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Qin Jia Yuan Media Services Company Limited

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 2366)

2012 interim report

For the nine months ended 30 June 2012

Corporate Information

Board of Directors

Executive Directors

Mr. LAI Tsz Wah *(Chief Executive Officer)*
(appointed as Executive director on 25 June 2012 and appointed as Chief Executive Officer on 9 July 2012)
Mr. GUO Hong *(appointed on 28 May 2012)*
Mr. YIU Yan Chi, Bernard *(resigned on 22 March 2012)*
Mr. TSIANG Hoi Fong *(retired on 21 March 2012)*
Mr. YEUNG Ching Wan *(Chief Financial Officer)*
(resigned on 22 March 2012)

Non-Executive Directors

Dr. LEUNG Anita Fung Yee Maria *(Chairman)*
(resigned as Chief Executive Officer and redesignated to Non-executive director on 9 July 2012)
Mr. Peter Alphonse ZALDIVAR
Mr. LAM Haw Shun, Dennis, JP
(alternate director to Mr. Peter Alphonse ZALDIVAR)
(appointed on 30 April 2012)
Dr. LIN Junbo
Dr. Honourable WONG Yu Hong, Philip, GBS
(Chairman) (retired on 21 March 2012)
Mr. LIU Yuk Chi, David *(Vice Chairman)*
(retired on 21 March 2012)
Mr. LAM Haw Shun, Dennis, JP *(resigned on 22 March 2012)*
Ms. HO Chiu King, Pansy Catilina *(resigned on 28 May 2012)*
Mr. FLYNN Douglas Ronald *(resigned on 22 March 2012)*
Mr. OWYANG Loong Shui, Ivan *(retired on 21 March 2012)*
Mr. Stanley Emmett THOMAS *(resigned on 28 May 2012)*
Mr. Lincoln PAN Lin Feng *(resigned on 28 May 2012)*

Independent Non-Executive Directors

Mr. LAU Hon Chuen, GBS, JP
Mr. HUI Koon Man, Michael, JP
Mr. Wayne CHOU

Audit Committee

Mr. Wayne CHOU *(Chairman)*
Mr. LAU Hon Chuen, GBS, JP
Mr. LAM Haw Shun, Dennis, JP *(resigned on 22 March 2012)*
Mr. HUI Koon Man, Michael, JP
Mr. Lincoln PAN Lin Feng *(resigned on 28 May 2012)*

Remuneration Committee

Mr. LAU Hon Chuen, GBS, JP *(Chairman)*
Mr. LAM Haw Shun, Dennis, JP *(resigned on 22 March 2012)*
Mr. HUI Koon Man, Michael, JP
Mr. Stanley Emmett THOMAS *(resigned on 28 May 2012)*
Mr. Wayne CHOU

Authorised Representatives

Dr. LEUNG Anita Fung Yee Maria
Mr. Wayne CHOU *(appointed on 22 March 2012)*
Mr. TSIANG Hoi Fong *(ceased on 21 March 2012)*

Company Secretary

Ms. MUI Ngar May

Auditors

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

Tax Adviser

Ernst & Young
Certified Public Accountants
22nd Floor
CITIC Tower
1 Tim Mei Avenue
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

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

Branch Offices

Units 21–23
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

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") reports the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the nine months ended 30 June 2012. These results have been reviewed by the Company's auditors, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and by the Audit Committee.

Management Discussion and Analysis

Business Review

The economic prosperity of China in recent years has laid the solid groundwork for the country's cultural development. The Cultural Industry Promotion Program launched by the Chinese government a few years ago reiterated the promotion of the country's culture industry as a key national policy. The program covers eight major sectors including television (TV) program and film production, performing arts, cultural creativity, large-scale events, digital content, etc. which have full government support. Cultural development is further facilitated with the promulgation of the National Framework for Cultural Reform and Development Planning for the "12th Five-Year Plan" Period（《國家「十二五」時期文化改革發展規劃綱要》）in February 2012 requiring earnest and thorough implementation according to actual circumstances by all government departments across the country. The combination of the above has allowed the Group's business to flourish.

Investment in and planning, production and distribution of TV series has been the Group's major business since its establishment. More than a decade of extensive experience and exposure in China, together with the support of the favorable national policy, enables the Group to better position and define its business for the future, further develop on a solid ground, and capture future opportunities for business breakthrough and advancement.

Review of Operations

During the period, the Group recorded a turnover of HK$329.7 million, which showed a decrease of 28.7% compared to the corresponding period last year. After deducting direct costs, gross profit amounted to HK$121.7 million, rose by 5.9% from HK$114.9 million for the corresponding period last year. Profit from operations was up by 23.7% to HK$88.3 million from HK$71.4 million for the corresponding period last year. Profit from operations for the nine months ended 30 June 2012 was satisfactory with a growth of 23.7% mainly attributable to the significant gross profit generated for the Group from the sale of adaptation rights and the Group's continuous and stringent cost control.

In its pursuit of expanding the major business of investment in and planning, production and distribution of TV series, the Group streamlined its operations by disposing of its shareholdings in Triangle Marketing Services Company Limited, a non wholly-owned subsidiary of the Group, during the period, resulted in a gain of approximately HK$4.0 million. Triangle Marketing Services Company Limited was principally engaged in the provision of advertising agency, marketing and promotion and event management services. The Group believed that the disposal allowed it to optimize its existing business portfolio in the best interests of the shareholders.

Nevertheless, profit for the period was HK$11.9 million (30 June 2011: HK$30.9 million), which was primarily due to the one-off financial impact from the early redemption of the interest-bearing convertible notes in an aggregate principal amount of HK$90,669,693 due in 2015 issued by the Company to First Media Holdings, Limited, including an actual interest of approximately HK$50,000,000 calculated in accordance with Hong Kong Accounting Standards 32 and 39 and a premium for early redemption of approximately HK$10,000,000.

Overall, the Group's turnover and net profit for the period dipped as compared to the corresponding period last year. However, excluding the one-off effect of the early redemption of convertible notes based on accounting and financial standards, there was an improvement in profit from operations as compared to last year.

In respect of its major/core business of investment in and planning, production and distribution of TV series since its foundation, the Group reached a long-term co-operation agreement with 中國電視劇製作中心有限責任公司 (China TV Program Production Centre Company Limited), a subsidiary of China Central Television, (hereafter referred to as "China TV") in early 2011 for the investment in and planning, production and distribution of TV series. As a result, the Group has shifted its operational focus onto the partnership with China TV and working with major provincial TV stations to produce large-scale and high-quality TV series that will be premiered on China Central Television's channels and/or major provincial satellite channels. Clearly, the rate of coverage and ratings of premiere on China Central Television's channels and major satellite channels are far more superior, and it is expected that the turnover and profitability of the Group's major business will further improve. Unfortunately, the time span between the planning and the broadcast of a collaborative project with China TV is generally no less than two years. With the outstanding TV series projects with China TV, the partnership has not made any contribution to the Group's performance during the first nine months ended 30 June 2012.

Over 50% of the Group's turnover in 2009, 2010 and 2011 was attributable to the sale of the Group's film library. The coming unification of three networks (internet, telecommunications and cable TV) means that media content will be favored over form. The competition between the traditional platform of TV and new media platforms will become fiercer in serving as distribution networks. Since the Group has the capability of producing and distributing large-scale and high-quality TV series, this will increase the distributive value of the Group's film library. The corporate strategy during the year was to focus on its major business, and hence, there is no short-term plan to sell the Group's film library. A long-term view of management and operations has been undertaken to ensure that short-term gains are not made at the expense of long-term growth and development. Strengthening the Group's TV series assets is of utmost priority.

