



QJY acquired exclusive advertising agency rights of the Entertainment Channel of Chongqing TV station which is valued at RMB800 million

Qin Jia Yuan Media Services Company Limited (HKEx Stock Code: 2366, hereinafter referred to as “QJY” or the “Group”) hereby announces today that it has acquired 5-year exclusive advertising rights of the Entertainment Channel of the Chongqing Broadcasting Group (Station) (the “Chongqing TV Station”) (the “Channel”), and quality television (“TV”) dramas to strengthen the content of the Channel’s content at a cost of RMB125 million. At the expiration of the term of the exclusive advertising rights, the right will be renewed for 5-years at a cost of RMB150 million. In addition, purchasing TV dramas to strengthen the content of the Channel is amounted to RMB 250 million. The market value of the rights acquired is valued to be at RMB800 million by an independent business valuer.

Dr. Leung Anita Fung Yee (“Dr. Leung”), the Chief Executive Officer of QJY mentioned, “Since the acquisition of the exclusive advertising rights of the Drama Channel of Hubei TV station early this year, QJY has become one of the few foreign-owned companies that have been successful in securing exclusive advertising agency rights of a local TV station in China. Other than lowering the operating costs, the acquisition of the exclusive advertising agency rights in respect of commercial air-time of the Chongqing TV Station will further strengthen QJY’s position by extending the TV advertising platform in China. The co-operation with two of the leading provisional TV stations, Chongqing TV Station and Hubei TV station, it is

expected to draw more provincial TV stations for future collaboration.

Dr. Leung explains that the Channel broadcasts on a 24-hour continuous basis and its content is mainly focused on TV drama series and entertainment programmes. The total advertising airtime for every 24 hours is around 260 minutes. The 2006 annual rate card is up to RMB 800 million. Following market trend adjustment, the rate card will be raised to RMB 960 million in 2007. As the owner of exclusive advertising agency rights, QJY has absolute discretion on pricing, discount, placing and strategies of advertising operations and so on. It will also have the right to plan and organize publicity and public relation activities together with the Channel, and offer its suggestions on programme procurement. All sponsorship and advertising incomes of the Channel, including tangible and intangible and cash or in-kind, will belong to QJY.

Dr. Leung further explains that the main reason why QJY can enter into cooperation arrangement with another leading TV station in China within less than six months is, since QJY has taken over the advertising business of the Drama Channel of Hubei TV station, quite a number of prestigious brands have been introduced to this channel through professional strategy from the Group thereby raising its market share and corporate image. QJY has also contributed significantly to the initiation and supply of TV drama series, which led to further gains in the programmes' viewing rate. Such outstanding achievement by QJY has prompted the Chongqing TV station to consent to the transfer to QJY the exclusive advertising right of the Channel. The advertising agency business will be carried out by QJY (China) Advertising Company Limited. (“勤加緣(中國)廣告有限公司”) who has nationwide advertising business license to operate in China and other agencies that QJY China appointed as its representatives for business development and client recruitment.

The Chongqing TV Station will continue to work closely with QJY in the production and purchase quality programmes that will help increase the viewing rate of the Channel. They will join forces to create a new look for the Channel based on an international and stylish positioning which will make it stand out amongst other entertainment channels in China. The total programme cost to be spent on the Channel is expected to be around RMB 25 million a year. The worldwide distribution rights of these programmes all belong to QJY, and QJY will run the programmes not only on the Channel but also through the local and international distribution network for greater returns to QJY.

The acquisition of the advertising rights of the Channel by QJY will formally commence on 1 January 2008. The advertising income and sponsorship will be recognized in the year. As a result, QJY expects the Group's turnover be increased significantly as a result of the increased advertising business in 2008

In accordance with the rules of Hong Kong Stock Exchange, the transaction requires the approval of an extraordinary general meeting ("EGM"). At that EGM, the renewed employment contract of Dr. Anita Leung, CEO of the Group, will also be presented to the shareholders for approval. The new term change her employment package (remuneration, housings, etc) from the original US\$1,000,000 to US\$50,000 per annum. Under the new package, Dr. Leung will also be entitled to profit sharing relating to the aggregate sum of the QJY's net profit after tax over the financial years ending 30 September 2008, 2009 and 2010, aligning her performance with the financial performance of the Group.