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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)**

- (1) ISSUE OF UP TO HK\$120,892,924 UNLISTED CONVERTIBLE BONDS,  
UNLISTED WARRANTS AND NEW SHARES;**  
**(2) CHANGES TO THE BOARD;**  
**(3) CHANGES TO THE MEMBERSHIP OF THE BOARD COMMITTEES;**  
**(4) APPOINTMENT OF CHIEF OPERATING OFFICER;**  
**AND**  
**(5) CONNECTED TRANSACTION — ISSUE OF SHARES TO DIRECTORS  
UNDER SPECIFIC MANDATE**

### **ISSUE OF PLACEMENT SHARES, CONVERTIBLE BONDS AND WARRANTS**

The Company issued the Series A CB, the Series B CB, the Warrants and the Placement Shares on 8 July 2010.

### **CHANGES TO THE BOARD**

Pursuant to the Subscription Agreement, the Company appointed each of Mr. Stanley Emmett Thomas and Mr. Lincoln Pan Lin Feng, nominated by the Subscriber, as a non-executive Director and a member of the Company's Strategy Committee with effect from 8 July 2010.

In addition, the following changes were made to the Board with effect from 8 July 2010:

- Mr. Pfitzner Kym Richard, Mr. Zinger Simon and Ms. Lee Kwei Fen resign as non-executive Directors;
- Mr. Tse Wai Kuen Gary is appointed as an executive Director and Chief Operating Officer of the Group;
- Mr. Peter Alphonse Zaldivar is appointed as a non-executive Director;

- Mr. Su Xiao Shan is appointed as a non-executive Director;
- Mr. Lam Haw Shun Dennis is redesignated from independent non-executive Director to non-executive Director; and
- Mr. Wayne Chou is appointed as an independent non-executive Director.

#### **CHANGES TO THE BOARD COMMITTEES**

As a result of the redesignation of Mr. Lam, he ceased to be the Chairman of each of the Audit Committee and the Remuneration Committee.

Mr. Liu Yuk Chi David resigned as a member of the Audit Committee and the Remuneration Committee and remained as a non-executive Director and the Vice-Chairman.

Each of Mr. Pan, Mr. Chou and Mr. Hui is appointed as a member of the Audit Committee. As Mr. Chou is a Certified Public Accountant, he possessed the professional qualification required under Rule 3.10(2) of the Listing Rules and is appointed as the Chairman of the Audit Committee.

Each of Mr. Thomas, Mr. Chou and Mr. Hui is appointed as a member of the Remuneration Committee. Mr. Lau Hon Chuen, an independent non-executive Director and a member of each of the Audit Committee and Remuneration Committee is appointed as the Chairman of the Remuneration Committee.

#### **ISSUE OF SHARES TO DIRECTORS UNDER SPECIFIC MANDATE**

Pursuant to the Service Agreement, subject to fulfillment of the Conditions, Mr. Tse will be issued and allotted a total of 4,000,000 Remuneration Shares, to be issued and allotted as to 2,000,000 Remuneration Shares credited as fully paid, upon completion of every 12-month of service.

Pursuant to the Letter of Appointment, subject to the fulfillment of the Conditions, Mr. Lam will be issued and allotted a total of 3,500,000 Remuneration Shares, to be issued and allotted as to 1,750,000 Remuneration Shares credited as fully paid, upon completion of every 12-month of service.

The issue of the Remuneration Shares to Mr. Tse and Mr. Lam, both of whom are Directors and connected persons of the Company within the meaning of the Listing Rules, constitutes a connected transaction under Chapter 14A of the Listing Rules and is subject to approval of the Independent Shareholders at the Extraordinary General Meeting.

A circular containing details of the Service Agreement and the Letter of Appointment, a letter from the independent board committee, a letter of advice from an independent financial adviser and the notice of the Extraordinary General Meeting will be dispatched to Shareholders in due course.

