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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF A COMPANY WHICH OWNS
THE PUBLICATION AND ADAPTATION RIGHTS OF BOOKS AND
SCRIPTS WRITTEN BY RENOWNED AUTHORS IN THE PRC AND
MAY POTENTIALLY BECOME A CONSULTANCY SERVICE PROVIDER
TO AN ONLINE BOOK PUBLISHER IN THE PRC**

On 10 August 2010, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Purchaser agreed to acquire the entire issued share capital of the Target Company at a consideration of HK\$178,000,000 in cash.

Under the Sale and Purchase Agreement, the Vendors have undertaken to procure that within a period of 90 days after completion of the Acquisition (or such later date as the Vendors and the Purchaser may agree), the Target Company will have acquired from the controlling equity holder of TXSM 70% of the issued share capital of the Target Subsidiary which will be engaged in the provision of the Business Consultancy Services in the PRC through the Service Provider and the Service Provider will have entered into the Structure Contracts with TXSM and its existing equity holders for provision of the Business Consultancy Services to TXSM in return for a substantial portion of the profits of TXSM and the pledge of the entire equity interest in TXSM in favour of the Service Provider.

As at the date of this announcement, the major assets of the Target Company comprise the publication rights and/or adaptation rights (for production of publications of any format) or rights to adapt into games of over 350 books and scripts written by renowned authors in the PRC. 103 literatures out of the aforesaid compositions were written by Dr. Leung Anita Fung Yee Maria, the Chief Executive Officer and an executive Director of the Company. The Target Company also has the benefits of certain co-operation contracts with a well-known publisher in the PRC for publication of books in traditional printing, electronic and other audio and visual formats.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors and their ultimate beneficial owners is a third party independent of and not connected with the Company or its connected persons.

The Acquisition is a valuable opportunity for the Group to prepare itself for the development of its publication, e-commerce and online game businesses and to strengthen the Group's core business of TV program production. It is also a viable investment in line with its corporate strategy which may provide the Group with an additional income stream in the foreseeable future.

As the applicable percentage ratios for the Acquisition under the Listing Rules are more than 5% and less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT DATED 10 AUGUST 2010

Parties

Purchaser : Qin Jia Yuan E-Commerce Investments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company.

Vendors : (1) City Trade, holder of the City Trade Sale Shares;
(2) Forever Eagle, holder of the Forever Eagle Sale Shares; and
(3) Riverwin, holder of the Riverwin Sale Shares,

all of them are investment holding companies incorporated in BVI with limited liability and collectively being holders of the entire issued share capital of the Target Company as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors and their ultimate beneficial owners is a third party independent of the Company or its connected persons.

Assets to be acquired

The Sale Shares, being the entire issued share capital of the Target Company.

There is no restriction on the subsequent sale of the Sale Shares under the Sale and Purchase Agreement.

Consideration and payment

The Consideration of an aggregate of HK\$178,000,000 in cash for the Acquisition (subject to discount for early payment) is payable by the Purchaser to the Vendors in the following manner:

- (a) deposit of HK\$30,000,000 in cash to the Vendors upon signing of the Sale and Purchase Agreement;
- (b) HK\$5,000,000 in cash to the Vendors upon completion of the Acquisition; and

- (c) balance of the Consideration in the sum of HK\$143,000,000 to the Vendors in four equal installments, payable on the first anniversary, the second anniversary, the third anniversary and the fourth anniversary of the date of signing of the Sale and Purchase Agreement, respectively.

The Purchaser may, by serving written notice of not less than 30 days to the Vendors, make payment of any instalment of the Consideration or part of such instalment before the relevant payment due dates set out in the Sale and Purchase Agreement, and in such event, the amount so payable by the Purchaser to the Vendors shall be discounted at the rate of 3-month HIBOR of the date of service of the said early payment written notice to the Vendors plus 6% per annum (on the basis of a 365-day year) for the period commencing from the actual payment date up to the payment due date.

If the Purchaser fails to make payment of any instalment of the Consideration on or before the due dates set out in the Sale and Purchase Agreement, the Purchaser shall be liable to pay default interest in respect of any amount overdue to the Vendors at the rate of 3-month HIBOR of the payment due date plus 6% per annum (on the basis of a 365-day year) for the period commencing from the payment due date up to the payment date (which shall not be later than 12 months after the relevant payment due date).

