IMPORTANT

IMPORTANT: If you are in doubt about any of the contents of this prospectus, you should seek independent professional advice.

CTV 中视金桥

SinoMedia Holding Limited

(incorporated in Hong Kong with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	***139,400,000 Shares (subject to adjustment and the Over-allotment Option)***
Number of Hong Kong Offer Shares	:	***13,940,000 Shares (subject to adjustment)***
Number of International Offer Shares	:	***125,460,000 Shares (subject to adjustment and the Over-allotment Option)***
Maximum Offer Price	:	***HK$3.48 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application and subject to refund)***
Nominal Value	:	***HK$0.0003125 per Share***
Stock Code	:	***623***

Joint Global Coordinators, Joint Bookrunners, Joint Sponsors and Joint Lead Managers

Morgan Stanley

CAZENOVE
Cazenove Asia Limited

The Stock Exchange of Hong Kong Limited and the Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies" in Appendix VIII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 38D of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (on behalf of the Underwriters), us and the Selling Shareholder on or before Wednesday, 2 July 2008 (Hong Kong Time) or such later date as may be agreed by us, the Selling Shareholder and the Joint Global Coordinators, but in any event not later than Monday, 7 July 2008 (Hong Kong Time). The Offer Price will be not more than HK$3.48 per Offer Share and is currently expected to be not less than HK$2.63 per Offer Share unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum offer price of HK$3.48 for each Offer Share together with a brokerage of 1%, an SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK$3.48.

The Joint Global Coordinators (on behalf of the Underwriters), with our and the Selling Shareholder's consent, may reduce the indicative offer price range stated in this prospectus and/or reduce the number of Offer Shares being offered pursuant to the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction of the indicative offer price range and/or the number of Offer Shares will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, then even if the indicative offer price and/or the number of Offer Shares is so reduced, such applications cannot subsequently be withdrawn.

If, for any reason, the Offer Price is not agreed between us, the Selling Shareholder and the Joint Global Coordinators (on behalf of the Underwriters) on or before Monday, 7 July 2008 (Hong Kong Time), the Global Offering will not proceed and will lapse. Further details are set out in the sections headed "Structure and Conditions of the Global Offering" and "How to Apply for the Hong Kong Public Offer Shares."

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

Pursuant to certain provisions contained in the Underwriting Agreements in respect of the Offer Shares, the Joint Global Coordinators, on behalf of the Underwriters, has the right in certain circumstances, subject to the sole opinion of the Joint Global Coordinators, to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8: 00 a.m. (Hong Kong time) on the day on which dealings in the Shares first commence on the Hong Kong Stock Exchange. Further details of the terms of such provisions are set out in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

25 June 2008

EXPECTED TIMETABLE[1]

	2008
Application lists open[2]	11:45 a.m. on Monday, 30 June
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Monday, 30 June
Latest time for completing electronic applications under **WHITE FORM eIPO** service through the designated website **www.eipo.com.hk**[3]	11:30 am on Monday, 30 June
Latest time for completing payment of **WHITE FORM eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Monday, 30 June
Latest time for giving **electronic application instructions** to HKSCC[4]	12:00 noon on Monday, 30 June
Application lists close	12:00 noon on Monday, 30 June
Expected Price Determination Date[5]	Wednesday, 2 July
Announcement of the Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allotment of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese)	Monday, 7 July
Results of applications and Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering to be available through a variety of channels as described in the section headed "How to Apply for the Hong Kong Offer Shares — Publication of Results"	Monday, 7 July
Despatch of share certificates on or before [6] & [7]	Monday, 7 July
Despatch of refund cheques on or before [6] & [8]	Monday, 7 July
Dealings in Shares on the Hong Kong Stock Exchange expected to commence at	9:30 a.m. on Tuesday, 8 July

(1) All times refer to Hong Kong time.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 30 June 2008, the application lists will not open or close on that day. Please refer to the section headed "How to Apply for the Hong Kong Offer Shares — Effect of bad weather on the opening of the application lists" in this prospectus.

If the application lists do not open and close on Monday, 30 June 2008, the dates mentioned in this section headed "Expected Timetable" may be affected. We will make a press announcement in such event.

(3) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting application, when the application lists close.

(4) Applicants who apply for the Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for the Hong Kong Offer Shares — Applying by giving electronic application instructions to HKSCC" in this prospectus.