2012 is a year for strengthening the Group's core business and the results for this year reflects a "spring board" period for the Group. While the Group spent great efforts in defining its business strategies, its cross-media service platform, which includes TV and outdoor advertising agency, marketing planning and public relations activities undertaken by the Group's subsidiaries, has shown a stable development. This has had a positive effect on the maintenance of the core operations.

Business Prospects

Upon the successful completion of a rights issue in February 2012 with an over-subscription of almost 6 times, the Group redeemed the convertible notes issued to First Media Holdings, Limited. It also entered into agreements with each of Smart Peace Development Limited and Star Group International Investment Limited to amend the terms of the convertible notes issued to them to enable the Group to redeem the outstanding principal amount of the convertible notes. It is believed that this would boost investors' confidence and have a positive effect overall.

Despite the weak market sentiment, the rights issue was completed with an over-subscription, giving the management of the Group confidence to carry on developing its mainstream businesses. At a time when TV content is and will continue to be of utmost importance, the majority of the Group's resources will be devoted to content provision.

The Group is taking a two-pronged approach to consolidate and strengthen its cultural assets for content diversification: owing to the lengthy process of making a TV series, the Group's strategy is to increase the number of TV series co-produced with China TV and major provincial TV stations, and to acquire quality TV series and films domestically and internationally. The government's support in Chinese TV and film production is a way to protect and advocate the Chinese culture, and it is believed that foreign productions are also supported in order to broaden the horizons of the Chinese people and to enhance their knowledge of the world. In fact, the demand for quality TV productions in China has always been significantly higher than the supply, and there is a huge development potential for quality productions on both TV and new media. In response to the immense demand for TV content in China, the Group will emphasized on its two-pronged approach to produce, acquire and introduce domestic and foreign quality TV series and movies, so as to consolidate the Group's position as a leading content provider.

Also, the Group holds the adaptation right to the works of a number of renowned writers, allowing it to generate revenue from the sale of such adaptation rights and the production of TV series based on the adaptation, and thus make satisfactory net profits. With over a thousand works available for screen adaptation, the right contributes long-term value to the Group's intangible assets and is undoubtedly the crown jewel for the Group's TV series production that is critical in increasing the long-term value of the Group's assets.

While seizing the opportunities brought by the development of the Chinese cultural industry, the Group will continue to enhance its core businesses by maintaining a high-quality film library, protecting its existing adaptation rights and seeking breakthroughs in its new media business in order to achieve further advancement.

Liquidity and Financial Resources

The Group adopts a prudent funding and treasury policy. As at 30 June 2012, the Group's cash level stood at HK$160.9 million (30 September 2011: HK$301.2 million). 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.

In addition, the Group issued convertible notes amounting to HK$167.3 million (30 September 2011: HK$221.5 million) to third parties for the purpose of financing the Group's expansion in TV production and advertising related businesses.

As at 30 June 2012, the Group had outstanding borrowings of approximately HK$476.1 million, comprising, interest-bearing loan of HK$30.0 million, unsecured bank overdrafts of HK$4.4 million, short term revolving bank loan of HK$325.0 million, term bank loan of HK$90.5 million and mortgage bank loan of HK$26.2 million. All the Group's bank borrowings are at floating rates and denominated in Hong Kong Dollar and Renminbi. The unutilized bank loan facilities amount to HK$27.1 million (30 September 2011: HK$166.6 million).

The gearing ratio (expressed as a percentage of total borrowings net of pledged deposits over total equity) was 30.4% (30 September 2011: 34.3%).

Mortgage and charge

As at 30 June 2012, bank deposits of HK$89.2 million (30 September 2011: HK$89.3 million) were pledged to banks to secure general banking facilities granted to the Group.

Certain land and buildings with carrying value of HK$48.9 million (30 September 2011: HK$108.1 million) was secured for mortgage bank loan of HK$26.2 million (30 September 2011: HK$57.0 million).

As at 30 June 2012, the entire amount of issued share capital of certain subsidiaries held by the Company is pledged for convertible notes with outstanding principal amount of HK$100.0 million (30 September 2011: HK$100.0 million). Aggregate net assets held by those subsidiaries amounted to HK$14.2 million (30 September 2011: HK$28.8 million), which consist of purchased licence rights with carrying value of HK$312.3 million (30 September 2011: HK$322.9 million) as at 30 June 2012.

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 or Renminbi. However, the management monitors closely the exposures and will consider hedging the exposures should the need arises.

Employees

As at 30 June 2012, the Group had a total staff of 96. 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

On 30 April 2012, the Board declared an interim scrip dividend with a cash option of HK0.025 cent per share for the six months ended 31 March 2012 (2011: HK1.28 cents per share). The Board has resolved not to declare dividend for the period ended 30 June 2012.

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 ("Participants") (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 nine months ended 30 June 2012, the Company did not grant any option (nine months ended 30 June 2011: nil options) to Participants to subscribe for shares of the Company.

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

At 30 June 2012, 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 of Hong Kong Limited (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 pursuant to share option**	**Per cent of total issued share capital of the Company as at 30 June 2012**
Dr. LEUNG Anita Fung Yee Maria ("Dr. Leung")	Interests in controlled corporation and beneficial owner and interests of spouse	20,000,000 *(Note 1)*	1,269,230 *(Note 2)*	301,317,171 *(Note 3)*	322,586,401	Nil	6.89%
Mr. GUO Hong	Beneficial owner	6,755,626	Nil	Nil	6,755,626	Nil	0.14%
Mr. LAM Haw Shun, Dennis, JP (alternate director)	Beneficial owner	25,746,632	Nil	Nil	25,746,632	2,692,910	0.61%
Mr. HUI Koon Man, Michael, JP	Beneficial owner	2,289,477	Nil	Nil	2,289,477	1,269,230	0.07%
Mr. LAU Hon Chuen, GBS, JP	Beneficial owner	Nil	Nil	Nil	Nil	2,692,910	0.05%

Notes:

1. The 20,000,000 shares will be issued and allotted to Dr. Leung as bonus shares, credited as fully paid, pursuant to her service agreement.

2. The family interest of 1,269,230 shares refers to those shares options beneficially owned by Dr. Honourable WONG Yu Hong, Philip, GBS, a substantial shareholders within the meaning of SFO, spouse of Dr. Leung.

3. The 301,317,171 shares are held as to 222,324,984 shares by Dynamic Master Developments Limited and 78,992,187 shares by Up & Rise Limited. Dynamic Master Developments Limited is owned as to 58.37% by Goodhold Limited. Dr. Leung is entitled to exercise control of 50% in Goodhold Limited and 100% in Up & Rise Limited and therefore is deemed to be interested in the 301,317,171 shares under the SFO.