**A. ISSUE OF UP TO HK\$120,892,924 UNLISTED CONVERTIBLE BONDS, UNLISTED WARRANTS AND NEW SHARES**

Reference is made to the announcement of the Company dated 27 May 2010 and the circular of the Company dated 11 June 2010 relating to the Company's proposed issue of the Convertible Bonds, the Warrants and the Placement Shares and the announcement of the Company dated 30 June 2010 on the poll results of the EGM.

The Board is pleased to announce that on 8 July 2010, the Company issued the Series A CB in the principal amount of HK\$30,223,231, the Series B CB in the principal amount of HK\$90,669,693 and the Warrants to subscribe for 11,380,942 Shares under the Specific Mandate and 37,936,475 Placement Shares under the Existing General Mandate to the Subscriber.

Set out below is the shareholding structure of the Company immediately following completion of the issue of the Placement Shares to the Subscriber on 8 July 2010:

Shareholder	Number of Shares	%
<b>The Dynamic Master Group</b>		
Dynamic Master Development Limited ( <i>Note 1</i> )	186,119,596	22.76
Goodhold Limited ( <i>Note 1</i> )	1,891,697	0.23
Hunterland City Limited ( <i>Note 1</i> )	1,111,963	0.14
Up & Rise Limited ( <i>Note 1</i> )	9,865,465	1.21
Dr. LEUNG Anita Fung Yee Maria	285,494	0.03
Dr. WONG Yu Hong, Philip	<u>287,064</u>	<u>0.04</u>
<b>Sub-total for the Dynamic Master Group</b>	<b><u>199,561,279</u></b>	<b><u>24.41</u></b>
<b>Other Directors:</b>		
Mr. LIU Yuk Chi, David	3,141,403	0.38
Mr. YIU Yan Chi, Bernard	550,000	0.07
Mr. PFITZNER Kym Richard	110,974	0.01
Mr. OWYANG Loong Shui, Ivan	110,000	0.01
Mr. HUI Koon Man, Michael	<u>456,534</u>	<u>0.06</u>
	<b><u>4,368,911</u></b>	<b><u>0.53</u></b>
<b>Other substantial Shareholder</b>		
Aegis Media Asia Pacific Pte. Ltd. ( <i>Note 2</i> )	108,094,706	13.22
Kabouter Management LLC	42,544,276	5.20
<b>Public</b>		
The Subscriber	37,936,475	4.64
Public shareholders other than the Subscriber	<u>425,133,489</u>	<u>52.00</u>
<b>Total</b>	<b><u>817,639,136</u></b>	<b><u>100%</u></b>

Notes:

1. Dynamic Master Development Limited (“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 Anita Fung Yee Maria (“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 have interest in the Shares held by Dynamic Master, Goodhold Limited, Hunterland City Limited and Up & Rise Limited under the SFO. Dr. WONG Yu Hong, Philip is interested in 50% of Goodhold Limited and is the spouse of Dr. Leung. Accordingly, he is deemed to have interest in the Shares held by Dynamic Master, Goodhold Limited, Hunterland City Limited, Up & Rise Limited and Dr. Leung under the SFO.
2. Aegis Media Asia Pacific Pte. Ltd. is the registered owner of the 108,094,706 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 108,094,706 Shares held by Aegis Media Asia Pacific Pte. Ltd. under the SFO.

## **B. CHANGES TO THE BOARD**

### **Appointments pursuant to the Subscription Agreement**

Pursuant to the Subscription Agreement, the Company appointed each of Mr. Stanley Emmett Thomas and Mr. Lincoln Pan Lin Feng, nominated by the Subscriber, as a non-executive Director and a member of the Company’s Strategy Committee with effect from 8 July 2010. On 8 July 2010, the Board also appoint Mr. Thomas as a member of the Remuneration Committee and Mr. Pan as a member of the Audit Committee. Set out below is the biographical details and information required to be disclosed under the Listing Rules of each of Mr. Stanley Emmett Thomas and Mr. Lincoln Pan Lin Feng, respectively.

