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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)

**PLACING OF EXISTING SHARES AND
SUBSCRIPTION FOR NEW SHARES
UNDER THE GENERAL MANDATE**

Placing Agent



The Vendor, the Company and the Placing Agent have entered into the Placing Agreement on 3 March 2010 under which the Vendor will sell 35,922,000 Placing Shares at a price of HK\$1.48 per Placing Share. The Placing Shares will be sold to not less than six independent, professional, institutional and/or individual investors to be procured by the Placing Agent on a best effort basis.

Dynamic Master pursuant to the Subscription Agreement will at the same price as the Placing Price, subscribe for 35,922,000 new Shares to be issued pursuant to the General Mandate, representing approximately 4.97% of the existing issued share capital of the Company of 722,807,507 Shares and approximately 4.73% of the issued share capital of the Company as enlarged by the Subscription Shares.

Assuming 35,922,000 Placing Shares will be placed under the Placing and the same number of Subscription Shares will be subscribed by Dynamic Master under the Subscription, the net proceeds from the issue of the Subscription Shares will be approximately HK\$52 million and will be applied in the manner set out in the paragraph headed “Placing and Subscription — Use of net proceeds and reasons for the Placing” below.

Dynamic Master is a substantial shareholder of the Company and currently holds approximately 25.75% of the existing issued share capital of the Company, which will be reduced to approximately 24.53% upon completion of the Placing and the Subscription. The other members of the Dynamic Master Group (being Dr. Leung, Dr. Wong, Goodhold Limited, Hunterland City Limited and Up & Rise Limited) currently hold approximately 1.86% of the existing issued share capital of the Company. The shareholding of the other members of the Dynamic Master Group in the Company will remain unchanged upon completion of the Placing. Members of the Dynamic Master Group currently in aggregate hold approximately 27.61% of the issued share capital of the Company. Upon completion of the Placing but before completion of the Subscription, the shareholding of the members of the Dynamic Master Group will decrease to approximately 22.64% which will be increased to 26.30% of the issued share capital of the Company as enlarged by the Subscription Shares upon completion of the Subscription.

A. PLACING AND SUBSCRIPTION

1. Placing Agreement dated 3 March 2010

Parties

- (i) the Vendor, the substantial Shareholder which is interested in 186,119,596 Shares, representing approximately 25.75% of the existing issued share capital of the Company;
- (ii) the Company; and
- (iii) the Placing Agent as placing agent of the Placing

Number of Placing Shares

35,922,000 existing Shares, representing approximately 4.97% of the existing issued share capital of the Company of 722,807,507 Shares and approximately 4.73% of the issued share capital of the Company as enlarged by the Subscription Shares.

The placees

Not less than six independent professional, institutional and/or individual investors to be procured by the Placing Agent on a best effort basis.

Placing Price

HK\$1.48 per Placing Share, which is determined on an arm's length basis. The Directors consider the Placing Price to be fair and reasonable.

The Placing Price represents:

- (i) a discount of approximately 5.12% to the closing price of HK\$1.56 per Share quoted on the Stock Exchange on 3 March 2010, the last day of trading of the Shares on the Stock Exchange before the signing of the Placing Agreement; and
- (ii) a discount of approximately 0.67% to average closing price of HK\$1.49 per Share, the average closing prices of the Shares as quoted on the Stock Exchange of the ten trading days up to and including 3 March 2010, the last day of trading of the Shares on the Stock Exchange before the signing of the Placing Agreement.

Taking into account the estimated expenses of the Placing and the Subscription in the amount of approximately HK\$1.13 million, the net price of each Placing Share (calculated on the basis of 35,922,000 Placing Shares, being the number of Subscription Shares to be subscribed by Dynamic Master under the Subscription) to be received by the Company is approximately HK\$1.45.

Rights

The Placing Shares will be sold free of any third party rights. The placees will receive all dividends and distributions declared, made or paid after completion of the Placing.

Independence of the Placing Agent and the placees

The Placing Agent and its respective ultimate beneficial owners and the placees and their respective ultimate beneficial owners will be independent of and not acting in concert with or connected with each other, the Vendor, the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or an associate of any of them or any other shareholders of the Company.