The Consideration was determined after arm's length negotiation between the Vendors and the Purchaser with reference to the market value of (i) the Publication Right of HK\$72,000,000 and (ii) the market value of the Adaptation Right of HK\$130,000,000 both as at 30 June 2010 as valued by an independent professional valuer by adopting the income approach. As the Valuation was valued based on revenue forecast, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. As such, the Company will publish an announcement setting out, among other things, the bases and assumptions upon which the Valuation was made together with the report of the Company's auditors confirming its review of the accounting policies and the calculations under the Valuation within 15 business days from the date of this announcement in compliance with Rules 14.60A and 14.62 of the Listing Rules.

Conditions

Completion of the Acquisition is conditional upon:

- (a) completion of the legal and financial due diligence review of the business, affairs, operation, financial position and assets of the members of the Target Group and the due incorporation of and the valid existence of the members of the Target Group to the satisfaction of the Purchaser; and
- (b) the Vendors and the Purchaser having obtained all necessary approvals, authorisations or consents in Hong Kong, BVI or elsewhere in relation to the sale and purchase of the Sale Shares contemplated under the Sale and Purchase Agreement (if applicable).

Each party shall use its best endeavours to ensure fulfilment of the conditions. If these conditions shall not have been fulfilled (or in respect of the condition set out in paragraph (a) above only, fulfilled or waived by the Purchaser) by 31 August 2010, the deposit paid by the Purchaser to the Vendors shall be refunded to the Purchaser without interest within seven business days from such date and the Sale and Purchase Agreement, subject to the liability of any party to the others in respect of any antecedent breach of its terms, shall become null and void and of no effect.

Completion

Completion will take place on the second business day after satisfaction or waiver (as the case may be) of the conditions precedent (or such later date as the parties may agree in writing). If the Purchaser fails to complete the Acquisition following satisfaction or waiver (as the case may be) of the conditions, the Vendors shall be entitled to forfeit and retain the deposit paid by the Purchaser, without prejudice to their rights to have other remedies in respect of the default of the Purchaser.

INFORMATION ON THE TARGET COMPANY AND THE BUSINESS CONSULTANCY SERVICES

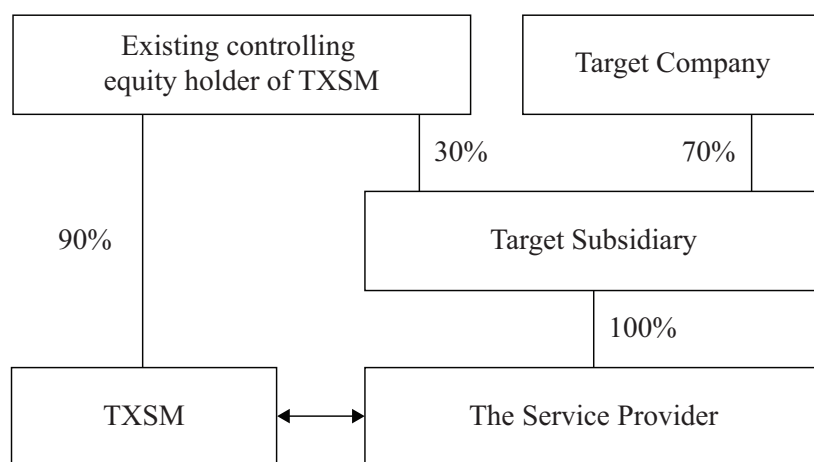
The Target Company is a company incorporated in the BVI in 2009. As at the date of this announcement, its major assets comprise the publication rights and/or adaptation rights (for production of publications of any format) or rights to adapt into games of over 350 books and scripts written by renowned authors in the PRC. Most of the relevant books are mysterious novels, romance novels, classic martial arts novels and novels with the commercial sector as background and the relevant scripts mainly contain mysterious, martial arts and romance stories. 103 literatures out of the aforesaid compositions were written by Dr. Leung Anita Fung Yee Maria, the Chief Executive Officer and an executive Director of the Company.