#### *Mr. Stanley Emmett Thomas*

Mr. Stanley Emmett Thomas, aged 50, is a partner and the head of Asia for Advantage Partners, an investment company headquartered in Tokyo. Prior to joining Advantage Partners in 2007, Mr. Thomas was the President of Asia for Monitor Group, a global consulting firm, where he worked for 18 years. Mr. Thomas graduated in Economics from Duke University and received a Master in Business Administration from Harvard Business School in 1988.

Mr. Thomas has not held directorships in any other listed public companies in the last three years.

Mr. Thomas has been appointed for a term of three years commencing from 8 July 2010, subject to the provisions in the articles of association of the Company relating to retirement by rotation. Mr. Thomas will receive an annual director’s fee of HK\$100,000 which is determined based on his duties and responsibilities within the Group, the Group’s remuneration policy and the prevailing market conditions.

Apart from being a non-executive Director, a member of the Remuneration Committee and the Strategy Committee, Mr. Thomas does not hold any position with any other members of the Group.

Mr. Thomas does not have any interests in the Shares within the meaning of Part XV of SFO. Mr. Thomas is not connected with any directors, senior management, substantial or controlling shareholders of the Company.

Save as mentioned above, Mr. Thomas confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment and there is no other information that should be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

*Mr. Lincoln Pan Lin Feng*

Mr. Lincoln Pan Lin Feng, aged 34, is a director of Advantage Partners and joined the firm in 2007 to help support the firm's expansion outside Japan. He is currently a director and one of the responsible investment professionals for GST Autoleather, Inc.. Prior to joining Advantage Partners, he was an executive director of GE Capital Asia, responsible for Asia M&A and the strategy leader for the private equity, structured finance (including project financing and industrial equipment financing businesses) and special situations businesses in Asia. Mr. Pan also had been a management consultant with McKinsey & Company where he spent 6 years with the New York, Hong Kong and Beijing offices. He has qualified to practice law in the state of New York and has worked with the international law firm Simpson Thacher & Bartlett. Mr. Pan holds a Juris Doctorate from Harvard Law School and a Bachelor of Arts, magna cum laude from Williams College.

Mr. Pan has not held directorships in any other listed public companies in the last three years.

Mr. Pan has been appointed for a term of three years commencing from 8 July 2010, subject to the provisions in the articles of association of the Company relating to retirement by rotation. Mr. Pan will receive an annual director's fee of HK\$100,000 which is determined based on his duties and responsibilities within the Group, the Group's remuneration policy and the prevailing market conditions.

Apart from being a non-executive Director, a member of the Audit Committee and the Strategy Committee, Mr. Pan does not hold any position with any other members of the Group.

Mr. Pan does not have any interests in the Shares within the meaning of Part XV of SFO. Mr. Pan is a relative of Pansy Catilina Ho Chiu King, a non-executive Director. Other than that, he is not connected with any directors, senior management, substantial or controlling shareholders of the Company.

Save as mentioned above, Mr. Pan confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment and there is no other information that should be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

**Other changes to the Board**

In addition, the following changes were made to the Board with effect from 8 July 2010:

- Mr. Pfitzner Kym Richard, Mr. Zinger Simon and Ms. Lee Kwei Fen resign as non-executive Directors;

- Mr. Tse Wai Kuen Gary is appointed as an executive Director and Chief Operating Officer of the Group;
- Mr. Peter Alphonse Zaldivar is appointed as a non-executive Director;
- Mr. Su Xiao Shan is appointed as a non-executive Director;
- Mr. Lam Haw Shun Dennis is redesignated from independent non-executive Director to non-executive Director; and
- Mr. Wayne Chou is appointed as an independent non-executive Director.

Mr. Pfitzner Kym Richard, Mr. Zinger Simon and Ms. Lee Kwei Fen are nominees of the Aegis Group, a substantial Shareholder and the Aegis group believed it is no longer necessary to have its representatives on the Board.

Each of Mr. Pfitzner Kym Richard, Mr. Zinger Simon and Ms. Lee Kwei Fen confirmed that he/she has no disagreement with the Board and there is no matter relating to his/her resignation that needs to be brought to the attention of the Stock Exchange and the Shareholders.