(ii) Share options of the Company

Participants	Date of Grant	Exercise Period	Exercise price per share HK$	Number of share options: As at 1 October 2011	Adjusted during the period	Exercise during the period	Lapsed/ Cancelled during the period	As at 30 June 2012	Per cent of total issued share capital of the Company as at 30 June 2012
Directors									
Mr. LAU Hon Chuen, GBS, JP	21 March 2007	21 March 2007 to 13 June 2014	0.8076*	560,844	862,836	–	–	1,423,680	0.030%
	21 December 2009	8 January 2010 to 13 June 2014	0.6422*	500,000	769,230	–	–	1,269,230	0.027%
Mr. HUI Koon Man, Michael, JP	21 December 2009	15 January 2010 to 13 June 2014	0.6422*	500,000	769,230	–	–	1,269,230	0.027%
Mr. Lam Haw Shun, Dennis, JP (alternate director)	6 March 2007	6 March 2007 to 13 June 2014	0.0876*	560,844	862,836	–	–	1,423,680	0.030%
	21 December 2009	7 January 2010 to 13 June 2014	0.6422*	500,000	769,230	–	–	1,269,230	0.027%
Consultant	21 December 2009	12 January 2010 to 13 June 2014	0.6422*	500,000	769,230	–	–	1,269,230	0.027%
Other participants	15 March 2007	15 March 2007 to 13 June 2014	0.8076*	5,608,453	8,628,389	–	–	14,236,842	0.303%
	16 April 2008	16 April 2008 to 13 June 2014	1.6231*	1,365,861	2,101,324	–	3,467,185	–	–
	22 May 2008	22 May 2008 to 13 June 2014	2.0249*	682,930	1,050,661	–	1,733,591	–	–
	21 December 2009	7 Jan 2010 to 13 June 2014	0.6422*	4,000,000	6,153,842	–	7,615,382	2,538,460	0.054%
	10 June 2008	10 June 2008 to 13 June 2014	2.0249*	682,930	1,050,661	–	–	1,733,591	0.037%
	21 December 2009	29 January 2010 to 13 June 2014	0.6422*	500,000	769,230	–	–	1,269,230	0.027%
Total				15,961,862	24,556,699	–	12,816,158	27,702,403	

* *Exercise price and number of options were adjusted after the Rights Issue of four shares for every one existing share on 14 February 2012.*

Notes:

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

2. Mr. WONG Ying Ho, Kennedy, GBS, JP, resigned as Director on 29 November 2010 and was appointed as consultant of the Company. His interests in share options to subscribe for shares of the Company were reclassified under the category of consultant.

3. Other participants include Ms Ho Chiu King, Pansy Catilina, who resigned as director on 28 May 2012 and the former directors, Mr. TSIANG Hoi Fong and Dr. Honourable WONG Yu Hong, Philip, GBS, as they remain as directors of subsidiaries of the Group.

4. Mr. LAM Haw Shun, Dennis, JP was appointed as an alternate director to Mr. Peter Alphonse ZALDIVAR on 30 April 2012. His interest in share options were reclassified under the category of “Other participants” to “Directors”.

5. During the year, no options are granted under the Share Option Scheme.

(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 30 June 2012
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%
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%

Notes:

1. The 2 shares in QJY Cultural are held as to 1 share by Dr. Leung and 1 share by Dr. Honourable Wong Yu Hong Philip, GBS. As Dr. Leung and Dr. Wong are a married couple, Dr. Leung is 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. Dr. Leung is entitled to exercise control over the Triglory Corporation, and therefore, Dr. Leung is deemed to be interested in this 1 share in QJY Publishing.

Save as mentioned above, as at 30 June 2012, 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

The interests and short positions of those persons (other than a Director or chief executive of the Company disclosed above) holding 5% or more in the shares and underlying shares of the Company as at 30 June 2012, which have been notified to the Company and 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 option/share options	Per cent of total issued share capital as at 30 June 2012	Notes
Dr. Honourable Wong Yu Hong, Philip, GBS ("Dr. Wong")	Beneficial owner, Interest in controlled corporation and interest of spouse	Personal interest/ corporate interest/family interest	321,317,171	1,269,230	6.89%	1
Hong Kong Xinhu Investment Co., Limited	Beneficial owner	Beneficial interest	331,886,779	233,916,302	12.08%	2
Xinhu Zhongbao Co Ltd	Interest in controlled corporation	Corporate Interest	331,886,779	233,916,302	12.08%	2
Kabouter Management LLC	Investment manager	Other interest	379,875,798	—	8.11%	—
Loyal Concept Limited	Beneficial owner	Beneficial interest	500,000,000	—	10.67%	3
Hanny Holdings Limited	Interest in controlled corporation	Corporate interest	500,000,000	—	10.67%	3

Notes:

1. Dr. Wong is spouse of Dr. Leung, he is deemed to be interested in 98,992,187 shares (including 20,000,000 bonus shares to be issued to Dr. Leung) in which Dr. Leung had interested. Dr. Wong has personal interest in share options to subscribe for 1,269,230 shares. Dr. Wong also has corporate interest in 222,324,984 shares held by Dynamic Master Developments 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.

2. Hong Kong Xinhu Investment Co., Limited is wholly owned by Xinhu Zhongbao Co Ltd., which is listed on the Shanghai Stock Exchange. Hong Kong Xinhu Investment Co., Limited is the beneficial owner of 331,886,779 shares and the interest in 233,916,302 underlying shares through equity derivatives. The terms of the option granted for underlying shares are set out in the announcement made by the Company on 17 May 2011.

3. Loyal Concept Limited is indirect wholly-owned by Hanny Holdings Limited, which is listed on Hong Kong Stock Exchange. Hanny Holdings Limited is deemed to be interested in 500,000,000 shares held by Loyal Concept Limited under the SFO.

Save as disclosed above, the Company had not been notified of any other interests or short positions in the shares or underlying shares representing 5% or more of the issued share capital of the Company as at 30 June 2012.

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

On 28 June 2012, QJY Marketing Group Company Limited, a direct wholly-owned subsidiary of the Company, and Rodney's Think Tank Holdings Limited, have entered into the Sale and Purchase Agreement for the disposal of shares, representing 90% equity interest in Triangle Marketing Services Company Limited at a total consideration of HK$6.0 million to be settled in cash.

Save as disclosed above, the Group had no other materials acquisition or disposal of subsidiaries and associated companies during the nine months ended 30 June 2012.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less 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 nine months ended 30 June 2012.

Corporate Governance Practices

During the nine months ended 30 June 2012, the Company has complied with the code provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012) (the "Code") contained in Appendix 14 of the Listing Rules except the following deviation:

The then Chairman of the Company, Dr. Honourable Wong Yu Hong, Philip, did not attend the annual general meeting held on 21 March 2012 due to his personal commitment. In addition, due to personal commitments, the independent non-executive directors did not attend an extraordinary general meeting of the Company held on 30 March 2012 to approve a transaction subject to independent shareholders' approval. These constitute a deviation of the code provision E.1.2 of the Code.

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Dr. Leung Anita Fung Yee Maria has the combined role of Chairman and Chief Executive Officer since 22 March 2012. The Company has deviated from code provision A.2.1 for the period from 22 March 2012 to 30 June 2012. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group as the non-executive directors form the majority of the Board, with three out of eight of the Directors being independent non-executive directors. As announced on 25 June 2012, Dr. Leung Anita Fung Yee Maria resigned and Mr. Lai Tsz Wah was appointed as the Chief Executive Officer with effect from 9 July 2012.

The Company has not established a nomination committee as required under the new code provision A.5 of the Code . The review of structure, size and composition of the Board, appointment of new director, re-appointment of director and assessment of independence of independent non-executive directors, etc. are matters for consideration and decision by the full Board. The Board as a whole is responsible for the procedures of agreeing to the appointment of its members and for nominating appropriate person for election or re-election pursuant to the articles of association of the Company by shareholders at the annual general meeting.

CHANGES OF DIRECTORS' 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 2011 Annual Report are as follows:

1. Dr. LEUNG Anita Fung Yee Maria was re-designated from an executive Director to a non-executive Director on 25 June 2012.

2. Dr. LEUNG Anita Fung Yee Maria resigned and Mr. LAI Tsz Wah was appointed as the Chief Executive Officer with effect from 9 July 2012, but remains as the Chairman of the Board.

3. Mr. LAU Hon Chuen, GBS, JP ceased to be a solicitor of Supreme Court of England and Wales, a barrister and solicitor of the Supreme Court of Victoria, Australia, advocate and solicitor of the Supreme Court of the Republic of Singapore.

