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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)**

**Directors:**

*Executive Directors:*

Dr. LEUNG Anita Fung Yee Maria  
*(Chief Executive Officer)*  
Mr. YIU Yan Chi, Bernard  
Mr. TSIANG Hoi Fong

*Non-Executive Directors:*

Dr. Honourable WONG Yu Hong, Philip, *GBS*  
*(Chairman)*  
Mr. PFITZNER Kym Richard  
Mr. ZINGER Simon  
Ms. LEE Kwei-Fen  
Mr. HUNG Hak Hip  
Mr. LIU Yuk Chi, David  
Mr. WONG Ying Ho, Kennedy, *BBS, JP*  
Mr. FLYNN Douglas Ronald  
Ms. HO Chiu King, Pansy Catilina

*Independent Non-Executive Directors:*

Mr. LAU Hon Chuen, *GBS, JP*  
Mr. LAM Haw Shun, Dennis, *JP*  
Mr. HUI Koon Man, Michael, *JP*

**Registered Office:**

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**Head office and principal place  
of business in Hong Kong:**

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Yale Industrial Centre  
61-63 Au Pui Wan Street  
Fotan, New Territories  
Hong Kong

8 July 2008

*To the Shareholders,*

Dear Sir or Madam,

**Interim Dividend for the Six Months Ended 31 March 2008**

**INTRODUCTION**

On 19 May 2008, the Board of Directors of Qin Jia Yuan Media Services Company Limited (“the Company”) declared an interim dividend for the six months ended 31 March 2008 (the “Interim Dividend”) in scrip form to shareholders whose names appear on the

register of members of the Company on 30 June 2008 (the “Record Date”) equivalent to HK\$0.036 per ordinary share of US\$0.01 of the Company (the “Share”) with an alternative to the shareholders of the Company (the “Shareholders”) to elect to receive the Interim Dividend in cash in lieu of all or part of their scrip dividend entitlements (the “Scrip Dividend Scheme”).

The purpose of this document is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by Shareholders in relation thereto.

## DETAILS OF THE SCRIP DIVIDEND SCHEME

Under the Scrip Dividend Scheme, each Shareholder may receive the Interim Dividend in one of the following ways:

- (a) wholly by way of an allotment of new Shares with a nominal value of US\$0.01 each (“New Shares”) credited as fully paid and having an aggregate market value (as defined below) equal to, save for adjustment for fractions, the total amount of Interim Dividend; or
- (b) wholly by a cash dividend of HK\$0.036 per Share; or
- (c) partly in cash and partly in New Shares.

For the purpose of calculating the number of New Shares to be allotted, the market value of a New Share has been set at HK\$4.65, which is the average closing price of one Share on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the five consecutive trading days commencing on 23 June 2008. Accordingly, the number of New Shares which Shareholders will receive, in respect of the existing Shares registered in their names as at the Record Date will be calculated as follows:

$$\begin{array}{l} \text{Number of New Shares} \\ \text{to be received} \end{array} = \begin{array}{l} \text{Number of existing Shares held} \\ \text{on the Record Date for which} \\ \text{cash election is not made} \end{array} \times \frac{\text{HK\$0.036}}{\text{HK\$4.65}}$$

**The last day and time on which Shareholders will be entitled to elect their desired form of Interim Dividend is 4:00 p.m. on Friday, 25 July 2008.** The number of New Shares to be received will be rounded down to the nearest whole number of the New Shares. Fractional entitlements to New Shares in respect of alternatives (a) and (c) above will not be issued and will be disregarded and the benefit thereof will accrue to the Company. The New Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the existing Shares except that they shall not rank for the Interim Dividend.

## ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give Shareholders the opportunity to increase their investment in the Company without incurring brokerage fee, stamp duty or dealing costs. The Scrip Dividend Scheme will also be to the advantage of the Company because, to the extent that the Shareholders do not elect to receive cash in lieu of New Shares, in whole or in part, such cash as would otherwise have been paid to Shareholders will be retained for use as working capital by the Company.

