,278,414
Non-current liabilities			
Other payables		**—**	(107,250)
Bank loans		**(68,703)**	(63,543)
Deferred tax liability		**(8,609)**	(2,008)
		(77,312)	(172,801)
NET ASSETS		**1,342,610**	1,105,613

	Note	2011 HK$'000	2010 HK$'000
CAPITAL AND RESERVES	9		
Share capital	10	**72,879**	63,827
Reserves		**1,267,528**	1,040,892
Total equity attributable to equity shareholders of the Company		**1,340,407**	1,104,719
Non-controlling interests		**2,203**	894
TOTAL EQUITY		**1,342,610**	1,105,613

Notes:

1 BASIS OF PREPARATION

The annual results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The annual results also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. There have been no significant changes to the accounting policies applied in the annual results for the periods presented as a result of these developments.

2 TURNOVER AND SEGMENT REPORTING

The Group is principally engaged in the provision of media services including TV program related services in the Peoples's Republic of China (the "PRC"), TV advertising services, outdoor advertising services and other public relations services.

The Group provides comprehensive services to PRC TV production houses in relation to TV program production, starting from planning to completion of the production processes. The Group also purchases certain distribution licence rights directly from other right holders and either earns licence fees by granting such rights to film or TV program trading companies or sells the rights to distributors directly.

In addition, the Group provides other value-added services such as provision of scripts and script editing services of TV programs to its customers.

The Group also renders advertising related services in respect of placing advertisements with TV channels and outdoor LED screens to advertising agencies, as well as public relations services and product promotional services to advertisers, advertising firms and TV stations respectively.

Turnover represents TV program related, TV advertising, outdoor advertising and public relations service income, net of PRC business tax. The amount of each significant category of revenue recognised in turnover for the year is as follows:

	2011	2010
	HK$'000	*HK$'000*
TV program related income	**593,762**	296,774
TV advertising income	**98,759**	100,369
Outdoor advertising income	**36,846**	19,578
Public relations service income	**12,867**	7,889
	742,234	424,610

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 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.

3 OTHER REVENUE AND OTHER NET INCOME

(a) Other revenue

	2011	2010
	HK$'000	*HK$'000*
Interest income	**855**	825
Others	**430**	674
	1,285	1,499

(b) Other net income

	2011	2010
	HK$'000	*HK$'000*
Net exchange gain/(loss)	**9,910**	(1,421)
Gain on disposal of fixed assets	**10,273**	7,151
	20,183	5,730

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2011	2010
	HK$'000	*HK$'000*
(a) Finance costs:		
Interest on bank advances and other borrowings wholly repayable within five years	**76,104**	39,129
Interest on other borrowings wholly repayable after five years	**2,831**	1,635
Other interest expense	**18**	62
	78,953	40,826
(b) Staff costs:		
Salaries, wages and other benefits	**28,075**	19,800
Contributions to defined contribution retirement plans	**2,367**	790
	30,442	20,590
(c) Other items:		
Amortisation of intangible assets	**36,201**	37,669
Depreciation of fixed assets	**9,174**	10,337
Auditor's remuneration		
— Audit services	**1,428**	1,308
— Other services	**401**	370
Operating lease charges in respect of properties	**10,193**	7,828
Cost of inventories	**82,308**	44,447

5 INCOME TAX

Income tax in the consolidated income statement represents:

	2011	2010
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**85**	128
Current tax — Provision for taxation outside Hong Kong		
Provision for the year	**6,292**	3,023
Deferred taxation		
Origination and reversal of temporary differences	**(686)**	(548)
	5,691	2,603

(a) The provision for Hong Kong Profits Tax for the year ended 30 September 2011 is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year.

(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, 2010, 2011, 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 25% on a deemed profit basis on their PRC sourced income.