The Board takes this opportunity to express its appreciation to Mr. Pfitzner Kym Richard, Mr. Zinger Simon and Ms. Lee Kwei Fen for their contribution to the Company during their tenure.

Set out below is the biographical details and information required to be disclosed under the Listing Rules of each of Mr. Tse Wai Kuen Gary, Mr. Peter Alphonse Zaldivar, Mr. Su Xiao Shan, Mr. Lam Haw Shun Dennis and Mr. Wayne Chou.

*Mr. Tse Wai Kuen Gary*

Mr. Tse Wai Kuen Gary, aged 56, graduated from Hong Kong Baptist University's Communications Faculty majoring in advertising and public relations. Mr. Tse is a marketing, branding and media veteran with over 30 years' experience across Hong Kong and China, working for global marketing agencies. Prior to joining the Company, Mr. Tse was Chairman and Chief Executive Officer of Draftfcb Greater China, responsible for creating a new agency model by merging Draft (world's number two direct and digital agency) and FCB (a 100 years+ global agency). Under his leadership, Draftfcb established a leading digital advertising agency in Mainland China. Mr. Tse has advised numerous global and leading China brands. He also has extensive experience in working with blue chip clients across all industries in Hong Kong.

Mr. Tse has not held directorships in any other listed public companies in the last three years.

Mr. Tse has been appointed for a term of two years commencing from 8 July 2010, subject to the provisions in the articles of association of the Company relating to retirement by rotation. On 30 June 2010, Mr. Tse has entered into the Service Agreement with the Company, the details of which are set out in the paragraph headed "The Service Agreement" below.

Apart from being an executive Director and Chief Operating Officer of the Group, Mr. Tse does not hold any position with any other members of the Group.

Save for the 4,000,000 Remuneration Shares as set out in the paragraph headed “The Service Agreement” below, Mr. Tse is not interested in any Shares within the meaning of Part XV of the SFO. Mr. Tse does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Save as mentioned above, Mr. Tse confirmed that there is no information that need to be brought to the attention of the Shareholders in connection with his appointment and there is no other information that should be disclosed under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

*Mr. Peter Alphonse Zaldivar*

Mr. Peter Alphonse Zaldivar, aged 43, graduated from the University of Wisconsin-Madison with a Bachelor of Arts in Economics in 1989. He obtained a Juris Doctor, *cum laude*, from Harvard Law School in 1994. Mr. Zaldivar is a Chartered Financial Analyst and a member of the CFAI and Investment Analysts Society of Chicago. Mr. Zaldivar has worked with various asset management companies. He is a principal and co-founder of Kabouter Management LLC, a Chicago based investment management firm. Mr. Zaldivar holds a 51% interest in Kabouter Management LLC. Funds managed by Kabouter Management LLC are interested in 42,544,276 Shares, representing approximately 5.20% of the issued share capital of the Company.

Mr. Zaldivar has not held directorships in any other listed public companies in the last three years.

Mr. Zaldivar has been appointed for a term of two years commencing from 8 July 2010, subject to the provisions in the articles of association of the Company relating to retirement by rotation. Mr. Zaldivar will receive an annual director’s fee of HK\$100,000 which is determined based on his duties and responsibilities within the Group, the Group’s remuneration policy and the prevailing market conditions.

Apart from being a non-executive Director, Mr. Zaldivar does not hold any position with any other members of the Group.

Mr. Zaldivar is not interested in any Shares within the meaning of Part XV of the SFO. Save as disclosed, Mr. Zaldivar does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Save as mentioned above, Mr. Zaldivar confirmed that there is no information that need to be brought to the attention of the Shareholders in connection with his appointment and there is no other information that should be disclosed under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

*Mr. Su Xiao Shan*

Mr. Su Xiao Shan, aged 47, graduated from the Beijing Broadcasting Institute (北京廣播學院) (now known as Communication University of China (中國傳媒大學)). Mr. Su has over 20 years of experience in marketing, public relation and advertising business in mainland China. He has occupied senior positions in marketing and advertising in various entities of the Beijing CITIC group from 1990 to 2003. In 2004, Mr. Su founded his own advertising company. Mr. Su has been a long time business partner of the Group.