Completion of Placing

The Placing is expected to be completed on 8 March 2010 or such later date as the Vendor and the Placing Agent may agree in writing.

The Placing Shares will be placed by the Placing Agent on a best effort basis during the placing period from 3 March 2010 to 5:00 p.m. on 5 March 2010.

The Placing Shares will be placed by the Placing Agent on a best effort basis.

The Placing Agent may terminate the Placing Agreement if at any time on or prior to the Closing Date:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement certain events such as a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) any material breach of any of the representations and warranties set out in the Placing Agreement or any matter arises prior to the Closing Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of the representations and warranties in the Placing Agreement untrue or incorrect in any material respect or there has been a material breach by the Vendor of any other provision of the Placing Agreement; or
- (c) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing; or
- (d) a suspension of trading in the Shares on the Stock Exchange having been implemented or requested, whether by the Company, the Stock Exchange or the Securities and Futures Commission in Hong Kong other than pending release of this announcement.

If the Placing Agent exercises such right to terminate the Placing Agreement, the Placing will not proceed.

Completion of the Placing is not conditional upon any of the conditions to the Subscription as set out in the paragraph headed “Conditions of the Subscription” below.

2. Subscription for new Shares by Dynamic Master

Pursuant to the Subscription Agreement, Dynamic Master will subscribe for the Subscription Shares at a price per Subscription Share equal to the Placing Price.

The Directors considered the terms of the Subscription to be fair and reasonable.

Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the General Mandate. As at the date of this announcement, the General Mandate has not been utilized.

Ranking

The Subscription Shares, when issued and fully paid, will rank equally with all existing issued Shares.

Conditions of the Subscription

The Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Subscription Shares; and
- (ii) the completion of the Placing.

There is no provision entitling either Dynamic Master or the Company to waive any of the above conditions in the event that they cannot be satisfied. If any of the conditions cannot be fulfilled, the Subscription will not proceed.

Shareholders and investors should note that there is no assurance that the Subscription will occur and are advised to exercise caution in dealing in the Shares.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription

Completion of the Subscription will take place on the next business day following the day on which the last of the conditions of the Subscription have been satisfied, provided that completion will not be later than 14 days after the date of the Placing Agreement (ie. 17 March 2010), unless otherwise agreed between Dynamic Master and the Company. If completion does not take place within 14 days after the date of the Placing Agreement (ie. 17 March 2010), Dynamic Master and the Company shall comply with the requirements of the Listing Rules in relation to the issue of the Subscription Shares.

3. Effect of the Placing and the Subscription on the shareholders structure of the Company

Dynamic Master is a substantial shareholder of the Company and currently holds approximately 25.75% of the existing issued share capital of the Company, which will be reduced to approximately 24.53% upon completion of the Placing and the Subscription. The other members of the Dynamic Master Group (being Dr. Leung, Dr.

Wong, Goodhold Limited, Hunterland City Limited and Up & Rise Limited) currently hold approximately 1.86% of the existing issued share capital of the Company. The shareholding of the other members of the Dynamic Master Group in the Company will remain unchanged upon completion of the Placing. Members of the Dynamic Master Group currently in aggregate hold approximately 27.61% of the issued share capital of the Company. Upon completion of the Placing but before completion of the Subscription, the shareholding of the members of the Dynamic Master Group will decrease to approximately 22.64% which will be increased to 26.30% of the issued share capital of the Company as enlarged by the Subscription Shares upon completion of the Subscription.