6 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2011	2010
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK1.28 cents (2010: HK1.28 cents) per share	**11,937**	10,464
Final dividend proposed after the balance sheet date of HK0.03 cent (2010: HK1.28 cents) per share	**1,403**	10,474
	13,340	20,938

Interim scrip dividends declared during the years ended 30 September 2010 and 2011 were offered to shareholders with cash option.

The Directors recommend a payment of final dividend of HK0.03 cent per share (2010: HK1.28 cents) in respect of the year ended 30 September 2011, and the total amount is calculated based on the number of shares after the proposed rights issue of 4,678,326,050 shares *(Note 10 (vii))*. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2011	2010
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year of HK1.28 cents (2010: HK0.88 cent) per share	**10,765**	6,323

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary equity shareholders of the Company of HK$53,748,000 (2010: HK$80,472,000) and the weighted average number of 873,171,000 (2010: 756,407,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2011	2010
	'000	*'000*
Issued ordinary shares at 1 October 2010/2009	**818,294**	718,474
Effect of conversion of convertible notes	**18,145**	—
Effect of placement of shares	**32,718**	28,414
Effect of scrip dividends	**690**	591
Effect of acquisition of subsidiaries	**2,921**	6,608
Effect of remuneration shares	**403**	2,320
Weighted average number of ordinary shares at 30 September	**873,171**	756,407

(b) Diluted earnings per share

Diluted earnings per share for the year ended 30 September 2011 and 2010 is not presented because the existence of outstanding share options, equity settled share-based transactions with an executive director and two non-executive directors and conversion option for the convertible notes during the year 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.

8 ACCOUNTS RECEIVABLE

	2011	2010
	HK$'000	*HK$'000*
Accounts receivable	**409,663**	311,472

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

	2011	2010
	HK$'000	*HK$'000*
Current	**409,663**	311,472

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 three to fifteen months. Subject to negotiations, extended credit terms are available for certain major customers with well-established operating records. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables.

Impairment losses in respect of the accounts receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against accounts receivable directly. At 30 September 2011 and 30 September 2010, no amounts of significant accounts receivable were individually determined to be doubtful or impaired.

As at 30 September 2011 and 30 September 2010, the Group assessed that virtually all of the debtors and receivables are neither past due nor impaired.

9 CAPITAL AND RESERVES

	Attributable to equity shareholders of the Company												
	Share capital	Share premium	General reserve	Capital redemption reserve	Capital reserve	Exchange reserve	Hedging reserve	Equity component of convertible notes	Warrant reserve	Retained earnings	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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 year	—	—	—	—	—	(1,721)	868	—	—	80,472	79,619	(444)	79,175
Dividends declared in respect of the previous year	65	1,269	—	—	—	—	—	—	—	(6,323)	(4,989)	—	(4,989)
Dividends declared in respect of the current year	51	800	—	—	—	—	—	—	—	(10,464)	(9,613)	—	(9,613)
Placement of shares	5,761	96,632	—	—	—	—	—	—	—	—	102,393	—	102,393
Equity settled share-based transactions	—	—	—	—	2,916	—	—	—	—	905	3,821	—	3,821
Issuance of convertible notes with warrants	—	—	—	—	—	—	—	—	5,392	—	5,392	—	5,392
Remuneration shares	273	4,767	—	—	—	—	—	—	—	—	5,040	—	5,040
Acquisition of subsidiaries	1,636	28,356	—	—	—	—	—	—	—	—	29,992	636	30,628
At 30 September 2010	63,827	851,106	666	95	8,838	(13,341)	(4,264)	—	5,392	192,400	1,104,719	894	1,105,613
At 1 October 2010	63,827	851,106	666	95	8,838	(13,341)	(4,264)	—	5,392	192,400	1,104,719	894	1,105,613
Total comprehensive income for the year	—	—	—	—	—	(6,765)	4,264	—	—	53,748	51,247	720	51,967
Dividends declared in respect of the previous year	121	1,870	—	—	—	—	—	—	—	(10,765)	(8,774)	—	(8,774)
Dividends declared in respect of the current year	—	—	—	—	—	—	—	—	—	(11,937)	(11,937)	—	(11,937)
Placement of shares	6,560	102,423	—	—	—	—	—	—	—	—	108,983	—	108,983
Equity settled share-based transactions	—	—	—	—	3,691	—	—	—	—	—	3,691	—	3,691
Remuneration shares	137	2,069	—	—	—	—	—	—	—	—	2,206	—	2,206
Acquisition of subsidiaries	459	7,080	—	—	—	—	—	—	—	—	7,539	589	8,128
Conversion of convertible notes	1,775	26,587	—	—	—	—	—	—	—	—	28,362	—	28,362
Reclassification of convertible notes	—	—	—	—	—	—	—	54,371	—	—	54,371	—	54,371
At 30 September 2011	72,879	991,135	666	95	12,529	(20,106)	—	54,371	5,392	223,446	1,340,407	2,203	1,342,610