Mr. Su has not held directorships in any other listed public companies in the last three years.

Mr. Su has been appointed for a term of three years commencing from 8 July 2010, subject to the provisions in the articles of association of the Company relating to retirement by rotation. If either the Company or Mr. Su terminates the appointment at any time during the three-year term, the terminating party will have to pay to the other party an amount of HK\$750,000 as compensation. Mr. Su will receive an annual amount of HK\$500,000, subject to upward adjustment by reference to the number of television channel advertising production projects he has involved in during the relevant year. For each advertising production project he has involved in, Mr. Su will be paid an additional amount of HK\$200,000, provided that the annual amount payable to Mr. Su will not exceed HK\$1,000,000.

Apart from being a non-executive Director, Mr. Su does not hold any position with any other members of the Group.

Mr. Su is not interested in any Shares within the meaning of Part XV of the SFO. Mr. Su does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Save as mentioned above, Mr. Su confirmed that there is no information that need to be brought to the attention of the Shareholders in connection with his appointment and there is no other information that should be disclosed under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

*Mr. Lam Haw Shun Dennis*

Mr. Lam Haw Shun, Dennis, JP, aged 63, joined the Group in May 2004 as an independent non-executive Director and is redesignated as a non-executive Director on 8 July 2010. Mr. Lam has a Bachelor's degree in Electrical Engineering from the University of Washington and a Master of Business Administration degree from the University of California, Los Angeles. Mr. Lam has over 30 years experience in the finance industry. He was a senior adviser of Mizuho Securities Asia Limited. Prior to his current appointment, Mr. Lam has held senior positions in various financial institutions. Mr. Lam was also the first Vice Chairman of the Stock Exchange of Hong Kong, first Deputy Chairman of Hong Kong Securities Clearing Corporation and member of the Securities & Futures Appeals Panel.

Apart from his directorship with the Company, Mr. Lam has not held directorships in any other listed public companies in the last three years.

Mr. Lam has been appointed for a term of two years commencing from 8 July 2010, subject to the provisions in the articles of association of the Company relating to retirement by rotation. On 8 July 2010, Mr. Lam has signed a letter of appointment with the Company, the details of which are set out in the paragraph headed "The Letter of Appointment" below.

Apart from being a non-executive Director and a member of each of the Audit Committee and the Remuneration Committee, Mr. Lam does not hold any position with any other members of the Group.

Mr. Lam holds options to subscribe for 560,844 Shares at HK\$2.05 each Share exercisable during the period from 6 March 2007 to 13 June 2014 and options to subscribe for 500,000 Shares at HK\$1.63 each Share exercisable during the period from 7 January 2010 to 13 June 2014. Mr. Lam will also be issued and allotted with 3,500,000 Remuneration Shares pursuant to the Letter of Appointment as set out in the paragraph headed “The Letter of Appointment” below. Save as disclosed, Mr. Lam is not interested in any Shares within the meaning of Part XV of the SFO. Mr. Lam does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Save as mentioned above, Mr. Lam confirmed that there is no information that need to be brought to the attention of the Shareholders in connection with his appointment and there is no other information that should be disclosed under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

*Mr. Wayne Chou*

Mr. Wayne Chou, aged 40, graduated from Murdoch University, Australia with a Bachelor of Commerce in 1991. Mr. Chou is a Certified Public Accountant and a member of the CPA Australia. Mr. Chou has worked with two of the international accountants firms and as a research analyst with an international investment bank. He has occupied senior positions with various media group and has extensive experience in strategic planning, businesses development in the media sector across Asia. Mr. Chou has been a senior consultant of the Company from June 2008 to December 2008. Mr. Chou was appointed as a non-executive director of Media Development Authorities, a Singapore Government Regulatory Body for Media, in January 2009. He has been the managing director of Popular Holdings Limited, a company listed on the Singapore Stock Exchange since April 2010.