4. Mr. Wayne CHOU is presently the CEO of MyChinaChannel. MyChinaChannel is a start-up television network with a focus on compelling balanced and relevant China content for the international audience. The company is also involved in programme production and distribution.

Save for the information disclosed above, the Company is not aware of other change in the directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Audit Committee

The audit committee has reviewed the interim financial statements for the nine months ended 30 June 2012 before they were tabled for the Board's review and approval and are of the opinion that such statements 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
Qin Jia Yuan Media Services Company Limited

LEUNG Anita Fung Yee Maria
Director

Hong Kong, 7 August 2012

Consolidated Income Statements

(Expressed in Hong Kong dollars)

		For the three months from		For the nine months from	
		1 April 2012 to 30 June 2012	1 April 2011 to 30 June 2011	**1 October 2011 to 30 June 2012**	1 October 2010 to 30 June 2011
		Unaudited	Unaudited	**Unaudited**	Unaudited
	Note	**$'000**	$'000	**$'000**	$'000
Turnover	4	**137,048**	147,725	**329,676**	462,394
Direct costs		**(98,906)**	(130,890)	**(207,956)**	(347,509)
		38,142	16,835	**121,720**	114,885
Other revenue	5(a)	**487**	290	**1,365**	786
Other net (loss)/income	5(b)	**(362)**	5,454	**546**	13,622
Administrative and other operating expenses		**(20,323)**	(24,555)	**(35,287)**	(57,860)
Profit/(loss) from operations		**17,944**	(1,976)	**88,344**	71,433
Change in fair value of derivative financial instruments	16	**—**	(295)	**40,937**	10,718
Share of profit of an associate		**830**	2,263	**2,107**	5,051
Gain on disposal of a subsidiary	6(c)	**4,043**	—	**4,043**	—
Finance costs	6(a)	**(20,586)**	(20,287)	**(120,769)**	(52,202)
Profit/(loss) before taxation	6	**2,231**	(20,295)	**14,662**	35,000
Income tax	7	**(683)**	116	**(2,780)**	(4,051)
Profit/(loss) for the period		**1,548**	(20,179)	**11,882**	30,949

The notes on pages 21 to 39 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 8.

Consolidated Income Statements

(Expressed in Hong Kong dollars)

		For the three months from		For the nine months from	
		1 April 2012 to 30 June 2012	1 April 2011 to 30 June 2011	**1 October 2011 to 30 June 2012**	1 October 2010 to 30 June 2011
		Unaudited	Unaudited	**Unaudited**	Unaudited
	Note	**$'000**	$'000	**$'000**	$'000
Attributable to:					
Equity shareholders of the company		**(740)**	(19,805)	**11,391**	30,074
Non-controlling interests		**2,288**	(374)	**491**	875
Profit/(loss) for the period		**1,548**	(20,179)	**11,882**	30,949
(Loss)/earnings per share					
Basic	9(a)	**(0.02) cent**	(1.33) cents	**0.40 cent**	2.12 cents
Diluted	9(b)	**(0.02) cent**	(1.33) cents	**0.40 cent**	2.10 cents

The notes on pages 21 to 39 form part of these financial statements.

Consolidated Statements of Comprehensive Income

(Expressed in Hong Kong dollars)

		For the three months from		For the nine months from	
		1 April 2012 to 30 June 2012	1 April 2011 to 30 June 2011	**1 October 2011 to 30 June 2012**	1 October 2010 to 30 June 2011
		Unaudited	Unaudited	**Unaudited**	Unaudited
	Note	**$'000**	$'000	**$'000**	$'000
Profit/(loss) for the period		**1,548**	(20,179)	**11,882**	30,949
Other comprehensive income for the period					
Exchange difference on translation of financial statements of foreign operations		**(61)**	(749)	**(979)**	(3,835)
Cash flow hedge: effective portion of changes in fair value, net of deferred tax		**–**	21	**–**	69
		(61)	(728)	**(979)**	(3,766)
Total comprehensive income for the period		**1,487**	(20,907)	**10,903**	27,183
Attributable to:					
— Equity shareholders of the company		**(801)**	(20,533)	**10,412**	26,308
— Non-controlling interests		**2,288**	(374)	**491**	875
Total comprehensive income for the period		**1,487**	(20,907)	**10,903**	27,183

The notes on pages 21 to 39 form part of these financial statements.

Consolidated Balance Sheet

At 30 June 2012
(Expressed in Hong Kong dollars)

	Note	At 30 June 2012 Unaudited $'000	At 30 September 2011 Audited $'000
Non-current assets			
Fixed assets		**116,797**	120,447
Interest in associates		**74,186**	70,973
Intangible assets	10	**1,167,881**	877,661
Goodwill		**21,076**	21,076
Other financial assets	11	**31,908**	31,908
Other asset		**380**	380
		1,412,228	1,122,445
Current assets			
Inventories	12	**474,176**	377,903
Accounts receivable	13	**169,195**	409,663
Prepayments, deposits and other receivables		**287,923**	254,283
Pledged deposits		**89,223**	89,281
Cash and cash equivalents		**71,708**	211,875
		1,092,225	1,343,005
Current liabilities			
Bank loans and overdrafts		**(396,742)**	(332,248)
Interest-bearing loan	14	**(30,000)**	—
Loan from a shareholder		**—**	(28,000)
Accruals and other payables	15	**(264,317)**	(504,301)
Current taxation		**(21,336)**	(19,252)
Derivative financial instruments	16	**—**	(40,937)
Convertible notes	17	**(107,521)**	(120,790)
		(819,916)	(1,045,528)
Net current assets		**272,309**	297,477
Total assets less current liabilities		**1,684,537**	1,419,922

Consolidated Balance Sheet

At 30 June 2012
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2012 Unaudited $'000**	At 30 September 2011 Audited $'000
Non-current liabilities			
Bank loans		**(49,322)**	(68,703)
Deferred tax liability		**(7,256)**	(8,609)
		(56,578)	(77,312)
NET ASSETS		**1,627,959**	1,342,610
CAPITAL AND RESERVES			
Share capital	18	**365,333**	72,879
Reserves		**1,260,550**	1,267,528
Total equity attributable to equity shareholders of the company		**1,625,883**	1,340,407
Non-controlling interests		**2,076**	2,203
TOTAL EQUITY		**1,627,959**	1,342,610

The notes on pages 21 to 39 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the nine months ended 30 June 2011 — unaudited
(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	Equity component of convertible notes $'000	Warrant reserve $'000	Retained earnings $'000	Total $'000	Non-controlling Interests $'000	Total $'000
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 period	–	–	–	–	–	(3,835)	69	–	–	30,074	26,308	875	27,183
Dividends declared in respect of the prior year *(note 18(iv))*	121	1,870	–	–	–	–	–	–	–	(11,937)	(9,946)	–	(9,946)
Dividends declared in respect of the current year	–	–	–	–	–	–	–	–	–	(10,765)	(10,765)	–	(10,765)
Placement of shares *(note 18(iii))*	6,560	102,423	–	–	–	–	–	–	–	–	108,983	–	108,983
Conversion of convertible notes *(note 18(ii))*	1,775	26,587	–	–	–	–	–	–	–	–	28,362	–	28,362
Acquisition of subsidiaries *(note 18(vi))*	459	7,080	–	–	–	–	–	–	–	–	7,539	589	8,128
Reclassification of convertible notes *(note 17)*	–	–	–	–	–	–	–	54,371	–	–	54,371	–	54,371
Equity settled share-based transactions *(note 18(v))*	–	–	–	–	5,557	–	–	–	–	–	5,557	–	5,557
At 30 June 2011	72,742	989,066	666	95	14,395	(17,176)	(4,195)	54,371	5,392	199,772	1,315,128	2,358	1,317,486