10 SHARE CAPITAL

		2011		2010	
		Number of shares	**Amount**	Number of shares	Amount
	Note	***'000***	***HK$'000***	*'000*	*HK$'000*
Authorised:					
Ordinary shares of US$0.01 each	(i)	**2,600,000**	**202,800**	1,200,000	93,600
Issued and fully paid:					
At 1 October		**818,294**	**63,827**	718,474	56,041
Conversion of convertible notes	(ii)	**22,760**	**1,775**	—	—
Placement of shares	(iii)	**84,100**	**6,560**	73,858	5,761
Shares issued as scrip dividend	(iv)	**1,546**	**121**	1,489	116
Remuneration shares	(v)	**1,750**	**137**	3,500	273
Acquisition of subsidiaries	(vi)	**5,890**	**459**	20,973	1,636
At 30 September		**934,340**	**72,879**	818,294	63,827

Notes:

(i) Increase in authorised share capital

By an ordinary resolution passed at the extraordinary general meeting held on 1 September 2011, the Company's authorised ordinary share capital was increased to 2,600,000,000 by the creation of an additional 1,400,000,000 ordinary shares of US$0.01 each, ranking paripassu with the existing ordinary shares of the Company in all respects.

(ii) Conversion of convertible notes

On 13 December 2010, the Series A Notes of First Media Holdings Limited ("First Media") with principal amount of HK$30,223,231 was converted into 22,760,000 ordinary shares at a conversion price of HK$1.3278 per ordinary share in accordance with the subscription agreement with First Media.

(iii) Placement of shares

A placement of existing 35,922,000 shares of the Company held by a substantial shareholder at a price of HK$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 HK$1.56 per share on 3 March 2010, and a discount of approximately 0.67% to the ten trading days average closing price of HK$1.49 per share up to and including 3 March 2010. The net proceeds was used to repay part of the outstanding bank borrowings of the Company and to finance the expansion of the Company's media advertising business. These shares rank paripassu with the existing ordinary shares of the Company in all respects.

A placement of 37,936,475 shares of the Company at a price of HK$1.3278 per share was made to First Media on 8 July 2010. The placing price presented a premium of approximately 15.46% to the closing price of HK$1.15 per share on 26 May 2010, and a premium of approximately 6.22% to the ten trading days average closing price of HK$1.25 per share up to and including 26 May 2010. The net proceeds was used to support operational improvement and strategic planning based upon extensive business consulting expertise and operational experience. These shares rank paripassu with the existing ordinary shares of the Company in all respects.

A placement of 84,100,000 shares of the company at a price of HK$1.35 per share was made with independent investors on 11 May 2011. The placing price represented a discount of approximately 0.74% to the closing price of HK$1.36 per share on 27 April 2011 and a premium of approximately 1.35% to the ten trading days average closing price of HK$1.332 per share up to and including 27 April 2011. The net proceeds was used to repay the outstanding bank borrowings of the Group, finance the expansion of the Group's media advertising and TV production business and as general working capital. These shares rank paripassu with the existing ordinary shares of the company in all respects.