Save for his directorship with Popular Holdings Limited, a company listed on the Singapore Stock Exchange, Mr. Chou has not held directorships in any other listed public companies in the last three years.

Mr. Chou has been appointed for a term of two years commencing from 8 July 2010, subject to the provisions in the articles of association of the Company relating to retirement by rotation. Mr. Chou will receive an annual director’s fee of HK\$100,000 which is determined based on his duties and responsibilities within the Group, the Group’s remuneration policy and the prevailing market conditions.

Apart from being an independent non-executive Director, a member and the Chairman of the Audit Committee and a member of the Remuneration Committee, Mr. Chou does not hold any position with any other members of the Group.

Mr. Chou is not interested in any Shares within the meaning of Part XV of the SFO. Mr. Chou does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Save as mentioned above, Mr. Chou confirmed that there is no information that need to be brought to the attention of the Shareholders in connection with his appointment and there is no other information that should be disclosed under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

### C. CHANGES TO THE BOARD COMMITTEES

As a result of the redesignation of Mr. Lam, he ceased to be the Chairman of each of the Audit Committee and the Remuneration Committee.

Mr. Liu Yuk Chi David resigned as a member of the Audit Committee and the Remuneration Committee and remained as a non-executive Director and the Vice-Chairman.

Each of Mr. Pan, Mr. Chou and Mr. Hui Koon Man, Michael is appointed as a member of the Audit Committee. As Mr. Chou as is a Certified Public Accountant, he possessed the professional qualification required under Rule 3.10(2) of the Listing Rules and is appointed as the Chairman of the Audit Committee.

Each of Mr. Thomas, Mr. Chou and Mr. Hui Koon Man, Michael is appointed as a member of the Remuneration Committee. Mr. Lau Hon Chuen, an independent non-executive Director and a member of each of the Audit Committee and Remuneration Committee is appointed as the Chairman of the Remuneration Committee.

Taking into account the aforementioned changes, the composition of each of the Audit Committee and the Remuneration Committee is as follows:

	<b>Audit Committee</b>	<b>Remuneration Committee</b>
Mr. Wayne Chou, <i>independent non-executive Director</i>	√ ( <i>Chairman</i> )	√
Mr. Lau Hon Chuen, <i>independent non-executive Director</i>	√	√ ( <i>Chairman</i> )
Mr. Hui Koon Man, Michael, <i>independent non-executive Director</i>	√	√
Mr. Lam Haw Shun Dennis, <i>non-executive Director</i>	√	√
Mr. Stanley Emmett Thomas, <i>non-executive Director</i>	—	√
Mr. Lincoln Pan Lin Feng, <i>non-executive Director</i>	√	—

#### D. THE SERVICE AGREEMENT

On 30 June 2010, the Company and Mr. Tse entered into the Service Agreement, the principal terms of which are as follows:

- Term : Two years commencing from 8 July 2010 terminable:
- by the Company giving not less than six months' written notice (or payment of six months fixed salary in lieu) to Mr. Tse at any time after the first eleven-month period; or
  - by Mr. Tse giving six months' written notice (or payment of six months fixed salary in lieu) to the Company at any time.
- Remuneration : Mr. Tse will be paid a fixed salary of HK\$2,760,000 per annum payable in 12 monthly payments of HK\$230,000 each.

Subject to fulfillment of the Conditions, upon completion of the full term of service, the Company shall issue and allot to Mr. Tse a total of 4,000,000 Shares, to be issued and allotted as to 2,000,000 Shares credited as fully paid, upon completion of every 12-month of service. The Remuneration Shares are not subject to any disposal restrictions.

In the event the Conditions are not fulfilled, Mr. Tse will be paid a cash amount ("Cash Equivalent") equivalent to the lower of (a) HK\$4,000,000, being the product of 2,000,000 Remuneration Shares at HK\$2.00 each Remuneration Share; or (b) the closing price of a Share as quoted on the Stock Exchange on each of 7 July 2011 and 7 July 2012 (if either date is not a trading date, the trading day immediately preceding).