The notes on pages 21 to 39 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the nine months ended 30 June 2012 — unaudited

(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**	**Equity component of convertible notes $'000**	**Warrant reserve $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling Interests $'000**	**Total $'000**
At 1 October 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
Total comprehensive income for the period	–	–	–	–	–	(979)	–	–	–	11,391	10,412	491	10,903
Dividends declared in respect of the prior year *(notes 8 and 18(iv))*	527	1,440	–	–	–	–	–	–	–	(1,404)	563	–	563
Dividends declared in respect of the current year *(note 8)*	–	–	–	–	–	–	–	–	–	(1,170)	(1,170)	–	(1,170)
Rights issue *(note 18(vii))*	291,927	(8,406)	–	–	–	–	–	–	–	–	283,521	–	283,521
Equity settled share-based transactions *(note 18(v))*	–	–	–	–	(7,850)	–	–	–	–	–	(7,850)	–	(7,850)
Disposal of a subsidiary *(note 6(c))*	–	–	–	–	–	–	–	–	–	–	–	(618)	(618)
At 30 June 2012	365,333	984,169	666	95	4,679	(21,085)	–	54,371	5,392	232,263	1,625,883	2,076	1,627,959

The notes on pages 21 to 39 form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

for the nine months ended 30 June 2012
(Expressed in Hong Kong dollars)

		Nine months ended 30 June	
		2012	2011
		Unaudited	Unaudited
	Note	**$'000**	$'000
Net cash used in operating activities		**(7,352)**	(191,720)
Net cash (used in)/generated from investing activities		**(330,279)**	14,405
Net cash generated from financing activities		**197,464**	97,184
Net decrease in cash and cash equivalents		**(140,167)**	(80,131)
Cash and cash equivalents at 1 October 2011/2010		**211,875**	236,796
Cash and cash equivalents at 30 June 2012/2011		**71,708**	156,665

The notes on pages 21 to 39 form part of these financial statements.

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

1 Basis of preparation

Most of the businesses of the Group are carried out in the People's Republic of China ("PRC"). The business partners of the Group and the Company's subsidiaries established in the PRC have their financial year end on 31 December. On 30 April 2012, the Company announced its financial year end date has been changed from 30 September to 31 December which will facilitate the Company to prepare and update its financial statements for the preparation of the consolidated financial statements. Accordingly, the Company's current financial period will cover a period of fifteen months from 1 October 2011 to 31 December 2012. The first interim financial statements which were issued on 30 April 2012 covered six-month period from 1 October 2011 to 31 March 2012. These second interim financial statements cover the nine-month period from 1 October 2011 to 30 June 2012.

The comparative amounts of the consolidated income statements, the consolidated statements of comprehensive income in respect of the three months ended 30 June 2011 and the nine months ended 30 June 2011, and the comparative amounts of the consolidated statement of changes in equity and the condensed consolidated statement of cash flows in respect of the nine months ended 30 June 2011 and the related notes were derived from the Group's unaudited management accounts.

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, 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 7 August 2012.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements.

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

These interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2011 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 independent review report to the Board of Directors is included on page 40.

The financial information relating to the financial year ended 30 September 2011 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 2011 are available from the Company's head office and principal place of business in Hong Kong. The auditor has expressed an unqualified opinion on those financial statements in their report dated 28 December 2011.

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

2 Changes in accounting policies

The HKICPA has issued a number of new or revised HKFRSs, which term collectively included individual HKFRSs, HKASs and Interpretations, that are first effective or available for early adoption for the current accounting period of the group. 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.

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.

4 Turnover

	For the three months from		**For the nine months from**	
	1 April 2012 to 30 June 2012 Unaudited $'000	1 April 2011 to 30 June 2011 Unaudited $'000	**1 October 2011 to 30 June 2012 Unaudited $'000**	1 October 2010 to 30 June 2011 Unaudited $'000
TV program related income	**75,940**	95,616	**208,875**	364,366
TV advertising income	**60,555**	35,401	**114,687**	51,461
Outdoor advertising income	**—**	13,341	**3,621**	38,398
Public relations service income	**553**	3,367	**2,493**	8,169
	137,048	147,725	**329,676**	462,394

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

5 Other revenue and other net (loss)/income

(a) Other revenue

	For the three months from		For the nine months from	
	1 April 2012 to 30 June 2012 Unaudited $'000	1 April 2011 to 30 June 2011 Unaudited $'000	**1 October 2011 to 30 June 2012 Unaudited $'000**	1 October 2010 to 30 June 2011 Unaudited $'000
Interest income	**209**	74	**818**	548
Others	**278**	216	**547**	238
	487	290	**1,365**	786

(b) Other net (loss)/income

	For the three months from		For the nine months from	
	1 April 2012 to 30 June 2012 Unaudited $'000	1 April 2011 to 30 June 2011 Unaudited $'000	**1 October 2011 to 30 June 2012 Unaudited $'000**	1 October 2010 to 30 June 2011 Unaudited $'000
(Loss)/gain on disposal of fixed assets	**—**	4,459	**(11)**	9,170
Net exchange (loss)/gain	**(362)**	995	**557**	4,452
	(362)	5,454	**546**	13,622

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

6 Profit/(loss) before taxation

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

(a) Finance costs

	For the three months from		For the nine months from	
	1 April 2012 to 30 June 2012 Unaudited $'000	1 April 2011 to 30 June 2011 Unaudited $'000	**1 October 2011 to 30 June 2012 Unaudited $'000**	1 October 2010 to 30 June 2011 Unaudited $'000
Interest on bank advances and other borrowings wholly repayable within five years	**12,174**	11,784	**31,602**	27,799
Interest on other borrowings wholly repayable after five years	**251**	314	**1,140**	1,370
Effective interest on convertible notes *(Note)*	**8,161**	8,189	**77,400**	23,033
Premiums on redemption of convertible notes *(note 17(g))*	**—**	—	**10,627**	—
	20,586	20,287	**120,769**	52,202

Note: Included in the amount for the period is effective interest of approximately $50,000,000 resulting from the proposal to early redeem the interest bearing convertible notes in the aggregate principal amount of $90,669,693 due 2015 issued by the Company to First Media Holdings, Limited (note 17(g)).

(b) Other items

	For the three months from		For the nine months from	
	1 April 2012 to 30 June 2012 Unaudited $'000	1 April 2011 to 30 June 2011 Unaudited $'000	**1 October 2011 to 30 June 2012 Unaudited $'000**	1 October 2010 to 30 June 2011 Unaudited $'000
Amortisation of intangible assets	**13,191**	9,139	**34,112**	27,349
Depreciation of fixed assets	**1,651**	2,130	**6,193**	6,544
Cost of inventories	**23,854**	53,524	**42,017**	56,302

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

6 Profit/(loss) before taxation *(continued)*

(c) Gain on disposal of a subsidiary

Pursuant to a sales and purchase agreement dated 28 June 2012, QJY Marketing Group Company Limited, a subsidiary of the Company, disposed of its entire equity interest in Triangle Marketing Services Company Limited ("Triangle Marketing") at a total consideration of $6,000,000, resulting to a gain of $4,043,000 recognised in the consolidated income statements.