(iv) Shares issued as scrip dividend

On 26 February 2010, the Company issued and allotted 833,689 ordinary shares of US$0.01 each at HK$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 paripassu with the existing ordinary shares of the Company in all respects.

On 9 August 2010, the Company issued and allotted 654,614 ordinary shares of US$0.01 each at HK$1.30 per share to the shareholders who received shares of the Company in lieu of cash for 2010 interim dividend pursuant to a scrip dividend scheme announced by the Company on 9 June 2010. These shares rank paripassu with the existing ordinary shares of the Company in all respects.

On 20 April 2011, the Company issued and allotted 1,545,631 ordinary shares of US$0.01 each at HK$1.288 per share to the shareholders who received shares of the Company in lieu of cash for 2010 final dividend pursuant to scrip dividend scheme announced by the Company on 25 March 2011. These shares rank paripassu with the existing ordinary shares of the Company in all respects.

(v) 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 paripassu with the existing ordinary shares of the Company in all respect.

At the extraordinary general meeting of the Company held on 21 March 2011, shareholders of the Company have approved to issue and allot up to 1,750,000 shares and 2,000,000 shares to Mr Lam Haw Shun, Dennis ("Mr Lam") and Mr Tse Wai Kuen, Gary ("Mr Tse"), upon their completion of 12 months of services. In addition, the Company have approved to issue and allot 20,000,000 shares to Dr Leung Anita Fung Yee, Maria ("Dr Leung"), upon her fulfillment of certain performance conditions and completion of service term. On 8 July 2011, 1,750,000 ordinary shares of US$0.1 per share was issued and allotted to Mr Lam for his appointment as non-executive director pursuant to this letter of appointment. These shares rank paripassu with the exiting ordinary shares of the Company in all respect.

(vi) Acquisition of subsidiaries

At the extraordinary general meeting of the Company held on 3 June 2010, shareholders of the Company have approved to issue and allot 20,973,154 shares to Rich State Media for acquisition of 51% of its issued share capital. The consideration shares were issued at HK$1.43 per share, measured at the closing price on 8 June 2010. These shares rank paripassu with the existing ordinary shares of the Company in all respects.

On 11 March 2011, the group entered into a sale and purchase agreement with an independent third party to acquire 55% of the issued share capital of Clear Light Group Limited ("Clear Light Group") with principal business activity in the provision of consultancy services at a purchase consideration consists of HK$36,000,000 of cash and 5,890,438 ordinary shares of the company. The consideration shares were issued at HK$1.28 per share measured at the closing price on 2 April 2011, and accordingly, Clear Light Group became a subsidiary of the company. These shares rank paripassu with the existing ordinary shares of the company in all respects.

(vii) Rights Issue

On 27 October 2011, the Company announced that it proposed to issue 3,742,660,840 to 4,824,397,052 new ordinary shares of US$0.01 each by way of a rights issue in the proportion of four rights share for every ordinary shares then held by qualifying shareholders at a subscription price of HK$0.08 per rights share.

Accordingly, the Company has proposed to increase its issued share capital by 7,400,000,000 shares to 10,000,000,000 shares. These newly issued shares rank pari passu in all respects with the existing shares. The net proceeds, after deduction of related expenses, of approximately HK$291,928,000 to HK$376,303,000 from the Rights Issue will be used to as to half of them for repayment of the Group's indebtedness which may include repayment of loans and redemption of convertible bonds.