Assuming there is no other change in the share capital of the Company, the following table illustrates the changes in the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing but before completion of the Subscription; (iii) immediately after completion of the Placing and the Subscription; and (iv) after completion of the Placing and the Subscription and upon exercise of the subscription rights attached to the outstanding options and the conversion rights attached to the Convertible Bonds in full:

	(i) Before completion of the Placing and the Subscription		(ii) Immediately after completion of the Placing but before completion of the Subscription (assuming no exercise of the subscription rights attached to outstanding options and the conversion rights attached to the Convertible Bonds)		(iii) Immediately after completion of the Placing and the Subscription (assuming no exercise of the subscription rights attached to outstanding options and the conversion rights attached to the Convertible Bonds)		(iv) After completion of the Placing and the Subscription and upon exercise of the subscription rights attached to the outstanding options and the conversion rights attached to the Convertible Bonds in full (Notes 3 & 4)	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
The Dynamic Master Group								
Dynamic Master (Note 1)	186,119,596	25.75	150,197,596	20.78	186,119,596	24.53	186,119,596	21.52
Goodhold Limited (Note 1)	1,891,697	0.26	1,891,697	0.26	1,891,697	0.25	1,891,697	0.22
Hunterland City Limited (Note 1)	1,111,963	0.15	1,111,963	0.15	1,111,963	0.15	1,111,963	0.13
Up & Rise Limited (Note 1)	9,865,465	1.36	9,865,465	1.36	9,865,465	1.30	9,865,465	1.14
Dr. Leung	285,494	0.04	285,494	0.04	285,494	0.04	285,494	0.03
Dr. Wong	287,064	0.04	287,064	0.04	287,064	0.04	287,064	0.03
Sub-total for the Dynamic Master Group	199,561,279	27.61	163,639,279	22.64	199,561,279	26.30	199,561,279	23.08
Directors								
Mr. LIU Yuk Chi, David	3,621,403	0.50	3,621,403	0.50	3,621,403	0.48	3,621,403	0.42
Mr. YIU Yan Chi, Bernard	550,000	0.08	550,000	0.08	550,000	0.07	2,415,861	0.28
Mr. PFITZNER Kym Richard	110,974	0.02	110,974	0.02	110,974	0.01	110,974	0.01
Mr. OWYANG Loong Shui, Ivan	110,000	0.02	110,000	0.02	110,000	0.01	610,000	0.07
Mr. HUI Koon Man, Michael	456,534	0.06	456,534	0.06	456,534	0.06	956,534	0.11
Directors other than those named in the above	—	—	—	—	—	—	11,096,001	1.28
The Other Substantial Shareholder								
Aegis Media Asia Pacific Pte. Ltd. (Note 2)	98,267,915	13.60	98,267,915	13.60	98,267,915	12.95	98,267,915	11.36
The placees	—	—	35,922,000	4.97	35,922,000	4.73	35,922,000	4.15
Smart Peace	—	—	—	—	—	—	58,775,126	6.80
Star Group	—	—	—	—	—	—	29,387,562	3.40
Public shareholders other than the placees, Smart Peace and Star Group	420,129,402	58.12	420,129,402	58.12	420,129,402	55.37	424,056,107	49.04
Total	<u>722,807,507</u>	<u>100.00</u>	<u>722,807,507</u>	<u>100.00%</u>	<u>758,729,507</u>	<u>100.00</u>	<u>864,780,762</u>	<u>100.00</u>

Notes:

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

Dr. Leung, an executive Director and the Chief Executive Officer of the Company is interested in 99.99% in Hunterland City Limited, 50% of Goodhold Limited and 100% of Up & Rise Limited and therefore is deemed to be interested in the Shares held by Dynamic Master, Goodhold Limited, Hunterland City Limited and Up & Rise Limited under the SFO. Dr. Wong is interested in 50% of Goodhold Limited. Accordingly, he is deemed to be interested in the Shares held by Dynamic Master, Goodhold Limited and Hunterland City Limited under the SFO.