(5) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Wednesday, 2 July 2008 and, in any event, not later than Monday, 7 July 2008. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters), us and the Selling Shareholder by Monday, 7 July 2008, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

(6) Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Tuesday, 8 July 2008 provided that (i) the Global Offering has become unconditional in all respects and (ii) the Underwriting Agreements have not been terminated in accordance with their terms. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, we will make an announcement as soon as possible.

(7) Applicants who have applied on **WHITE** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have indicated in their Application Forms that they wish to collect any refund cheques and share certificates in person, may do so from our Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong between 9:00 a.m. to 1:00 p.m. on Monday, 7 July 2008. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation's chop. Both individuals and representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to Computershare Hong Kong Investor Services Limited at the time of collection. Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering may collect their refund cheques, if any, in person but may not elect to collect their share certificates which will be deposited into CCASS for the credit of their designated CCASS participants' stock accounts or CCASS investor participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants. Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the paragraph headed "Applying by giving electronic application instructions to HKSCC" under the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus for details. Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to Apply for the Hong Kong Offer Shares — Despatch/Collection of share certificates and refund cheques" in this prospectus.

(8) Refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate the refund cheque.

Particulars of the structure of the Global Offering, including the conditions thereto, are set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Joint Sponsors, the Joint Global Coordinators, any of the Underwriters, any of their respective directors, or any other person involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading privately-owned media advertising operator in China that focuses on providing nationwide TV advertising coverage for our clients, including advertisers and advertising agencies. We have obtained rights from CCTV, China's largest TV advertisement time supplier, to sell advertisement time on certain of their TV programmes to our clients. According to "International Advertising" (國際廣告) magazine, we were the largest privately-owned underwriter and the overall second largest underwriter of TV advertisement time for CCTV in 2007. We have a long-standing business cooperation with CCTV dating back to our inception in 1999. In addition, we have obtained the right to sell TV advertisement time on Jiangsu TV City Channel and Shenzhen Satellite TV Channel since 2007, as well as the exclusive right to sell all the advertisement space in "Tourism" (旅遊), a nationally distributed magazine, since 2004.

We provide a wide range of value-added services to both TV stations and our advertising clients. For TV stations, we provide regular advertising market analysis to improve the marketability of their TV programmes and conduct promotion activities for their TV programmes to raise their profiles and expand their viewership. For our advertising clients, we provide campaign planning, advertisement broadcast monitoring and appraisal and content production services to increase the effectiveness of their TV advertising campaigns.

As at the Latest Practicable Date, over 300 advertising clients have directly or indirectly purchased advertisement time on our advertising resources, with no single client accounting for more than 10% of our revenue during the Track Record Period. International companies such as BMW, FedEx and Korean Air and domestic companies such as China Unicom, Industrial and Commercial Bank of China and Ping An Insurance have purchased our advertisement time. Many local government agencies, such as Dalian Bureau of the Information Industry (大連市信息產業局), Sichuan Tourism Agency (四川省旅遊局) and Jilin Tourism Agency (吉林省旅遊局), have also purchased our advertisement time in order to promote tourism and attract new business investments. We also provide services to many international advertising agencies belonging to the American Association of Advertising Agencies (the "**4A**"), such as Aegis, OMD, Publicis and WPP, as well as various domestic advertising agencies.

Our business has grown substantially during the Track Record Period. The number of CCTV programmes on which we sold advertisement time increased from 31 in 2005 to 55 in 2007, of which 51 were exclusive, meaning that all the advertisement time available on these programmes could only be sold by us. We obtain such exclusive rights through entering into one-year or 18-month contracts, and we typically have priority in renewing these contracts upon their expiration, provided that certain conditions are satisfied. For 2008, we have renewed contracts with regard to all such CCTV programmes, and have obtained exclusive rights to sell advertisement time on two additional programmes on CCTV-4. The amount of CCTV advertisement time that we sold increased from approximately 4,518 minutes in 2005 to approximately 10,450 minutes in 2007. In addition, we sold approximately 25,319 minutes of advertisement time on Jiangsu TV City Channel and approximately 2,187 minutes of advertisement time on Shenzhen Satellite TV Channel in 2007. For the three years ended 31 December 2007, our revenue increased from RMB230.1 million in 2005 to RMB263.7 million in 2006 and to RMB364.7 million in 2007, representing a CAGR of 25.9%.

In addition, we typically enter into advertising service contracts with our clients prior to the broadcast of their advertisements. As at 31 December 2007, we had sold in advance the advertisement time for 2008 for the amount of approximately RMB385 million.