Net assets disposed of:

	2012 **$'000**
Fixed assets	**92**
Accounts receivables	**395**
Bank overdraft	**(13)**
Accounts payable	**(184)**
Accruals and other payables	**(486)**
Tax payable	**(85)**
	(281)
Minority interest	**(618)**
Intangible assets	**3,421**
Deferred tax liabilities	**(565)**
	1,957
Less: consideration	**6,000**
Gain on disposal of a subsidiary	**4,043**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follow:

	2012 **$'000**
Consideration	**6,000**
Bank overdraft disposed of	**13**
Net cash inflow from disposal of a subsidiary	**6,013**

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

7 Income tax

	For the three months from		For the nine months from	
	1 April 2012 to 30 June 2012	1 April 2011 to 30 June 2011	**1 October 2011 to 30 June 2012**	1 October 2010 to 30 June 2011
	Unaudited	Unaudited	**Unaudited**	Unaudited
	$'000	$'000	**$'000**	$'000
Current taxation — Hong Kong Profits Tax	**—**	—	**—**	59
Current taxation — Overseas	**946**	56	**3,568**	4,507
Deferred taxation	**(263)**	(172)	**(788)**	(515)
	683	(116)	**2,780**	4,051

(a) The provisions for Hong Kong Profits Tax for the three months and nine months ended 30 June 2011 are calculated at 16.5% of the estimated assessable profits for the period.

No provision has been made for Hong Kong Profits Tax during the three months and nine months ended 30 June 2012 as the Group did not earn any income subject to Hong Kong Profits Tax.

(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) The provision of the PRC income tax is made 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 years ended 31 December 2008, 2009, 2010, 2011 and 2012 onwards, respectively. Profits of other subsidiaries established in the PRC are subject to the 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 the PRC income tax at a rate of 25% on a deemed profit basis on their PRC sourced income.

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

8 Dividends

	For the three months from		For the nine months from	
	1 April 2012 to 30 June 2012	1 April 2011 to 30 June 2011	**1 October 2011 to 30 June 2012**	1 October 2010 to 30 June 2011
	Unaudited	Unaudited	**Unaudited**	Unaudited
	$'000	$'000	**$'000**	$'000
Interim dividend declared of 0.025 cent (2011: 1.28 cents) per share	**1,170**	10,765	**1,170**	10,765
Final dividend in respect of the financial year ended 30 September 2011, approved during the following interim period, of 0.03 cent per share	**—**	—	**1,404**	—
Final dividend in respect of the financial year ended 30 September 2010, approved and paid during the following interim period, of 1.28 cents per share	**—**	10,474	**—**	10,474

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

9 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share for the three months and nine months ended 30 June 2012 is based on the (loss)/profit attributable to ordinary equity shareholders of the Company of $(740,000) and $11,391,000 (three months and nine months ended 30 June 2011: $(19,805,000) and $30,074,000) and the weighted average number of 4,681,014,000 and 2,869,555,000 ordinary shares in issue during the periods (three months and nine months ended 30 June 2011: 1,490,382,000 and 1,421,226,000 ordinary shares after adjusting for the rights issue completed in February 2012), calculated as follows:

Weighted average number of ordinary shares

	For the three months from		For the nine months from	
	1 April 2012 to 30 June 2012 Unaudited ’000	1 April 2011 to 30 June 2011 Unaudited ’000	**1 October 2011 to 30 June 2012 Unaudited ’000**	1 October 2010 to 30 June 2011 Unaudited ’000
Issued ordinary shares at 1 October 2011/2010	**–**	–	**934,340**	818,294
Issued ordinary shares as at 1 April 2012/2011	**4,678,326**	841,054	**–**	–
Effect of conversion of convertible notes	**–**	–	**–**	16,652
Effect of consideration shares for acquisition of subsidiary	**–**	5,761	**–**	1,927
Effect of scrip dividends	**2,688**	1,206	**2,192**	403
Effect of placement of shares	**–**	46,209	**–**	15,459
Effect of rights issue	**–**	596,152	**1,933,023**	568,491
Weighted average number of ordinary shares at 30 June	**4,681,014**	1,490,382	**2,869,555**	1,421,226

(b) Diluted (loss)/earnings per share

The calculation of diluted earnings per share for the nine months ended 30 June 2011 is based on the profit attributable to ordinary equity shareholders of the Company after adjusting for the weighted average number of ordinary shares of 1,431,582,000 after adjusting for the incremental ordinary shares from assumed exercise of warrants and convertible notes and the rights issue completed in February 2012.

The diluted (loss)/earnings per share for the three months ended 30 June 2012, nine months ended 30 June 2012 and three months ended 30 June 2011 are the same as the basic (loss)/earnings per share as the outstanding share options, equity settled share-based transactions and conversion options for the convertible notes during the periods have anti-dilutive effect to the basic (loss)/earnings per share. The then status of condition was assumed unchanged and thus the condition of reset and adjustment were not met.

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

10 Intangible assets

	At 30 June 2012 Unaudited $'000	At 30 September 2011 Audited $'000
Purchased licence rights	**1,123,637**	822,300
Customer contract costs	**42,346**	46,929
Others	**1,898**	8,432
	1,167,881	877,661

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 30 June 2012 Unaudited $'000	At 30 September 2011 Audited $'000
Available-for-sale equity securities		
— Unlisted	**31,908**	31,908

12 Inventories

The inventories as at 30 June 2012 represent the cost of acquisition of certain scripts, synopses, publication rights, copyrights and editing rights. They are carried at the lower of cost and net realisable value. No inventories were written off during the nine months ended 30 June 2012 (30 September 2011: Nil).

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

13 Accounts receivable

The following is an ageing analysis of accounts receivable:

	At 30 June 2012 Unaudited $'000	At 30 September 2011 Audited $'000
Current	**169,195**	409,663

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 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 receivable is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. As at 30 September 2011 and 30 June 2012, the Group assessed that all of the debtors and receivables are neither past due nor impaired.

14 Interest-bearing loan

The loan bears interest at 5% per annum, is unsecured and is repayable on 3 December 2012.

15 Accruals and other payables

All accruals and payables are expected to be settled within one year.

16 Derivative financial instruments

	At 30 June 2012 Unaudited $'000	At 30 September 2011 Audited $'000
Derivative financial liabilities		
Conversion option of convertible notes *(note 17)*	**–**	40,937

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

The fair value of conversion option is determined by an independent valuer, BMI Appraisal Limited, using the binomial option pricing model.

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

17 Convertible notes

	Liability $'000	Conversion option *(note 16)* $'000	Redemption option $'000	Equity component of convertible notes $'000	Warrant reserve $'000	Total $'000
At 1 October 2010	116,144	121,024	—	—	5,392	242,560
Conversion of convertible notes	(25,463)	(2,899)	—	—	—	(28,362)
Reclassification of convertible notes	—	(54,341)	(30)	54,371	—	—
Effective interest for the year	30,109	—	—	—	—	30,109
Change in fair value	—	(22,847)	30	—	—	(22,817)
At 30 September 2011	120,790	40,937	—	54,371	5,392	221,490
At 1 October 2011	**120,790**	**40,937**	**—**	**54,371**	**5,392**	**221,490**
Effective interest for the period	**77,401**	**—**	**—**	**—**	**—**	**77,401**
Change in fair value	**—**	**(40,937)**	**—**	**—**	**—**	**(40,937)**
Redemption of convertible note	**(90,670)**	**—**	**—**	**—**	**—**	**(90,670)**
At 30 June 2012	**107,521**	**—**	**—**	**54,371**	**5,392**	**167,284**

(a) During the year ended 30 September 2009, the Company entered into 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 "2009 Notes").

On 15 May 2009 and 7 August 2009, two tranches of the Notes to Smart Peace 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 the Notes to Star Group 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 Hong Kong Interbank Offered Rate ("HIBOR") per annum and a handling fee of 3.5% per annum for the unsecured Notes to Star Group, payable monthly in arrears.

