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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2010

The Directors of Qin Jia Yuan Media Services Company Limited (the “Company”) announce the unaudited consolidated financial results of the Company and its subsidiaries (the “Group”) for the six months ended 31 March 2010.

CONSOLIDATED INCOME STATEMENT

for the six months ended 31 March 2010

(Expressed in Hong Kong dollars)

	Note	Six months ended 31 March	
		2010 Unaudited \$'000	2009 Unaudited \$'000
Turnover	4	248,933	115,798
Direct costs		<u>(166,926)</u>	<u>(52,477)</u>
		82,007	63,321
Other revenue	5(a)	865	2,544
Other net loss	5(b)	(2,728)	(851)
Impairment loss for intangible assets, reimbursements receivable, long term deposits and other receivables	6	—	(426,355)
Write down of value of inventories	6	—	(39,500)
Administrative and other operating expenses		<u>(28,829)</u>	<u>(18,940)</u>
Profit/(loss) from operations		51,315	(419,781)
Change in fair value of derivative financial instruments		7,889	—
Finance costs		<u>(17,317)</u>	<u>(12,695)</u>
Profit/(loss) before taxation	6	41,887	(432,476)
Income tax	7	<u>(1,519)</u>	<u>(619)</u>
Profit/(loss) for the period		<u><u>40,368</u></u>	<u><u>(433,095)</u></u>

		Six months ended 31 March	
		2010	2009
		Unaudited	Unaudited
<i>Note</i>		\$'000	\$'000
Attributable to:			
	Equity shareholders of the Company	40,446	(433,095)
	Minority interests	<u>(78)</u>	<u>—</u>
	Profit/(loss) for the period	<u>40,368</u>	<u>(433,095)</u>
	Dividends	<u>9,980</u>	<u>3,420</u>
	Earnings/(loss) per share		
	Basic	9(a) <u>5.59 cents</u>	<u>(63.32) cents</u>
	Diluted	9(b) <u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*for the six months ended 31 March 2010**(Expressed in Hong Kong dollars)*

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

CONSOLIDATED BALANCE SHEET

as at 31 March 2010

(Expressed in Hong Kong dollars)

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

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

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1 BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “SEHK”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). They were authorised for issuance on 9 June 2010.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements.

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

These interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include 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 2009 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which term collectively includes HKASs and Interpretations issued by the HKICPA.

These interim financial statements are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the HKICPA.

The financial information relating to the financial year ended 30 September 2009 that is included in the interim financial statements as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30 September 2009 are available from the Company’s registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 26 November 2009.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which term collectively included individual HKFRSs, HKASs and Interpretations, that are first effective or available for early adoption for current accounting period of the Group. The Group has determined the accounting policies expected to be adopted in the preparation of the Group’s financial statements for the year ending 30 September 2010 on the basis of HKFRSs currently in issue. There have been no significant changes to the accounting policies applied in these condensed interim financial statements for the periods presented as a result of these developments, however the adoption of the following new and revised HKFRSs has resulted in accounting policy, financial statement presentation and disclosure changes:

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

The Group is in the process of making an assessment of what the impact of other amendments, new standards and new interpretations, which are not yet effective for the forthcoming accounting period and which have not been adopted in these condensed interim financial statements, is expected to be in the period of initial application. So far it has concluded that the adoption of Amendments to HKAS 32 “Financial instruments: Presentation — Classification of rights issues”, which is effective for accounting periods beginning on or after 1 February 2010, may result in new or amended disclosures in the financial statements. In respect of other amendments, new standards and new interpretations, the Group is not yet in a position to state whether they would have a significant impact on the Group’s results of operations and financial position.

3 SEGMENT INFORMATION

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

4 TURNOVER

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

5 OTHER REVENUE AND OTHER NET LOSS

(a) Other revenue

	Six months ended 31 March	
	2010	2009
	Unaudited	Unaudited
	<i>\$’000</i>	<i>\$’000</i>
Interest income	479	2,544
Others	386	—
	<u>865</u>	<u>2,544</u>