2008 Beijing Olympic Games

With respect to advertisement time during the Beijing Olympic Period, as at 30 April 2008 we had purchased 1,722 minutes on CCTV (comprising 937 minutes on CCTV-4 and 785 minutes on CCTV-9), 1,350 minutes on Jiangsu TV City Channel and none on Shenzhen Satellite TV Channel, among which we had sold 115 minutes on CCTV (comprising 84 minutes on CCTV-4 and 31 minutes on CCTV-9), 108 minutes on Jiangsu TV City Channel and none on Shenzhen Satellite TV Channel. The aggregate value of such sold advertisement time totalled approximately RMB3.1 million. To the best knowledge of our Directors after making enquiries with CCTV, Jiangsu TV City Channel and Shenzhen Satellite TV Channel, our purchased advertisement time on CCTV-4, CCTV-9, Jiangsu TV City Channel and Shenzhen Satellite TV Channel (including during the Beijing Olympic Period) should not be affected by the 2008 Beijing Olympic Games.

Although we had sold advertisement time during the Beijing Olympic Period, we had not purchased or sold any advertisement time on any of the Beijing Olympic Programmes as at the Latest Practicable Date. To the best knowledge of our Directors, CCTV has designated certain channels (including CCTV-1 and CCTV-2) for the broadcast of the Beijing Olympic Programmes and has started to sell such advertisement time to advertisers represented by advertising agencies or media advertising operators. We intend to seek to purchase such advertisement time on behalf of our clients.

INDUSTRY OVERVIEW

China has the largest television audience in the world. According to the China Statistical Yearbook in 2007, 96.2% of the population in the PRC, or approximately 1.27 billion people, was covered by TV broadcast in 2006.

CCTV captured 28.9% of TV viewership in China in 2007, according to CSM Media Research. CCTV currently has 16 free-to-air channels that offer a broad range of content, including news, sports, movies, drama, entertainment, finance, and other programmes. It is the only nationwide free-to-air TV network in China, and all TV stations in China are required by relevant regulations to broadcast at least CCTV-1.

The advertising market in China is one of the largest and fastest growing advertising markets in the world. According to the ZenithOptimedia Report, advertising spending in China reached RMB120.0 billion in 2007, making it the second largest advertising market in Asia after Japan. ZenithOptimedia further predicts China's advertising spending will continue to grow and reach RMB193.8 billion by 2010, representing a CAGR of 17.3% from 2007 to 2010.

TV has attracted the largest percentage of advertising spending in China among all media resources, with RMB47.1 billion, or a 39.2% share of China's total advertising spending in 2007, according to the ZenithOptimedia Report. From 2008 to 2010, TV's share of total advertising spending is expected to remain at above 35% of the total advertising spending and the largest among all media types through 2010. TV advertising spending is projected to increase at a CAGR of 13.8% from 2007 to 2010, reaching RMB69.4 billion in 2010, according to the ZenithOptimedia Report.

COMPETITIVE STRENGTHS

We believe that our principal competitive strengths are as follows:

- The largest privately-owned underwriter of advertisement time for CCTV
- Diversified client base and strong client loyalty
- Strong brand recognition
- Experienced management team

See "Business — Competitive Strengths" for a detailed description of these competitive strengths.

BUSINESS STRATEGIES

Our business strategies are:

- Strengthen our business cooperation with CCTV
- Expand our advertising resources into the digital media advertising market
- Enhance our presence in the regional TV advertising market
- Strengthen marketing and sales capability
- Explore acquisition, investment and partnership opportunities

See "Business — Business Strategies" for a detailed description of these business strategies.

SUMMARY FINANCIAL INFORMATION

The following summary consolidated income statement data for the years ended 31 December 2005, 2006 and 2007 and the summary consolidated balance sheet data as at 31 December 2005, 2006 and 2007 set forth below have been derived from the Accountants' Report included in Appendix I to this prospectus. You should read the summary financial information below in conjunction with our consolidated financial statements included in Appendix I — "Accountants' Report", which have been prepared in accordance with IFRS. Other than the financial information that has been extracted from the Accountants' Report, which is included in Appendix I to this prospectus, all other financial information included in this prospectus has been extracted or derived from our unaudited management's accounts or other internal records.