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

17 Convertible notes *(continued)*

(a) *(continued)*

The 2009 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 HIBOR plus 2.5% per annum of the principal amount on the maturity date, being the fifth year from the date of issue. The 2009 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 2009 Notes, require the Company to redeem in whole or in part of the 2009 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 2009 Notes, respectively.

The 2009 Notes are convertible into the Company's ordinary shares at any time from the day falling on 180th days after the date of issue and from the date after the date of issue of the respective 2009 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).

On 31 December 2010, in accordance with the respective terms and conditions of the 2009 Notes, the conversion price of the 2009 Notes was reset to $1.3778 per share. Further, in accordance with the respective terms and conditions of the 2009 Notes, the conversion price of the 2009 Notes will not be reset or adjusted subsequent to 31 December 2010. The directors were in the position that the conversion price of the conversion option of the 2009 Notes became fixed, and accordingly, was reclassified as equity as at 31 December 2010.

(b) During the year ended 30 September 2010, the Company entered into a subscription agreement with First Media Holdings, Limited ("First Media") pursuant to which the Company agreed to issue up to $120,892,924 unlisted convertible notes (the "First Media Notes") and unlisted warrants (the "First Media Warrants") to purchase an additional 11,380,942 company's ordinary shares.

On 8 July 2010, the two series of the First Media Notes with principal amount of $30,223,231 and $90,669,693 ("Series A Notes" and "Series B Notes") were issued to First Media.

The Series A Notes are non interest-bearing. The Series B Notes bear an interest at a rate of 7% per annum. Interest is capitalised quarterly and payable in kind when First Media exercises the conversion option or redemption option.

The First Media Notes will be redeemed at 100% of the principal amount plus uncapitalised interest accrued. First Media are entitled at any time after the first anniversary of the date of issue of the First Media Notes to redeem the First Media Notes at an amount equal to the principal amount of the First Media Notes subject to redemption plus uncapitalised interest accrued.

The First Media Notes are convertible into the Company's ordinary shares at any time from the date of issue of the First Media Notes to the maturity date, which is five years from the date of issue at a conversion price of $1.3278 per share (subject to reset and adjustments, and automatic conversion features in accordance with the subscription agreement with First Media).

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

17 Convertible notes *(continued)*

(c) The net proceeds received from the issue of the 2009 Notes and the First Media 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 2009 Notes and the First Media 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 2009 Notes and the First Media Notes, but without the conversion option. The effective interest rate of the liability component of the Tranche 1 Smart Peace Notes and Tranche 2 Smart Peace Notes are 46.6% and 37.3%, respectively. The effective interest rate of the liability component of the Tranche 1 Star Group Notes and Tranche 2 Star Group Notes are 29.7% and 23.9%, respectively. The effective interest rate of the liability component of the Series A Notes and Series B Notes are 26.4% and 26.4%, respectively.

(ii) Conversion option of the 2009 Notes and the First Media Notes to be accounted for as a separate financial liability represent 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. As mentioned above, resulting from the conversion price of the conversion option of the 2009 Notes became fixed, the Company reclassified conversion option of the 2009 Notes to equity as at 31 December 2010.

(iii) Redemption option represents option of Smart Peace, Star Group and First Media to early redeem all or part of the 2009 Notes and First Media Notes. Smart Peace is allowed to redeem 100% of the principal amount plus any accrued and unpaid interest together with the redemption premium of the Notes to Smart Peace at any time after one year from the issue date of respective tranche. Star Group is allowed to redeem the Notes to Star Group at any time after the issue date of the respective tranche. First Media is allowed to redeem 100% of the principal amount plus any accrued and uncapitalised interest at any time after one year from the issue date of First Media Notes.

(iv) The First Media Warrants are exercisable from the issue date of the First Media Notes to the maturity date, which is five years from the date of issue with a subscription price of $1.3278 per share and are accounted for as an equity instrument in the Company's warrant reserve.

(d) On 13 December 2010, the Series A Notes with principal amount of $30,223,231 was automatically converted into 22,760,000 ordinary shares at a conversion price of $1.3278 per ordinary share in accordance with the subscription agreement with First Media. The remaining balances were settled in cash pursuant to the terms and conditions of the Series A Notes.

(e) A 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 the 2009 Notes with outstanding principal amount of $100,000,000 (30 September 2011: $100,000,000). Aggregated net assets held by those subsidiaries amounted to $14,207,000 (30 September 2011: $28,833,000) which consist of purchased license rights with carrying value of $312,260,000 (30 September 2011: $322,865,000) 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 June 2012.

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

17 Convertible notes *(continued)*

(f) As a result of the rights issue of the Company completed in February 2012, the conversion price of the Series B Notes and the 2009 Notes were adjusted to $0.7161 and $0.7431 respectively and the subscription price of First Media Warrants and warrants of 2009 Notes were adjusted to $0.7161 and $1.1110 respectively.

(g) On 27 February 2012, the Company entered into a redemption deed with First Media to provide the Company with the rights, with the agreement of First Media, to redeem the Series B Notes on 2 April 2012 or such a later day that the Company and First Media may agree. The redemption price is comprised of (i) the outstanding principal amount of the Series B Notes of $90,699,693; (ii) an amount of $5,440,181 representing an agreed premium for early redemption; (iii) an amount of $5,000,000 representing a prepayment premium and (iv) all accrued interest.

As the terms of the Series B Notes have been substantially modified by redemption deed dated 27 February 2012 to the effect that the repayment amount will no longer be the principal amount plus accrued interest, but rather principal, plus redemption premiums and accrued interests. Accordingly, there was an increase in the one-off finance costs (effective interest of approximately $50,000,000 and a one-off early redemption premium of approximately $10,000,000 as disclosed in note 6(a)) for the six months ended 31 March 2012 although the Series B Notes was not fully redeemed by 31 March 2012.

On the same date, the fair value of the Series B Notes is remeasured as a result of the modification and a fair value gain of $40,937,000 was recognised in the profit or loss for the period. Prepayment of $69,560,000 was recognised by the Company to First Media as at 31 March 2012. On 20 April 2012, the Company signed a side letter with First Media agreeing to extend the completion date of the redemption of Series B Notes to 18 June 2012 or such a later day that the Company and First Media may agree.

(h) On 28 May 2012, the redemption of the Series B Notes was completed and the interest expense for the period from 1 April 2012 up to completion of the redemption is approximately $1,100,000. No further effective interest on the Series B Notes will be incurred in the coming financial periods.

18 Share capital

		At 30 June 2012		At 30 September 2011	
	Note	**Number of shares '000**	**Amount $'000**	Number of shares '000	Amount $'000
Authorised:					
Ordinary shares of US$0.01 each	(i)	**10,000,000**	**780,000**	2,600,000	202,800
Issued and fully paid:					
At 1 October 2011/2010		**934,340**	**72,879**	818,294	63,827
Conversion of convertible notes	(ii)	**—**	**—**	22,760	1,775
Placement of shares	(iii)	**—**	**—**	84,100	6,560
Shares issued as scrip dividend	(iv)	**6,761**	**527**	1,546	121
Remuneration shares	(v)	**—**	**—**	1,750	137
Acquisition of subsidiaries	(vi)	**—**	**—**	5,890	459
Issue of new shares upon rights issue	(vii)	**3,742,661**	**291,927**	—	—
At 30 June 2012/30 September 2011		**4,683,762**	**365,333**	934,340	72,879

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

18 Share capital *(continued)*

Notes:

(i) Increase in authorised share capital

By an ordinary resolution passed at the extraordinary general meeting held on 15 December 2011, the Company's authorised ordinary share capital was increased to 10,000,000,000 shares by the creation of an additional 7,400,000,000 ordinary shares of US$0.01 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

(ii) Conversion of convertible notes

On 13 December 2010, the Series A Notes with principal amount of $30,223,231 was converted into 22,760,000 ordinary shares at a conversion price of $1.3279 per ordinary share in accordance with the subscription agreement with First Media.