In the event the appointment is terminated by either party prior to the completion of 12-month of service, Mr. Tse shall be entitled to the 2,000,000 Remuneration Shares or Cash Equivalent (as the case may be) for that 12-month period on a pro rata basis by reference to the following formula:

$M/12 \times 2,000,000$  Remuneration Shares or Cash Equivalent,

where, M is equal to the number of full months lapsed since 8 July 2010 or 8 July 2011 (as the case may be) up to the date of termination of the appointment.

The terms of the Service Agreement is arrived at with reference to the duties of Mr. Tse with the Company and his experience.

## E. THE LETTER OF APPOINTMENT

On 8 July 2010, the Company and Mr. Lam entered into the Letter of Appointment, the principal terms of which are as follows:

- Term : Two years commencing from 8 July 2010 terminable by either party giving six months written notice to the other party.
- Remuneration : Mr. Lam will be paid an amount of HK\$1,000,000 annually payable in four installments of HK\$250,000 each.

Subject to fulfillment of the Conditions, upon completion of the full term of service, the Company shall issue and allot to Mr. Lam a total of 3,500,000 Shares, to be issued and allotted as to 1,750,000 Shares credited as fully paid, upon completion of every 12-month of service. The Remuneration Shares are not subject to any disposal restrictions.

In the event the Conditions are not fulfilled, Mr. Lam will be paid a cash amount (“Cash Equivalent”) equivalent to the lower of (a) HK\$3,500,000, being the product of 1,750,000 Remuneration Shares at HK\$2.00 each Remuneration Share; or (b) the closing price of a Share as quoted on the Stock Exchange on each of 7 July 2011 and 7 July 2012 (if either date is not a trading date, the trading day immediately preceding).

In the event the appointment is terminated by either party prior to the completion of 12-month of service, Mr. Lam shall be entitled to the 1,750,000 Remuneration Shares or Cash Equivalent (as the case may be) for that 12-month period on a pro rata basis by reference to the following formula:

$M/12 \times 1,750,000$  Remuneration Shares or Cash Equivalent,

where, M is equal to the number of full months lapsed since 8 July 2010 or 8 July 2011 (as the case may be) up to the date of termination of the appointment.

The terms of the Service Agreement is arrived at with reference to the duties of Mr. Lam with the Company and his experience.

## **F. ISSUE OF SHARES TO DIRECTORS UNDER SPECIFIC MANDATE**

Pursuant to the Service Agreement and the Letter of Appointment, subject to fulfillment of the Conditions, Mr. Tse and Mr. Lam will be issued and allotted 4,000,000 Shares and 3,500,000 Shares, respectively. The issue and allotment of the Remuneration Shares under the Service Agreement and the Letter of Appointment is subject to the fulfillment of the following conditions:

- (a) the approval of the issue and allotment of the Remuneration Shares by Independent Shareholders at an extraordinary general meeting to be convened for the purpose; and
- (b) the granting of the listing of and permission to deal in the Remuneration Shares by the Listing Committee.

The Remuneration Shares will be issued and allotted pursuant to a specific mandate to be obtained from the Independent Shareholders at an extraordinary general meeting to be convened for the purpose.

Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Remuneration Shares.

The issue of the Remuneration Shares to Mr. Tse and Mr. Lam, both of whom are Directors and connected persons of the Company within the meaning of the Listing Rules, constitutes a connected transaction under Chapter 14A of the Listing Rules and is subject to approval of the Independent Shareholders at the Extraordinary General Meeting. As at the date of this announcement, neither Mr. Tse, Mr. Lam nor any of their respective associates is interested in any Shares.

The 7,500,000 Remuneration Shares represented approximately 0.92% and 0.91% of the existing issued share capital of the Company and the issued share capital of the Company as enlarged by the 7,500,000 Remuneration Shares (assuming all the Remuneration Shares are fully issued and allotted). It is believed that the issue and allotment of the Remuneration Shares as part of the remuneration package will place a less onerous burden on the cashflow of the Group while enable the Group to retain the service of persons with the necessary experience and calibre. The acceptance of a remuneration package comprising Shares demonstrated the confidence and commitment of the management of the Company in the future performance of the Group. In the premises, the Directors believed that the terms of the Service Agreement and the Letter of Appointment are fair and reasonable and in the interests of the Shareholders as a whole.