Summary Consolidated Income Statement Data

	For the year ended 31 December					
	2005		2006		2007	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(in thousands of RMB, except for percentages)					
Revenue[(1)]	230,124	100.0%	263,657	100.0%	364,702	100.0%
Cost of services	(161,330)	(70.1)	(155,203)	(58.9)	(237,857)	(65.2)
Gross profit	68,794	29.9	108,454	41.1	126,845	34.8
Other income	134	0.1	—	—	36	0.0
Selling and marketing expenses	(6,485)	(2.8)	(14,438)	(5.4)	(16,532)	(4.5)
General and administrative expenses[(2)]	(32,149)	(14.0)	(19,236)	(7.3)	(30,719)	(8.4)
Profit from operations	30,294	13.2	74,780	28.4	79,630	21.9
Finance income	173	0.1	837	0.3	3,045	0.8
Finance expenses related to convertible redeemable preference shares	—	—	(6,667)	(2.5)	(26,453)	(7.3)
Other finance expenses	(303)	(0.2)	(398)	(0.2)	(200)	(0.0)
Profit before tax	30,164	13.1	68,552	26.0	56,022	15.4
Income tax expense	(5,324)	(2.3)	(7,233)	(2.7)	(13,247)	(3.7)
Profit for the year	24,840	10.8	61,319	23.3	42,775	11.7
Attributable to:						
Equity holders of the Company	26,641	11.6	61,319	23.3	42,316	11.6
Minority interests	(1,801)	(0.8)	—	—	459	0.1
Profit for the year before the impact of finance expenses related to convertible redeemable preference shares	24,840	10.8%	67,986	25.8%	69,228	19.0%

SUMMARY

Summary Consolidated Balance Sheet Data

	As at 31 December		
	2005	2006	2007
	(in thousands of RMB)		
Cash and cash equivalents	17,399	311,269	352,061
Trade and other receivables	80,227	97,636	97,258
Receivables due from related parties	39,678	57,463	28,255
Total current assets	137,304	466,524	488,615
Total non-current assets	25,891	23,831	51,534
Total assets	163,195	490,355	540,149
Total current liabilities	54,484	170,241	150,528
Total non-current liabilities	1,425	265,423	—
Total liabilities	55,909	435,664	150,528
Total equity	107,286	54,691	389,621
Total equity and liabilities	163,195	490,355	540,149

Summary Operating Data

	For the year ended 31 December		
	2005	2006	2007
Operating data relating to our advertising services on CCTV channels:			
Channels(3)	CCTV-1(4), CCTV-2, CCTV-4, CCTV-9	CCTV-1(4), CCTV-2, CCTV-4, CCTV-9	CCTV-1(4), CCTV-2, CCTV-4, CCTV-9
Number of programmes	31	40	55
Minutes purchased	19,798	23,166	32,704
Minutes sold	4,518	5,525	10,450
Utilisation rate(5)	22.8%	23.8%	32.0%

	For the year ended 31 December 2007		
	Minutes purchased	Minutes sold	Utilisation rate
Operating data relating to our advertising services on Regional TV channels:			
Jiangsu TV City Channel	56,345	25,319	44.9%(6)
Shenzhen Satellite TV Channel	7,074	2,187	30.9%
Total	63,419	27,506	43.4%

(1) Revenue for each year is net of applicable sales taxes and surcharges.
(2) Includes share-based compensation expenses in 2007 in the amount of RMB4.9 million.
(3) Represents CCTV channels on which we purchased TV advertisement time in the relevant year.
(4) The advertisements on CCTV-1 are also broadcast on the same programmes on the CCTV-News channel.
(5) Our overall utilisation rate was affected by the relative low utilisation rate of CCTV-9 during the Track Record Period, which was 4.5%, 7.8% and 11.9%, respectively, in 2005, 2006 and 2007, due to CCTV-9's relatively short history and its all English language broadcasting. Our utilisation rate for CCTV channels excluding CCTV-9 was 60.0%, 59.1% and 51.0%, respectively, in 2005, 2006 and 2007.
(6) Jiangsu TV City Channel had relatively high utilisation rates because we sold a high proportion of infomercial programmes on this channel. Each infomercial programme typically lasts between 10 and 30 minutes, which is longer in duration than a typical advertisement.

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2008

Our Directors believe that, in the absence of unforeseen circumstances and on the basis and assumptions as set out in "Appendix III — Profit Forecast," our Group's profit attributable to equity holders for the year ending 31 December 2008 is expected to be not less than RMB120.0 million. On the basis of the prospective financial information and the weighted average number of Shares expected to be issued and outstanding during the current financial year ending 31 December 2008, the forecast earnings per Share on a weighted average basis for the year ending 31 December 2008 is expected to be not less than HK$0.270.