(b) Other net loss

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

6 PROFIT/(LOSS) BEFORE TAXATION

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

	Six months ended 31 March	
	2010	2009
	Unaudited	Unaudited
	\$'000	\$'000
Interest on borrowings	16,288	12,695
Depreciation of fixed assets	4,297	3,635
Amortisation of intangible assets	18,202	17,687
Cost of inventories	38,435	5,375
Impairment loss for intangible assets (note)	—	133,465
Impairment loss for reimbursements receivable (note)	—	247,271
Impairment loss for other receivables (note)	—	32,172
Impairment loss for long term deposits (note)	—	13,447
Write down of value of inventories (note)	—	39,500

Note: In light of the global economic turmoil occurred during the first half of the 2009 fiscal year, management has undertaken a review of the business and operation of the Group with a view to reallocate more resources to businesses which yield higher return and with a shorter collection cycle so as to enhance the return of the existing business. In line with this strategy, the Group has undertaken a review of its printed advertising related business and TV program production related business and considered it appropriate to continue with the Group's production of TV programs with relatively short production cycle and to reduce the Group's investments in production of TV programs with a long production cycle. As a result, the directors considered that a provision for impairment loss in respect of certain intangible assets, reimbursements receivable, long term deposits and other receivables and a write down of value of certain inventories were made during the six months ended 31 March 2009.

7 INCOME TAX

- (a) No provision has been made for Hong Kong Profits Tax as the Group did not earn any income subject to Hong Kong Profits Tax during the six months ended 31 March 2010 and 2009.
- (b) Pursuant to the Macao SAR's Offshore Laws, Qin Jia Yuan Media Services Investment Macao Commercial Offshore Limited, a subsidiary of the Group and a Macao Offshore Company, is exempted from all taxes in Macau.
- (c) Income tax in the consolidated income statement represents the provision of PRC income tax as follows:
 - For subsidiaries which are foreign investment enterprises located and operated in Shenzhen, the PRC and approved to be established before 16 March 2007 by the State Administration of Industrial and Commerce, the Corporate Income Tax Law of the PRC provides a five-year transition period during which the transitional rates are 18%, 20%, 22%, 24% and 25% for the

year ended 31 December 2008, 2009, 2010, 2011 and 2012 onwards, respectively. Profits of other subsidiaries established in the PRC are subject to PRC income tax. Pursuant to the Corporate Income Tax Law of the PRC income tax rates for domestic and foreign enterprises in the PRC are unified at 25%.

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

8 DIVIDENDS

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

The interim dividend has not been recognised as a liability at the balance sheet date. During the period, scrip dividends were offered to shareholders with cash option.

9 EARNINGS/(LOSS) PER SHARE

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

(a) Basic earnings/(loss) per share

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

Weighted average number of ordinary shares

	Six months ended 31 March	
	2010	2009
	Unaudited	Unaudited
	'000	'000
Issued ordinary shares at 1 October 2009/2008	718,474	684,000
Effect of placement of shares	3,346	—
Effect of scrip dividends	155	—
Effect of remuneration shares	<u>1,132</u>	<u>—</u>
Weighted average number of ordinary shares at 31 March	<u>723,107</u>	<u>684,000</u>

(b) Diluted earnings/(loss) per share

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

10 ACCOUNTS RECEIVABLE

	At 31 March 2010 Unaudited \$'000	At 30 September 2009 Audited \$'000
Accounts receivable	<u>317,024</u>	<u>192,341</u>

The credit terms offered by the Group are in accordance with the terms specified in each agreement entered into with the relevant customers, ranging from six months to one year. Subject to negotiations, extended credit terms are available for certain major customers with well-established operating records. An aging analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables.

11 REIMBURSEMENTS RECEIVABLE

Reimbursements receivable represent funding advanced to production houses on behalf of advertising agencies for investment in the production of TV programs. During the six months ended 31 March 2009, the Group has undertaken a review of its TV program production business and determined to reduce its investments in production of TV programs with a long production cycle. In this connection, the Group has entered into Receivable/Payable Set-off Agreements with relevant parties on 24 April 2009 pursuant to which the financial and legal liabilities of the parties, including the Group's recoverability of certain related reimbursements receivable, and the Group's commitment to procure required funding to production houses for the production of TV programs were discharged. As a result, the Group recorded an impairment loss of \$247,271,000 in respect of these reimbursements receivable during the six months ended 31 March 2009. No impairment loss for reimbursements receivable was recorded during the six months ended 31 March 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Business Review

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

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

The Group will continue the further development of our key principal business, television channel advertising. Late last year, the State Administration of Radio, Film and Television promulgated a new policy on the restriction of 'feature advertisements'. Such advertisements constituted a relatively important part of television channel advertising revenue. Whilst it is true that this policy would have short term adverse impact on television channel advertising, we continue to believe this business will prosper as television remains the key traditional media platform in China. Market share of television in China's media advertising space exceeds 70%.