## **G. GENERAL**

The Group is an integrated media group principally operating in the PRC in television related services comprising program production, channel advertisements and television home shopping; and non-television related services comprising outdoor advertisings and nationwide public relations and marketing planning services.

A circular containing details of the Service Agreement and the Letter of Appointment, a letter from the independent board committee, a letter of advice from an independent financial adviser and the notice of the Extraordinary General Meeting will be dispatched to Shareholders in due course.

## H. DEFINITIONS

Unless otherwise defined, terms used herein shall have the same meaning as defined in the Announcement:

“Announcement”	the announcement of the Company dated 27 May 2010;
“associates”	has the meaning ascribed in the Listing Rules;
“Board”	the board of Directors;
“Mr. Chou”	Mr. Wayne CHOU;
“Company”	Qin Jia Yuan Media Services Company Limited, a company with limited liability incorporated in the Cayman Islands whose shares are listed on the main board of the Stock Exchange;
“Conditions”	the conditions set out in the paragraph headed “Issue of Shares to a Director under specific mandate” and a “Condition” shall be construed accordingly;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened for the purpose of considering and approving the issue and allotment of the Remuneration Shares to Mr. Tse and Mr. Lam, respectively;
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Mr. Hui”	Mr. HUI Koon Man, Michael;
“Independent Shareholders”	Shareholders other than Mr. Tse, Mr. Lam and their respective associates;
“Mr. Lam”	Mr. LAM Haw Shun, Dennis;
“Letter of Appointment”	the service agreement dated 8 July 2010 entered into between the Company and Mr. Lam, the principal terms of which are set out in the paragraph headed “The Letter of Appointment” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC” or “China”	People’s Republic of China, and for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Mr. Pan”	Mr. Lincoln PAN Lin Feng;

“Remuneration Shares”	the Shares to be issued and allotted to Mr. Tse and Mr. Lam pursuant to the Service Agreement and the Letter of Appointment;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Service Agreement”	the service agreement dated 30 June 2010 entered into between the Company and Mr. Tse, the principal terms of which are set out in the paragraph headed “The Service Agreement” in this announcement;
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Mr. Su”	Mr. SU Xiao Shan;
“Mr. Thomas”	Mr. Stanley Emmett THOMAS;
“Mr. Tse”	Mr. TSE Wai Kuen Gary;
“Mr. Zaldivar”	Mr. Peter Alphonse ZALDIVAR;
“HK\$” and “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong; and
“%”	per cent.

By Order of the Board of  
**QIN JIA YUAN MEDIA SERVICES COMPANY LIMITED**  
**LEUNG Anita Fung Yee Maria**  
*Chief Executive Officer and Executive Director*

Hong Kong, 8 July 2010

*As at the date of this announcement, the Board consists of: four executive directors: Dr. LEUNG Anita Fung Yee Maria (Chief Executive Officer), Mr. TSE Wai Kuen Gary (Chief Operating Officer), Mr. YIU Yan Chi, Bernard and Mr. TSIANG Hoi Fong; eleven non-executive directors: Dr. WONG Yu Hong, Philip, GBS (Chairman), Mr. LIU Yuk Chi, David (Vice-Chairman), Dr. WONG Ying Ho, Kennedy, BBS, JP, Mr. FLYNN Douglas Ronald, Ms. HO Chiu King, Pansy Catilina, Mr. OWYANG Loong Shui Ivan, Mr. LAM Haw Shun Dennis, JP, Mr. Stanley Emmett THOMAS, Mr. Lincoln PAN Lin Feng, Mr. Peter ZALDIVAR and Mr. SU Xiao Shan; three independent non-executive directors: Mr. LAU Hon Chuen, GBS, JP, Mr. HUI Koon Man, Michael, JP and Mr. Wayne CHOU.*