

Diligence for success



Considered to be the first and sole foreign media investor able to operate one-stop TV media services in the mainland, Qín Jia Yuan is well prepared for the new game.

Knowing the rules of the game allow one to play well. This philosophy can be realized in the business development of Qín Jia Yuan Media Services Company Ltd, established in 1995 and dedicated to providing comprehensive, one-stop media services for China's television industry.

The corporate culture reflects the beliefs of Qín Jia Yuan. "Literally speaking, our Chinese company names can be interpreted as: Diligence + Opportunities = Success."

This is also the formula for our success," said Dr Anita Leung Fung Yee, CEO of Qín Jia Yuan.

Diligence is the first factor needed to succeed. Dr Leung explained it is controllable by everyone, but only when one is determined to do so.

Opportunity

Opportunity is the second factor. "Grasping the opportunity at the right time is crucial. The media industry in China was not bright 30 years ago. You had no way to succeed even if you worked hard," she exclaimed.

Since 2006, CEPA has opened the media market and allowed investors from Hong Kong and Macau to have chances to obtain more benefits from producing TV drama program in China. "This is one of the opportunities I am referring to," she explained.



With the implementation of CEPA, Qín Jia Yuan benefits from establishing long-term collaboration with eight key mainland China TV stations of in Beijing, Dalian, Fujian, Guangdong, Harbin, Hubei, Jiangsu and Shanghai. The collaboration will initially call for an aggregate investment of RMB300 million for the production or procurement of 538 to 600 hours of TV drama in 2007.

Although the market is now more open, there are entry barriers which Qín Jia Yuan knows how to overcome.

"It is extremely difficult for foreign media firms to gain access to the mainland, as the broadcasting industry is considered

a State-owned business, thus the issuing of TV licenses and program censorship are strictly controlled," Dr Leung stressed.

However, Qín Jia Yuan's major business, based on providing one-stop TV services in the China market, range from having the rights to cooperate in production and distribution, to the control of advertising, sponsorship, public relations and promotion. With over a decade of experience in exploring the China media market and connections to a lot of sponsors, they strongly affirm the company can avoid unfavorable factors to open up a new business direction for the company, Dr Leung said.



Acquisition attracts investors

In early January 2007, Qin Jia Yuan announced the acquisition of exclusive rights for three years (with an option to renew for another three years) to sell advertising airtime and provide public relations services of the Film and TV channel of Hubei Provincial TV station. This ensures a channel for huge income for Qin Jia Yuan after the acquisition.

"We will put more focus on the channel advertising business and hope to acquire advertising rights for more channels from other key TV stations in mainland China, for it ensures income. With this new channel, films and dramas will be broadcast 18 hours per day, with about 3.4 hours of commercials. We will also have more chances to provide more TV drama programs. The growth of production means the growth of distribution as well as advertising," she enthused.

An estimated RMB 700 million calculated at the standard rate is expected for the annual advertising value for the Film and TV Channel of Hubei Provincial TV station. The revenue generated from advertisements and sponsorship will all be received by Qin Jia Yuan.

Competition

The China market is huge but only at a developing stage. But running media needs

a lot of capital and resources as well as know how, so participants are countable.

It is thought that 11 years of track record of Qin Jia Yuan must be an important factor in gaining the trust of the relevant State Authority. "We know well about the market and culture, and in return we offer modern media management and operational approaches, plus contributing to the concept of Intellectual Property, and of course our strong capability in creativities and cash investment," Dr Leung added.

One of the challenges is getting good scripts but Qin Jia Yuan also knows how to play them down. "We have the unique control over the novel series of Wisely, which corresponds to the famous Harry Potter in western countries, and my financial and romance novels, and we have a team of creative minds to write scripts. For advertising, we have gained a lot of support from sponsors with whom we have built concrete relationships for over 11 years. And most importantly, we also gain major support from one of the top five advertising firms in the world, Aegis, as she is our second largest shareholder. This allows us to beat our competitors by offering attractive prices," she affirmed.

Company Profile

The Group's focused strategy is to become both the leading TV content

provider and a "multi-media supermarket" in China. The Group relies heavily not only on the provision of quality TV drama series but also on an all-new approach -sourcing opportunities for cooperation with major mainland TV stations to develop advertising operations and succeed in gaining cooperation with a Hubei TV station in early January. At the same time, the Group signed exclusive advertising agreements with three national newspapers, eleven national magazines and China Central Radio, including Children Magazine from China Children's Press and Publication Group, China Sports Daily, China Women's News and Chinese Red Cross Weekly. The advertising operations of these national non-TV media operations will complement the Group's TV advertising related business to generate synergies and will provide the Group's clients with many more opportunities for advertising placement.

Besides the collaboration with eight key mainland China TV stations, Qin Jia Yuan is planned to collaborate with one more TV station in the first quarter of 2007. Each of the stations has its own features to attract different audiences. With the collaboration of the new TV station, Qin Jia Yuan aims at putting more focus on training and hiring talents, in order to turn it into one of the biggest artist management businesses.