The Target Company has entered into a licence agreement with DW Education Group Limited, an established electronic book developer in Hong Kong, for production of the electronic versions of the literatures written by Dr. Leung Anita Fung Yee Maria (the Chief Executive Officer and an executive Director of the Company) in which the Target Company has publication rights. The electronic book developer has also made the arrangements for partnering with 北京方正網絡技術有限公司 (Beijing Founder Network Technology Company Limited), a leading e-publishing company in the PRC, for distribution and publication of such literatures through the internet or mobile application platforms.

For the purposes of further development of the publication business of the Target Company, the Target Company has engaged a consultant for research and development in the online game business and has entered into co-operation contracts with a well-known publisher in the PRC for publication of books in traditional, electronic and other audio and visual formats and sponsorship agreements with various enterprises for sponsorship of the Target Company's publication of books in traditional printing or electronic formats.

Under the Sale and Purchase Agreement, the Vendors have undertaken to procure that within a period of 90 days after completion of the Acquisition (or such later date as the Vendors and the Purchaser may agree), the Target Company will have acquired from the controlling equity holder of TXSM 70% of the issued share capital of the Target Subsidiary which will be engaged in the provision of the Business Consultancy Services in the PRC through the Service Provider and the Service Provider will have entered into the Structure Contracts with TXSM and its equity holders for provision of the Business Consultancy Services to TXSM in return for a substantial portion of the profits of TXSM and the pledge of the entire equity interest in TXSM in favour of the Service Provider.

The proposed New Corporate Structure of the Target Group is set out below.



Structure Contracts

If the Vendors fail to fulfill their obligations under the aforesaid undertaking, the Vendors and the Purchaser will negotiate and agree on a compensation payable by the Vendors to the Purchaser.

TXSM is an internet content provider, supplying electronic content to websites and mobile service providers. It publishes books through the website www.txsm.cn and its mobile reading platform in the PRC. The website www.txsm.cn was launched in 2004. The website, with over 500,000 registered users has been developed into an online book publisher with comprehensive functions comprising online library, electronic magazine, VIP reading zone and payment platform, etc. It is also a cross-media book reading platform serving both book publishers and end-users.

Based on the unaudited financial statements of the Target Company for the period commencing from its date of incorporation up to 30 April 2010, it recorded unaudited profit of about HK\$610,000 for the said period. The Target Company has not yet derived any income from its business activities. The profit recorded during the said period represents other income arising from waiver of amount due to shareholders. No taxation expense was recorded during the said period.

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and its results will be consolidated into the Group's financial results. If the New Corporate Structure is materialized, members of the Target Group will become subsidiaries of the Company. The existing controlling equity holder of TXSM, being a holder of 30% of the entire issued share capital of the Target Subsidiary, will become a connected person of the Company, and any transaction to be entered into between the Group and TXSM, which is an associate of the existing controlling equity holder of TXSM, will constitute connected transactions or continuing connected transactions of the Company under the Listing Rules. In this regard, the Company will comply with all applicable requirements under the Listing Rules.

REASONS FOR THE ACQUISITION

The principal activities of the Group include provision of cross-media services including TV program and production related services, marketing and promotion, cross-media (including outdoor media) advertising, art and performance, etc, and public relations services.

The Directors consider that the Acquisition is a valuable opportunity for the Group to prepare itself for the development of the online publication, e-commerce and online game businesses, to strengthen the Group's core business of TV program production and, in the meantime, to achieve synergy of the TV program production and the publication businesses in the future. The Acquisition may also provide the Group with a platform for its expansion of the existing advertising business and building the Group up into a full fledged and even more comprehensive and influential integrated media group in the long run.

Through the Acquisition, the Group may potentially become a provider of the Business Consultancy Services for TXSM in return for a substantial portion of the profits of TXSM. In this regard, the Acquisition is also considered as a viable investment in line with the Group's corporate strategy which may provide the Group with an additional income stream in a foreseeable future.