(iii) Placement of shares

A placement of 84,100,000 shares of the Company at a price of $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 $1.36 per share on 27 April 2011 and a premium of approximately 1.35% to the ten trading days average closing price of $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 pari passu with the existing ordinary shares of the Company in all respects.

(iv) Shares issued as scrip dividend

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

On 7 October 2011, the Company issued and allotted 1,325,391 ordinary shares of US$0.01 each at $1.072 per share to the shareholders who received shares of the Company in lieu of cash for 2011 interim dividend pursuant to a scrip dividend scheme announced by the Company on 24 May 2011. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

On 28 December 2011, the Company issued and allotted 5,435,641 shares of US$0.01 each at $0.1006 per share to the shareholders who received shares of the Company in lieu of cash for 2011 final dividend pursuant to a scrip dividend scheme announced by the Company on 14 April 2012. These shares rank pari passu with the existing ordinary shares of the Company in all respects.

(v) Remuneration shares

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 3,500,000 shares and 4,000,000 shares to Mr Lam Haw Shun, Dennis ("Mr Lam") and Mr Tse Wai Kuen, Gary ("Mr Tse"), to be issued and allotted as to 1,750,000 and 2,000,000 shares credited as fully paid, upon their completion of every 12-month of services. In addition, the Company has approved to issue and allot 20,000,000 shares to Dr Leung Anita Fung Yee, Maria ("Dr Leung"), upon her fulfilment of certain performance conditions and completion of service term. On 8 July 2011, 1,750,000 ordinary shares of US$0.01 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 pari passu with the exiting ordinary shares of the Company in all respects.

At the meeting of the remuneration committee of the Company held on 13 October 2011, the remuneration committee of the Company has approved the cancellation of Dr Leung's bonus shares entitlement of 20,000,000 shares of $7,500,000 on fulfilment of the performance conditions and completion of services term. No shares were issued to Dr Leung, Mr Lam and Mr Tse during the nine months ended 30 June 2012. The fair value of bonus shares granted to the directors of the Company is recognised as an expense of $606,000 (nine months ended 30 June 2011: $5,557,000) and a corresponding increase in capital reserve for the nine months ended 30 June 2012.

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

18 Share capital *(continued)*

Notes: (continued)

(vi) Acquisition of subsidiaries

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 $36,000,000 of cash and 5,890,438 ordinary shares of the Company. The consideration shares were issued at $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 pari passu with the existing ordinary shares of the Company in all respects.

(vii) Issue of new shares upon rights issue

On 10 February 2012, the Company completed the rights issue pursuant to which 3,742,660,840 shares of US$0.01 each by way of rights issue in the proportion of 4 rights share for every 1 ordinary share at a subscription price of $0.08 per rights share. These newly issued shares rank equally in all respects with the existing shares. Of the total consideration of $283,631,000 received, $291,927,000 has been credited to share capital and the balance of $8,406,000 has been debited to the share premium account.

(viii) 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 30 June 2012**	At 30 September 2011
		Unaudited	Audited
	(Note)	*(Note)*	
6 March 2007 to 13 June 2014	$0.8076/$2.05	**1,423,680**	560,844
15 March 2007 to 13 June 2014	$0.8076/$2.05	**14,236,842**	5,608,453
21 March 2007 to 13 June 2014	$0.8076/$2.05	**1,423,680**	560,844
16 April 2008 to 13 June 2014	$1.6231/$4.12	**–**	1,365,861
22 May 2008 to 13 June 2014	$2.0249/$5.14	**–**	682,930
10 June 2008 to 13 June 2014	$2.0249/$5.14	**1,733,591**	682,930
7 January 2010 to 13 June 2014	$0.6422/$1.63	**3,807,691**	1,500,000
8 January 2010 to 13 June 2014	$0.6422/$1.63	**1,269,230**	500,000
11 January 2010 to 13 June 2014	$0.6422/$1.63	**–**	500,000
12 January 2010 to 13 June 2014	$0.6422/$1.63	**1,269,230**	500,000
15 January 2010 to 13 June 2014	$0.6422/$1.63	**1,269,230**	500,000
19 January 2010 to 13 June 2014	$0.6422/$1.63	**–**	500,000
27 January 2010 to 13 June 2014	$0.6422/$1.63	**–**	1,500,000
29 January 2010 to 13 June 2014	$0.6422/$1.63	**1,269,230**	500,000
30 January 2010 to 13 June 2014	$0.6422/$1.63	**–**	500,000
Outstanding at 30 June 2012/ 30 September 2011		**27,702,404**	15,961,862

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

Note: The exercise price and number of outstanding share options were adjusted upon the rights issue in the proportion of four rights shares for every one existing share completed in February 2012.

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

19 Commitments

(a) Commitments under operating leases

At 30 June 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2012 Unaudited $'000	At 30 September 2011 Audited $'000
Within one year	**8,979**	9,345
After one year but within five years	**16,088**	18,555
After five years	**—**	306
	25,067	28,206

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) 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 nine months ended 30 June 2012, the Group did not procure any funding for the production of TV programs (year ended 30 September 2011: Nil). The total funding required for the remaining 5,713 hours (year ended 30 September 2011: 5,713 hours) is to be determined when individual projects for TV program production are agreed and therefore is not quantifiable as at 30 June 2012.

During the nine months ended 30 June 2012, 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 2011: 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.

Notes to the Unaudited Interim Financial Statements

(Expressed in Hong Kong dollars)

19 Commitments *(continued)*

(b) Other commitments *(continued)*

(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 30 June 2012 Unaudited $'000	At 30 September 2011 Audited $'000
Within one year	**–**	43,743
After one year but within five years	**–**	13,515
After five years	**–**	–
	–	57,258

20 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 and it was further renewed on 28 February 2012 at an annual rental of RMB1,014,000 from 1 January 2013 to 31 December 2015. 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 $312,000 and $935,000 for the three months and nine months ended 30 June 2012 (three months and nine months ended 30 June 2011: $303,000 and $899,000).

(b) On 26 September 2008, 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 $Nil for the nine months ended 30 June 2012 (three months and nine months ended 30 June 2011: $70,000 and $208,000).

(c) On 2 February 2010, the Group entered into a leasing arrangement with Bili Yongsheng Investment & Consultation (Shenzhen) Co Ltd ("Bili Yongsheng"), a company wholly owned by Dr Leung to lease two properties located at Beijing, the PRC, for a term of one year commencing on 18 February 2010 and 1 March 2010 at an annual rental of RMB96,000 and RMB108,000 respectively. Rental expenses paid and payable to Bili Yongsheng amounted to $Nil in total for nine months ended 30 June 2012 (three months and nine months ended 30 June 2011: $Nil and $120,000).

Notes to 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 ended 31 December 2012

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and Interpretations and one new standard which are not yet effective for the year ending 31 December 2012 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements* — *Presentation of items of other comprehensive income*	1 July 2012
HKFRS 10, *Consolidated financial statements*	1 January 2013
HKFRS 13, *Fair value measurement*	1 January 2013
HKAS 27, *Separate financial statements (2011)*	1 January 2013
HKFRS 9, *Financial instruments*	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments 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

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial statements set out on pages 13 to 39 which comprise the consolidated balance sheet of Qin Jia Yuan Media Services Company Limited as of 30 June 2012, the related consolidated income statements and statements of comprehensive income for the three months period then ended and for the nine months period then ended and the related consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial statements in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial statements and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements as at 30 June 2012 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

7 August 2012