## **EFFECT OF THE SCRIP DIVIDEND SCHEME**

If all Shareholders elect to receive cash, the total cash dividend payable by the Company would be approximately HK\$22,350,451.61 on the basis of 620,845,878 Shares in issue as at the Record Date.

Shareholders should note that the New Shares to be issued pursuant to the Scrip Dividend Scheme may give rise to notification requirements under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) for those Shareholders who may have notifiable interests (under the SFO, 5% or more interest in the issued share capital) in the Company. **Shareholders who are in any doubt as to how these provisions may affect them as a result of the New Shares arising from the Scrip Dividend Scheme are recommended to seek their own professional advice.**

## **FORM OF ELECTION**

A form of election (the “Form of Election”) is enclosed with this document for use by Shareholders who wish to receive the Interim Dividend wholly in cash or partly in cash and partly by the issue of New Shares, or to make a permanent election to receive cash in lieu of any future dividend in scrip form.

**If you elect to receive the Interim Dividend wholly in the form of New Shares, you should not complete the Form of Election.**

**If you elect to receive wholly in cash, or partly cash and partly New Shares, you must use the Form of Election.** If you complete the Form of Election but do not specify the number of Shares in respect of which you wish to receive cash under the Scrip Dividend Scheme, or if you elect to receive cash in respect of a greater number of Shares than your registered shareholding on the Record Date, you will be deemed to have exercised your election to receive cash in respect of all the Shares of which you were then registered as the holder.

**Any Shareholder who does not wish to receive the Interim Dividend in the form of New Shares must make an appropriate election on the Form of Election in accordance with the instructions printed thereon and return it to the Company’s branch share registrars and transfer office, Union Registrars Limited at Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 25 July 2007. No acknowledgment of receipt of the Form of Election will be issued. If any Shareholder does not complete and return the Form of Election by not later than 4:00 p.m. on Friday, 25 July 2008, the Shareholder will receive the Interim Dividend in the form of New Shares.**

No Form of Election will be sent to any Shareholder who has made earlier a permanent election to receive cash in lieu of any future dividend in scrip form. Any such Shareholder wishing to change his existing permanent election for cash and to elect to receive New Shares or partly New Shares and partly cash must give at least seven days’ notice in writing before Friday, 25 July 2008 (i.e. on or before Friday, 18 July 2008) to Union Registrars Limited at the address stated above.

## LISTING AND DEALINGS

Application has been made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the New Shares to be issued pursuant to the Scrip Dividend Scheme. Subject to the said application being granted by the Stock Exchange, it is expected that share certificates for the New Shares and/or cheques for cash dividend will be posted by ordinary mail to those entitled thereto at their own risk on or before Thursday, 31 July 2008. Dealings of the New Shares on the Stock Exchange are expected to commence on Friday, 1 August 2008 after dispatch to Shareholders of the certificates for the New Shares.

The primary listing of the existing Shares is on the Stock Exchange, and there is no official secondary listing of the existing Shares on any other stock exchange. No listing of, or permission to deal in, any of the existing Shares and/or New Shares on any stock exchange other than the Stock Exchange is being or is proposed to be sought.

Dealings in the New Shares may be settled through the Central Clearing and Settlement System and you should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

## RECOMMENDATION AND ADVICE

Whether or not it is to the Shareholders' advantages to receive New Shares or cash, in whole or in part, depends upon their own individual circumstances. The effect on the tax position of any Shareholder will depend on that Shareholder's particular circumstances. If you are in any doubt as to what to do, you should consult your professional advisers. Shareholders who are trustees are recommended to take professional advice as to whether the choice to receive cash or New Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

## EXPECTED TIMETABLE

Fix the market value of a New Share  
(5 consecutive trading days average) ..... Monday, 23 June 2008  
to Friday, 27 June 2008

Latest time and date for return of Form of Election ... 4:00 p.m. on Friday, 25 July 2008

Despatch of share certificates for the New Shares  
and/or cheques for cash dividend ..... on or before Thursday, 31 July 2008

Commencement of dealings in the New Shares ..... Friday, 1 August 2008

Yours faithfully,

**LEUNG Anita Fung Yee Maria**

*Executive Director and Chief Executive Officer*