MANAGEMENT DISCUSSION AND ANALYSIS

The People's Republic of China ("China", the "State" or the "Mainland") has had a robust economic development for the past five years, with an average gross domestic product (GDP) growth rate of 10.1%. According to the National Bureau of Statistics of China, the Mainland recorded a GDP growth of 11.6% for 2006, 13.0% for 2007, 9.6% for 2008, 9.1% for 2009 and 10.4% for 2010. The forecast of the GDP growth for 2011 would be no less than 9.0%. Despite the severe blow to the world economy by the global financial tsunami in late 2008 and 2009, China was amongst the very few countries that were less affected. Since 2007, the State has provided a strong stimulation in domestic demand supported by a strong foundation of economic growth. Yet the global economy has been facing a rising risk of recession since September 2011 as the United States and European economies continue to remain ailing. In spite of the tough external environment, the Group is confident to seek out opportunities during the crisis and focus our efforts in China, particularly in cultural industries and media services which are the few major sectors heavily supported by national policies.

Industry Overview

Within its cross-media service platform, the Group will continue to focus on the production of TV drama series as this sector will continue to provide ample opportunities due to the high growth consumer market supported by the Chinese population. With increasing wealth and an active pursuit of quality living, the Group expects the Chinese now to have a surging demand for leisure and entertainment TV programs. This is expected to facilitate the growth of the cultural industries and media services.

In late 2008, the outbreak of the financial tsunami created waves of suspension and abandonment of domestic TV drama production in China until 2009. Soon after the revival of TV drama production in 2010, TV dramas continued to enjoy market popularity and be the mainstream of TV programs. TV drama production and distribution resumed growth on the back of the public's craving for quality TV dramas as well as the supportive national policies. This business exhibited a strong growth momentum with domestic sales of TV dramas increased to RMB5.92 billion in 2010. The State Administration of Radio, Film and Television forecasted that total transactional value will reach RMB6.39 billion for 2011 and will eventually rise further to RMB6.90 billion in 2012.

Business Review

During the period under review, the Group recorded a turnover of HK$742.2 million, representing an increase of 74.8% as compared to the same period last year. Net profit of the Group amounted to HK$54.5 million, representing a drop of 31.9% as compared to the same period last year. The Group will continue its consistent dividend policy and a final scrip dividend of HK0.03 cent per share will be declared to shareholders, who may elect to receive payment in cash in lieu of shares.

During the period, not only did the Group experience a smooth development in its core business of TV drama production and distribution, it has also completed the production of 110 episodes of TV dramas since 2010 under the new co-operation model adopted after the financial tsunami in 2009 for a more secure investment and production of TV drama projects. The Group was able to achieve this with the support from its long-term partners in TV production and distribution. This strategy has proven to be effective in helping the Group to maintain a substantial profit as well as to secure its market share. This act has guarded the Group's investment in TV dramas against the risk of production write-off due to long payoff period in the event of any future financial tsunami or global economic downturn. In December 2010, the Group successfully entered into an agreement with 中國電視劇製作中心有限責任公司 (China TV Program Production Centre Company Limited*), owned and controlled by China Central Television ("CCTV"), to cooperate in the planning, investment, production and distribution of TV dramas for a term of four years. The first co-produced TV drama, Eagle's Nest — Reserve Officer, has been completed during the review period and is expected to air in the first half of 2012 on CCTV during prime time. The respective investment by the Group and the CCTV group in each TV drama to be produced will be agreed upon in separate agreements. The CCTV group will be responsible for arranging the first round broadcasting rights on CCTV channels. In addition, the abundant inventories in the Group's film library continued to realize considerable rental and disposal income, demonstrating the strength of the TV drama business in the China market and the ability to generate recurring income for the Group.

The Group's operating strategies for TV advertising have been adjusted to focus on quality and popular TV programs aired on major TV channels. Such flexible mode of operations not only improved the Group's cash flow, but also allowed the Group to provide advertisers with more comprehensive and better quality services in a more effective way. On 2 April 2011, the Group acquired 55% shareholding in Clear Light Group Limited, the key management of which has been engaging in the advertising business in China for more than 10 years with an impressive track record. By obtaining the controlling interest, the Group expects to strengthen its team of professionals in the domestic TV advertising business and to create synergy within the Group.