On a pro forma fully diluted basis and on the assumption that our Group had been listed since 1 January 2008 and a total of 565,216,470 Shares were issued during the entire year, the forecast earnings per Share for the year ending 31 December 2008 is expected to be not less than HK$0.236, representing a price/earnings multiple of 11.1 times and 14.7 times if the Offer Price is HK$2.63 per Share and HK$3.48 per Share, respectively. The 565,216,470 total number of Shares includes the 557,482,400 Shares assumed to be issued following the Global Offering (before exercise of the Over-allotment Option) and the 7,734,070 Shares assumed to be issued pursuant to the exercise of the outstanding options under the Pre-IPO Scheme.

The profit forecast includes forecast earnings in respect of advertisement time on CCTV-4, CCTV-9, Jiangsu TV City Channel and Shenzhen Satellite TV Channel during the Beijing Olympic Period, which our Group has either purchased or expects to purchase (this accounts for approximately 3.5% of the total forecast revenue for 2008). However, we currently forecast no earnings in respect of any advertisement time on CCTV-1 and CCTV-2 during the Beijing Olympic Period as we had not purchased any advertisement time on these channels during such period as at the Latest Practicable Date. We also forecast no earnings in respect of advertisement time on any of the Beijing Olympic Programmes.

The letters from the reporting accountants of our Group and from the Joint Sponsors in respect of the profit forecast are set out in "Appendix III — Profit Forecast."

GLOBAL OFFERING STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.

	Based on an Offer Price of HK$2.63 per Share	Based on an Offer Price of HK$3.48 per Share
Market capitalisation(1)	HK$1,466 million	HK$1,940 million
Prospective price/earnings multiple on a pro forma basis(2)	11.1 times	14.7 times
Pro forma adjusted net tangible asset value per Share(3)	RMB1.09	RMB1.26

(1) The calculation of market capitalisation is based on 557,482,400 Shares assumed to be issued following the Global Offering.

(2) The calculation of the prospective price/earnings multiple on a pro forma basis is based on the pro forma forecast earnings per Share.

(3) The pro forma adjusted net tangible asset value per Share is based on 557,482,400 Shares assumed to be issued following the Global Offering.

DIVIDEND POLICY

Our Board recommends the payment of dividends, if any, and is subject to Shareholder approval. In 2005, CTV Advertisement (Beijing) declared and paid a dividend of RMB5 million to its then shareholders, representing 13.5% of its profit attributable to equity holders for 2004. In 2008, we declared and paid a dividend of HK$100 million (equivalent to approximately RMB93.6 million), representing approximately 72.7% of our undistributed profit attributable to equity holders as at 31 December 2007. Our Controlling Shareholders used part of the dividends we paid in 2008 to make a loan to CTV Culture and Communication for it to repay its loan owed to CTV Media (Shanghai).

Our Board currently intends to recommend an annual cash dividend of up to 20% of the net profit available for distribution in the foreseeable future. However, the decision of whether to pay any dividends and the amount of any such dividends will depend on a number of factors, including but not limited to, our results of operations, cash flows, financial condition and statutory and regulatory restrictions on the payment of dividends. See "Financial Information — Dividend Policy."

Under the Companies Ordinance and our Articles of Association, all of our Shareholders have equal rights to dividends and distributions, and we can pay dividends out of our share premium account, provided that on the proposed dividend payment date, we are able to pay our debts when they fall due in the ordinary course of business.

As we are a holding company, our ability to pay dividends will substantially depend upon the amount of distribution we receive from CTV Media (Shanghai), our PRC subsidiary. See "Financial Information — Dividend Policy" for a detailed description.

USE OF PROCEEDS[1]

We estimate that we will receive net proceeds from the Global Offering ranging from approximately HK$250 million (equivalent to approximately RMB225 million) (assuming an Offer Price of HK$2.63 per Share, the lower end of the estimated Offer Price range) to HK$353 million (equivalent to approximately RMB317 million) (assuming an Offer Price of HK$3.48 per Share, the higher end of the estimated Offer Price range), after deducting the underwriting commissions (including any incentive fees that may be paid to the Joint Bookrunners) and estimated expenses payable by us in relation to the Global Offering and assuming the Over-allotment Option is not exercised.