2. Aegis Media Asia Pacific Pte. Ltd. is the registered owner of the 98,267,915 Shares. It is a directly wholly owned subsidiary of Aegis International Ltd., a company incorporated in the United Kingdom. Aegis Media Asia Pacific Pte. Ltd. is also an indirectly wholly owned subsidiary of Aegis Group plc which is a company listed on the London Stock Exchange. Both Aegis International Ltd. and Aegis Group plc are deemed to be interested in the 98,267,915 Shares held by Aegis Media Asia Pacific Pte. Ltd. under the SFO.
3. As at the date of this announcement, the Company has outstanding options to subscribe for 17,888,567 Shares under the share option scheme of the Company.
4. As at the date of this announcement, Convertible Bonds in the principal amount of HK\$125,000,000 convertible into 73,468,907 Shares at the conversion price of HK\$1.7014 each Share remained outstanding. For illustration purpose, it is assumed that Convertible Bonds in the aggregate principal amount of HK\$150,000,000 convertible into a total of 88,162,688 Shares have been issued. Warrants of the Company with the principal amount of HK\$112,500,000 carrying rights to subscribe for Shares at HK\$2.06 per Share under certain circumstances have been issued to holders of the Convertible Bonds. No shares of the Company will be issued pursuant to the Warrants if the conversion rights under the Convertible Bonds are exercised in full.
5. Save for the outstanding options, the Convertible Bonds and the warrants referred to in notes 3 and 4 above, the Group has no other outstanding convertible securities as at the date of this announcement.

4. Use of proceeds and reasons for the Placing

Assuming 35,922,000 Placing Shares will be placed under the Placing and the same number of Subscription Shares will be subscribed by Dynamic Master under the Subscription, the total subscription monies payable by Dynamic Master to the Company for the Subscription Shares will be approximately HK\$53.20 million. After deducting a placing commission, professional fees and other expenses in respect of which the Company is liable for in relation to the Placing and the Subscription in the amount of approximately HK\$1.13 million, the net proceeds from the Subscription is estimated to be approximately HK\$52 million.

The net proceeds from the Subscription will be used to repay part of the outstanding bank borrowings of the Group and to finance the expansion of the Group's media advertising and retailing-TV home shopping businesses.

The Group is principally engaged in the provision of media services in the PRC, comprising TV programme related services, marketing related services, public relations services and advertising business in the PRC.

Since its listing on the Stock Exchange, the Group has been building up its own integrated media service platform in mainland China for its integrated media business, with focus on media advertising and retailing-TV home shopping. As stated in the annual report of the Company for the financial year ended 30 September 2009, in spite of the difficult time brought by the financial tsunami in late 2008, the Group still completed its corporate plan to make initial expansion into two areas of the strong domestic consumer market in the PRC, namely "cross-media advertising" and TV-retailing". It is the intention of the Group to leverage on its initial success and to continue with its expansion in these two areas to complete the Group's aim in building a unique domestic integrated media business platform, bringing a stable stream of revenue to the Group.

The Directors considered the terms of the Placing and the Subscription to be fair and reasonable and that the Placing and the Subscription offers an ideal opportunity for raising the necessary funds to improve its liquidity position and to finance its business expansion and to broaden the shareholders' base of the Company.

5. Fund raising exercise undertaken by the Company within the past 12-month period

On 27 April 2009, the Company entered into a subscription agreement with Smart Peace Development Limited ("Smart Peace") in relation to the issue of redeemable convertible bonds in the principal amount of HK\$100,000,000 in two tranches of HK\$50,000,000 each (the "Smart Peace Bonds"). On 15 May 2009, the Company issued the first tranche of the Smart Peace Bonds in the principal amount of HK\$50,000,000 to Smart Peace. On 7 August 2009, the Company issued the second tranche of the Smart Peace Bonds in the principal amount of HK\$50,000,000 to Smart Peace.

On 28 April 2009, the Company entered into a subscription agreement (as supplemented by a supplemental agreement dated 18 November 2009) with Star Group International Investment Limited ("Star Group") in relation to the issue of redeemable convertible bonds in the principal amount of HK\$50,000,000 in two tranches of HK\$25,000,000 each (the "Star Group Bonds"). On 18 November 2009,

the Company issued the first tranche of the Star Group Bonds in the principal amount of HK\$25,000,000 to Star Group. The second tranche of the Star Group Bonds in the principal amount of HK\$25,000,000 has not yet been issued by the Company as at the date of this announcement.

On 28 April 2009, the Company entered into a placing agreement in relation to the placing of 33,300,000 new Shares at HK\$1.39 each Share (the “2009 Placing”). The placing of the new Shares was completed on 7 May 2009.