In view of the above, the Directors are of the view that the terms of the Sale and Purchase Agreement including the Consideration for the Acquisition are fair and reasonable so far as the Shareholders are concerned and the Acquisition pursuant to the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

GENERAL

As the applicable percentage ratios for the Acquisition under the Listing Rules are more than 5% and less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the entire issued share capital of the Target Company;
“Adaptation Right”	the adaptation right of 103 books for production of TV series, talk shows or movies in PRC owned by the Target Company;
“Board”	the board of Directors;
“Business Consultancy Services”	(i) provision of systems, facilities, software, technical support and solutions for the establishment and maintenance of the platform for operation of the online book publication business; and (ii) provision of services for the administration and operation of the said platform; consultancy services in respect of the technology required for and business model of the online book publication business; and marketing and promotion services for the online book publication business;

“BVI”	the British Virgin Islands;
“City Trade”	City Trade Limited, a company incorporated in BVI, being one of the Vendors and has agreed to sell the City Trade Sale Shares to the Purchaser pursuant to the Sale and Purchase Agreement;
“City Trade Sale Shares”	15% of the issued share capital of the Target Company;
“Company”	Qin Jia Yuan Media Services Company Limited, a company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration for the Acquisition by the Purchaser under the Sale and Purchase Agreement;
“Directors”	the directors of the Company;
“Forever Eagle”	Forever Eagle Investments Limited, a company incorporated in BVI, being one of the Vendors and has agreed to sell the Forever Eagle Sale Shares to the Purchaser pursuant to the Sale and Purchase Agreement;
“Forever Eagle Sale Shares”	40% of the issued share capital of the Target Company;
“Group”	the Company and its subsidiaries;
“HIBOR”	the Hong Kong Interbank Offer Rate quoted by the Hong Kong Association of Banks of the relevant day;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Corporate Structure”	the proposed group structure of the Target Group following fulfilment of the Vendors’ undertaking as detailed in the fourth paragraph under the section headed “Information on the Target Company and the Business Consultancy Services” in this announcement;
“PRC”	The People’s Republic of China, which, for the purpose of this announcement, shall excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Publication Right”	the publication right of about 180 books and about 60 scripts in the PRC owned by the Target Company;
“Purchaser”	Qin Jia Yuan E-Commerce Investments Limited (勤加緣電子商貿投資有限公司), a company incorporated in BVI and a wholly owned subsidiary of the Company;

“Riverwin”	Riverwin Holdings Limited, a company incorporated in BVI, being one of the Vendors and has agreed to sell the Riverwin Sale Shares to the Purchaser pursuant to the Sale and Purchase Agreement;
“Riverwin Sale Shares”	45% of the issued share capital of the Target Company;
“Sale and Purchase Agreement”	the conditional sale and purchase agreement entered into between the Vendors and the Purchaser on 10 August 2010 in relation to the Acquisition;
“Sale Shares”	the City Trade Sale Shares, the Forever Eagle Sale Shares and the Riverwin Sale Shares collectively;
“Service Provider”	the WFOE established by the Target Subsidiary for the purpose of providing the Business Consultancy Services;
“Shareholders”	the holders of the Shares;
“Shares”	the ordinary shares of US\$0.01 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Structure Contracts”	contracts that are designed to transfer the business assets of TXSM to the Service Provider; to pledge the entire equity interest in TXSM in favour of the Service Provider and to transfer a substantial portion of the profits of TXSM to the Service Provider through its provision of the Business Consultancy Services to TXSM;
“Target Company”	Green Team Culture Asset Limited (滙翠文化資產有限公司);
“Target Group”	the Target Company and its subsidiaries including the Target Subsidiary and the Service Provider;
“Target Subsidiary”	a company incorporated in Hong Kong which shall become an indirect 70% owned subsidiary of the Target Company and the intermediate holding company of the Service Provider according to the Sale and Purchase Agreement;
“TXSM ”	北京天下書盟科技有限公司 (Beijing Tianxiashumeng Technology Company Limited), a company incorporated in the PRC with limited liability, which is the owner the business and operation of the online book publication in the PRC through the website www.txsm.cn and a mobile reading platform as at the date of this announcement and a holder of the internet content provider licence under the PRC law;
“HK\$”or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong;
“Valuation”	the valuation in respect of the Publication Right and the Adaptation Right prepared by an independent professional valuer at the aggregate market value of HK\$202,000,000 as at 30 June 2010;

“Vendors” City Trade, Forever Eagle and Riverwin; and
“WFOE” wholly foreign owned enterprise established under the laws of the PRC

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, 10 August 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, Mr. LAM Haw Shun, Dennis, JP, Ms. HO Chiu King, Pansy Catilina, Mr. OWYANG Loong Shui, Ivan, Mr. Stanley Emmett THOMAS, Mr. Lincoln PAN Lin Feng, Mr. Peter Alphonse 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.