The Group's marketing and public relations business is also developing smoothly in China. In addition to securing new clients, this business has also been expanded to support the business of TV drama production and distribution. This is further supplemented to the Group's TV production business by providing quality and efficient public relations and marketing services for the sponsors of the TV dramas. In addition to providing professional services to the Group's long-standing TV advertisers, this business unit has also won marketing contracts from Henderson Land, and 3D-GOLD groups during the year. These new engagements will enrich the Group's client portfolio on top of its blue chip client, Hong Kong Trade Development Council. It is anticipated that the Group's marketing and public relations business will fuel the development of the Group's cross-media platform and create immeasurable synergy.

* *for identification purpose only*

The growth of the Group's TV drama business will require plenty of new talents. In view of this, the Group aims at providing valuable performing opportunities for artists. During the review period, the Group organised concerts in China, provided professional concert planning and production services to its peers and commenced the artist management business. The Group plans to actively arrange its artists to participate in the TV series produced and concerts organised in the future.

The Group's outdoor advertising business incurred a loss for the second half of 2011. This was mainly due to the temporary suspension of news and advertisements on a large LED board in Beijing in early 2011 which resulted in the cancellation of advertisement orders by customers of the Group and also adversely affected the advertising revenues of other related LED boards as the advertising rights were sold in a "bundle". However, the results of CBS Outdoor (Beijing) Limited engaging in bus advertising of over 6,000 buses in metropolitan area of Beijing, of which the Group has a 22.95% effective equity interest, recorded a profit as planned.

Business Prospects

The Group has been principally engaging in the provision of cross-media services including TV program production related services, TV advertising, out-of-home advertising (including advertising through outdoor LED boards), marketing and promotion services, art performance and public relations services.

In terms of the Group's businesses in relation to TV drama planning, investment, production and distribution, the Group has engaged in a long term cooperation with Fujian Radio, Movies and Television Group (福建廣播電影電視集團) pursuant to the Fujian Master Investors Procurement Agreement in producing 6,000 hours of TV programs for broadcasting during prime airtime on TV stations in the PRC since 2001. In addition, in relation to the Group's cooperation with CCTV, the number of cooperative dramas produced with CCTV is expected to increase substantially next year. The cooperation with CCTV will provide the Group with the advantage of having CCTV securing the first round broadcast of the jointly invested TV drama series on its channels. With the assistance of CCTV in the distribution of the jointly invested drama series, the Group can then focus on producing more quality TV drama series.

As mentioned in the Company's announcement dated 19 July 2011, Huaxia QJY and Beijing BeiAo Group Limited (a state-owned enterprise under the administration of Beijing State-owned Assets Management Co., Ltd.) ("Beijing BeiAo") entered into an investment agreement on 11 July 2011 (the "Investment Agreement") pursuant to which Huaxia QJY and Beijing BeiAo will jointly invest in TV program production. Beijing BeiAo will invest an amount not exceeding RMB250 million for the cooperation with Huaxia QJY (or other production units of the Group) in TV program production during the first three years of the term of cooperation. Huaxia QJY and Beijing BeiAo (together with other investors, where appropriate) will enter into separate agreements in respect of the investment, production and distribution of each jointly invested TV program. Profits to be derived from such programs will be distributed in proportion to their respective investments.

The Group is optimistic about expanding the TV media resources for the TV advertising business and will take a cautious but active approach to acquire established local advertising agencies in order to expand the Group's TV advertising platform.

For the outdoor advertising business, the Group aims to develop other unique outdoor advertising resources and to identify strategic partners who have the capability to complement the Group's outdoor advertising business for future growth in this medium.

While the Group will try to maximize the return from the intellectual property rights of various authors' literatures held by it through seeking strategic partnership for exploitation of such rights by various means, the Group will also sell short term adaptation rights of the authors' literatures to generate short-term income. This move will not only protect the completeness of the Group's intangible assets but also create immediate profit for the Group.