To strengthen our positioning in this lucrative business, the Group built up a professional team of media advertising elites last year. The expertise of the team should enhance our marketing capabilities in our profitable television channel advertising platforms as well as facilitate deeper collaborations with local advertising agencies on the further expansion of our television channel advertising businesses to achieve record business results.

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

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

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

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

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

Business Prospects

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

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 March 2010, the Group had outstanding bank borrowings of approximately HK\$399,918,000, comprising short term revolving loan of HK\$324,856,000 and mortgage bank loan of HK\$75,062,000. All the Group's bank borrowings are at floating rates and denominated in Hong Kong Dollar and Renminbi. The unutilised bank loan facilities amount to HK\$129.9 million (30 September 2009: HK\$93.0 million).

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

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

Certain land and buildings with carrying value of HK\$111.3 million (30 September 2009: HK\$20.1 million) was secured for mortgage bank loan of HK\$75,062,000 (30 September 2009: HK\$13.5 million).

There has been no significant changes in the Group's policy in terms of exchange rate exposure. Transactions of the Group are mainly denominated either in Hong Kong Dollar or Renminbi. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

POST STATEMENT OF FINANCIAL POSITION EVENT

Acquisition of Rich State Media Enterprises Limited

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

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

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

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

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

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

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

EMPLOYEES

As at 31 March 2010, the Group had a total staff of 52. Staff remuneration is maintained at competitive levels and bonuses are calculated based on an evaluation of efforts and the financial performance of the Group. The Group also provides provident funds, insurance, medical cover and share option scheme.

INTERIM DIVIDEND

The Directors have declared an interim dividend for the six months ended 31 March 2010 in scrip form equivalent to HK1.28 cents per share with a cash option (2009: interim dividend in scrip form of HK0.5 cent per share with a cash option) to shareholders whose names appeared on the register of members on Thursday, 15 July 2010. The interim dividend will be payable on Monday, 9 August 2010.

Subject to the Listing Committee of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholders could elect to receive in cash and that they will be given the option to elect to receive payment in cash of HK1.28 cents per share instead of the allotment of shares. Full details of the interim scrip dividend will be set out in a circular which will be sent to shareholders together with a form of election for cash as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 12 July 2010 to Thursday, 15 July 2010, both dates inclusive. To qualify for the interim dividend, all share transfers must be lodged with the Company’s branch share registrar in Hong Kong, Union Registrars Limited of Rooms 1901–2, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration no later than 4:00 pm on Friday, 9 July 2010.

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

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY AND ASSOCIATED COMPANY

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out by the Stock Exchange in the Model Code in Appendix 10 to the Listing Rules. Having made specific enquiry, the Company confirmed that all Directors have complied with the required standard of dealings set out therein throughout the six months ended 31 March 2010.

CORPORATE GOVERNANCE PRACTICES

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

AUDIT COMMITTEE

The audit committee has reviewed the interim financial report for the six months ended 31 March 2010 before they were tabled for the Board's review and approval and are of the opinion that such report complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

PUBLICATION OF RESULTS ON THE WEBSITE

This results announcement, containing the relevant information required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, is published on the website of the Stock Exchange and the website of the Company. The Company's 2010 interim report will be dispatched to the shareholders of the Company and available on the above websites on or about 30 June 2010.

On behalf of the Board of Directors
LEUNG Anita Fung Yee Maria
Director

Hong Kong, 9 June 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. Honorable WONG Yu Hong, Philip, GBS (Chairman), Mr. LIU Yuk Chi, David (Vice-Chairman), Mr. PFITZNER Kym Richard, Mr. ZINGER Simon, Ms. LEE Kwei-Fen, Dr. WONG Ying Ho, Kennedy, BBS, JP, Mr. FLYNN Douglas Ronald, Ms. HO Chiu King, Pansy Catilina and Mr. OWYANG Loong Shui, Ivan and three independent non-executive directors: Mr. LAU Hon Chuen, GBS, JP, Mr. LAM Haw Shun, Dennis, JP and Mr. HUI Koon Man, Michael, JP.