The net proceeds from the issue of the Convertible Bonds in full and the 2009 Placing after deducting related expenses were approximately HK\$144.8 million and HK\$44.7 million, respectively. As at the date of this announcement, as the second tranche of the Star Group Bonds has not yet issued, the net proceeds received by the Company from the issue of the Smart Peace Bonds and the first tranche of the Star Group Bonds and Placing were approximately HK\$119.8 million and HK\$44.7 million, respectively. The net proceeds in the amount of approximately HK\$93 million have been used to acquire adaptation rights in novels and scripts, license rights of television programs for the Group’s film library and real properties for self use.

Save as mentioned herein, the Company has not undertaken any fund raising exercise in the past twelve months immediately preceding the date of this announcement.

C. DEFINITIONS

In this announcement, unless otherwise defined, terms used shall have the following meanings:

“associates”	has the meaning ascribed in the Listing Rules;
“Board”	the board of Directors;
“Closing Date”	8 March 2010 or such other date as agreed between the Vendor and the Placing Agent;
“Company”	Qin Jia Yuan Media Services Company Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange;
“Convertible Bonds”	the Smart Peace Bonds and the Star Group Bonds, the details of which were set out in the announcements made by the Company dated 28 April 2009 and 18 November 2009;
“Directors”	directors of the Company;

“Dynamic Master” or “Vendor”	Dynamic Master Developments Limited, a substantial shareholder of the Company, details of the shareholders of Dynamic Master are set out in Note 1 to the table set out in the paragraph headed “Effect of the Placing and the Subscription on the shareholders structure of the Company” above;
“Dynamic Master Group”	Dynamic Master, Goodhold Limited, Hunterland City Limited and Up & Rise Limited, Dr. Leung and Dr. Wong and “a member of the Dynamic Master Group” refers to any one of them;
“General Mandate”	the general unconditional mandate granted to the Directors at the annual general meeting of the Company held on 15 January 2010;
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Dr. Leung”	Dr. LEUNG Anita Fung Yee Maria, the Chief Executive Officer and an executive Director;
“Dr. Wong”	Dr. WONG Yu Hong, Philip, the Chairman and a non-executive Director;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC” or “China”	The People’s Republic of China, and for the sole purpose of this announcement excludes the Hong Kong, Macau Special Administrative Region and Taiwan;
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the Placing Agreement;
“Placing Agreement”	the placing agreement dated 3 March 2010 between the Vendor, the Company and the Placing Agent in relation to the Placing;
“Placing Agent”	DBS Asia Capital Limited, a licensed corporation under the SFO to carry out regulated activities types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance);

“Placing Price”	HK\$1.48 per Placing Share;
“Placing Shares”	35,922,000 existing Shares;
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shares”	shares of US\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of the Subscription Shares by Dynamic Master pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 3 March 2010 between Dynamic Master and the Company in relation to the Subscription;
“Subscription Price”	HK\$1.48 per Subscription Share;
“Subscription Shares”	35,922,000 new Shares;
“TV”	television;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“US\$”	United States dollars, the lawful currency of the United States of America.

By Order of the Board
Qin Jia Yuan Media Services Company Limited
LEUNG Anita Fung Yee Maria
Chief Executive Officer and Executive Director

Hong Kong, 3 March 2010

As at the date of this announcement, the Board consists of: three executive Directors: Dr. LEUNG Anita Fung Yee Maria (Chief Executive Officer), Mr. YIU Yan Chi, Bernard and Mr. TSIANG Hoi Fong; nine non-executive Directors: Dr. WONG Yu Hong, Philip, GBS (Chairman), Mr. LIU Yuk Chi, David, Mr. PFITZNER Kym Richard, Mr. ZINGER Simon, Ms. LEE Kwei-Fen, Dr. WONG Ying Ho, Kennedy, BBS, JP, Mr. FLYNN Douglas Ronald, Ms. HO Chiu King, Pansy Catilina and Mr. OWYANG Loong Shui, Ivan; and three independent non-executive Directors, namely Mr. LAU Hon Chuen, GBS, JP, Mr. LAM Haw Shun, Dennis, JP and Mr. HUI Koon Man, Michael, JP