北京天下書趣科技發展有限公司, which was acquired by the Group last year, has established a strong operating team for the Group's new media business which has recently been determined to be the Group's new business focus. Moreover, the online publication of the works of Dr. Leung Anita Fung Yee Maria (the adaptation rights of which are already owned by the Group) has already earned considerable potential sponsorship revenue for the Group. The Group intends to employ an active, steady and prudent manner in its development of new media for its cross-media platform already built.

With the smooth development of the Group's core businesses of TV production and advertising, all diversified cultural businesses under the Group's cross-media platform will benefit from unique synergy.

OPERATING RESULTS

For the year ended 30 September 2011, the Group recorded a turnover of HK$742.2 million (2010: HK$424.6 million), an increase of 74.8% compared to that in last fiscal year. The Group recorded a net profit of HK$54.5 million for the year ended 30 September 2011 while that for the year ended 30 September 2010 was HK$80.0 million.

Revenue from TV advertising income remained almost the same level of last year of HK$98.8 million (2010: HK$100.4 million) while TV program related income experienced a significant growth by 100.1% to HK$593.8 million (2010: HK$296.8 million). Revenue from these two categories contributed to approximately 93.3% of total turnover in the year. The rise of the general administrative expenses to HK$93.5 million (2010: HK$67.4 million) was due to an increase in the staff costs, rental expenses and legal and professional fees during the year. Finance cost went up to HK$79.0 million (2010: HK$40.8 million) because of the increase in interest costs related to bank borrowings and convertible bonds during the year ended 30 September 2011.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent funding and treasury policy with regards to its overall business operation. As at 30 September 2011, the Group's cash level stood at HK$301.2 million (2010: HK$305.8 million). The balances are mainly 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 the balance sheet date, the Group had outstanding bank borrowings of approximately HK$401.0 million, comprising unsecured bank overdrafts of HK$4.6 million, short term revolving loans of HK$280.2 million, term loan of HK$59.2 million and mortgage bank loans of HK$57.0 million. All the Group's borrowings are at floating interest rates and denominated in Hong Kong Dollar and Renminbi. The unutilized bank loan facilities amounted to HK$166.6 million (2010: HK$96.4 million).

In addition, the Group issued convertible notes amounting to HK$216.1 million (2010: HK$242.6 million) to third parties for the purposes of financing the Group's expansion in TV production and advertising related businesses.

The gearing ratio (expressed as a percentage of total borrowings net of pledged deposit over total equity of the Group) was 34.3% (2010: 41.5%).

MORTGAGES AND CHARGES

Bank deposits of HK$89.3 million (2010: HK$69.0 million) and certain shares of a subsidiary were pledged to banks to secure general banking facilities granted to the Group.

Certain land and buildings with carrying value of HK$108.1 million (2010: HK$133.9 million) were pledged to secure for mortgage bank loans of HK$57.0 million (2010: HK$78.2 million).

In addition, a first fixed charge over the entire amount of issued share capital of and a guarantee given by certain subsidiaries held by the Company are pledged for convertible notes with outstanding principal amount of HK$100 million (2010: HK$100 million). Aggregated net assets held by those subsidiaries amounted to HK$28.8 million (2010: HK$124.8 million) which consist of purchased license rights with carrying value of HK$322.9 million (2010: HK$468.6 million) are pledged to the aforesaid convertible notes by means of a debenture over all assets of such subsidiary which owns the purchased license rights as of 30 September 2011.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY AND ASSOCIATE COMPANY

Acquisition of Clear Light Group

On 2 April 2011, the Group completed the acquisition of 55% of the issued share capital of Clear Light Group, settled partly in cash for HK$36,000,000 and the rest by issuing and allotting 5,890,438 shares of the Company. The principal activities of Clear Light Group are the provision of consultancy and advertising services in Guangzhou PRC.

USE OF PROCEEDS FROM PLACEMENT OF SHARES

During the year, the Company raised net proceeds (after expenses) of approximately HK$108.5 million by placing 84,100,000 shares. The net proceeds was used to repay part of the outstanding bank borrowings of the Group, to finance the expansion of the Group's media advertising and TV production business and as general working capital.

EXPOSURE TO FOREIGN EXCHANGE RISK

There have 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 ("HKD") or Renminbi ("RMB"). However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

EMPLOYEES

As at 30 September 2011, the Group had a total staff of 154 (2010: 88). Employees are remunerated based on their performance, experience and the prevailing industry practices, with compensation policies and packages being reviewed on a regular basis. Bonus payments are discretionary and depend on both the Group's performance and the performance of the individual employee. Benefits include retirement schemes, medical and dental care insurance and share option scheme.

FINAL DIVIDEND

The Directors have resolved to recommend payment of a final scrip dividend of HK0.03 cent per share, totaling HK$1.4 million for the year ended 30 September 2011, by way of allotment of new shares with an option to the shareholders to elect to receive the final dividend (or part thereof) in cash in lieu of such allotment (2010: final dividend in scrip form of HK1.28 cents per share with cash option), payable on or about 16 May 2012 to the shareholders of the Company whose names appear on the register of members of the Company on 27 March 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Wednesday, 21 March 2012, during which period no transfer of shares will be registered. In order to establish entitlements of attending and voting at the forthcoming annual general meeting of the Company, all share transfer, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share register and transfer office, Union Registrars Limited of 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later that 4:00 p.m. on Tuesday, 20 March 2012.

The register of members of the Company will be closed from Tuesday, 27 March 2012 to Friday, 30 March 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all share transfer, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited of 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Monday, 26 March 2012.

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

There were no purchases, sales or redemption of the Company's listed securities by the Company and any of its subsidiaries during the year ended 30 September 2011.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in 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 2010 annual general meeting held on 21 March 2011 as required by the Code Provision E.1.2 of the Listing Rules due to his personal commitment on that day.

The Company has received, from each of the independent non-executive directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive directors are independent.

COMPLIANCE WITH MODEL CODE

The Company, having made specific enquiry, confirms that all directors complied throughout the year with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. The relevant employees who, because of their office in the Company, are likely to be in possession of unpublished price sensitive information, have been requested to comply with the provisions of the Model Code.

REVIEW OF ACCOUNTS

The audit committee examined the accounting principles and practices adopted by the Group and discussed with the management its internal controls and accounts. The audit committee has reviewed the financial results of the Group for the year ended 30 September 2011.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

The results announcement, containing the relevant information required by the Listing Rules, is published on the Company's website at www.qjymedia.com and the website of the Stock Exchange at www.hkex.com.hk. The Company's annual report for the year ended 30 September 2011 will be published on the above websites and despatched to the shareholders in due course.

On behalf of the Board of Directors
QIN JIA YUAN MEDIA SERVICES COMPANY LIMITED
LEUNG ANITA FUNG YEE MARIA
Chief Executive Officer and Executive Director

Hong Kong, 28 December 2011

As at the date of this announcement, the Board of Directors consists of four executive directors: Dr. LEUNG Anita Fung Yee Maria (Chief Executive Officer), Mr. YIU Yan Chi, Bernard, Mr. TSIANG Hoi Fong and Mr. YEUNG Ching Wan (Chief Financial Officer); ten non-executive directors: Dr. Honourable WONG Yu Hong, Philip, GBS (Chairman), Mr. LIU Yuk Chi, David (Vice-Chairman), Mr. LAM Haw Shun, Dennis, JP, Ms. HO Chiu King, Pansy Catilina, Mr. FLYNN Douglas Ronald, Mr. OWYANG Loong Shui, Ivan, Mr. Stanley Emmett THOMAS, Mr. Lincoln PAN Lin Feng, Mr. Peter Alphonse ZALDIVAR and Dr. LIN Junbo; and three independent non-executive directors: Mr. LAU Hon Chuen, GBS, JP, Mr. HUI Koon Man, Michael, JP and Mr. Wayne CHOU.