Assuming we receive the estimated net proceeds as described above, we intend to allocate:

- approximately 70% of net proceeds (approximately HK$175 million (equivalent to approximately RMB157 million) to HK$247 million (equivalent to approximately RMB222 million)) for strategic acquisitions of businesses that could enhance or complement our existing businesses, including:
  - TV media advertising operators in China that engage in business cooperation with CCTV;
  - media operators that offer products and services in digital media to facilitate our entry into those markets; and

(1) The translation of Hong Kong dollar into Renminbi has been made at the rate of HK$1.00 to RMB0.89833, the PBOC rate on 30 April 2008.

  - TV advertising operators with proven track records and well-established cooperative relationships with regional TV stations;
- approximately 20% of net proceeds (approximately HK$50 million (equivalent to approximately RMB45 million) to HK$71 million (equivalent to approximately RMB63 million)) to acquire more advertising resources from CCTV, other regional TV stations and digital media; and
- the remaining approximately 10% of net proceeds (approximately HK$25 million (equivalent to approximately RMB22 million) to HK$35 million (equivalent to approximately RMB32 million) for working capital and other general corporate purposes.

In the event that the Over-allotment Option is exercised in full, we will receive additional net proceeds ranging from approximately HK$48 million (equivalent to approximately RMB43 million) (assuming an Offer Price of HK$2.63 per Share) to HK$63 million (equivalent to approximately RMB56 million) (assuming an Offer Price of HK$3.48 per Share). The amount and usage of any additional net proceeds will be pro-rated accordingly. As at the date of this prospectus, we have not identified any acquisition targets.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be deposited with banks or other financial institutions or held in other treasury instruments.

We estimate that the net proceeds of the Global Offering to the Selling Shareholder will range from approximately HK$35 million (equivalent to approximately RMB32 million) (assuming an Offer Price of HK$2.63 per Share) to HK$47 million (equivalent to approximately RMB42 million) (assuming an Offer Price of HK$3.48 per Share), after deducting the underwriting commissions (including any incentive fees that may be paid to the Joint Bookrunners) and certain expenses payable by the Selling Shareholder in relation to the Global Offering and assuming the Over-allotment Option is not exercised. In the event that the Over-allotment Option is exercised in full, the Selling Shareholder will receive additional net proceeds ranging from approximately HK$5 million (equivalent to approximately RMB5 million) (assuming an Offer Price of HK$2.63 per Share) to HK$7 million (equivalent to approximately RMB6 million) (assuming an Offer Price of HK$3.48 per Share). We will not receive any of the net proceeds from the sale of the Offer Shares by the Selling Shareholder. Bain Capital will not receive any of the net proceeds from the sale of the Offer Shares by the Selling Shareholder, since it will no longer have any interest in the Selling Shareholder after the completion of the Bain Conversion which will take place immediately before Listing.

THE GLOBAL OFFERING

Our Global Offering consists of:

- the offer of initially 13,940,000 Hong Kong Offer Shares for subscription by the public in the Hong Kong Public Offering; and
- the offer of initially 125,460,000 International Offer Shares (a) in the United States to qualified institutional buyers (as such term is defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act (including to professional investors in Hong Kong) collectively referred to in this prospectus as the International Offering.

The number of Hong Kong Offer Shares and International Offer Shares, or collectively, Offer Shares, is subject to adjustment and reallocation as described in the section headed "Structure and Conditions of the Global Offering."

PRC SUBSIDIARIES' TAX ISSUES

In the past, some of our PRC subsidiaries have applied a preferential tax rate or a "deemed taxable income basis treatment" pursuant to the directions of the relevant local tax authorities. However, our PRC legal adviser, Haiwen & Partners, is of the opinion that the application of such a preferential tax rate by CTV Media (Shanghai) is inconsistent with the relevant PRC tax laws and regulations. Our PRC legal adviser, Haiwen & Partners, also understands that the application of such "deemed taxable income basis treatment" by CTV Advertising (Beijing) is inconsistent with the relevant PRC tax laws and regulations.

For CTV Media (Shanghai), if the statutory tax rate of 33% had been applied, our tax expense would have increased by RMB19.8 million (*i.e.* 150%) for the year ended 31 December 2007 (no increase for the years ended 31 December 2005 and 2006). For CTV Advertising (Beijing), if the "deemed taxable income basis treatment" had not been applied, our tax expense would have increased by RMB15.7 million and RMB21.2 million (*i.e.* 294% and 293%) for the years ended 31 December 2005 and 2006, respectively (no increase for the year ended 31 December 2007, during which CTV Advertising (Beijing) was taxed at the then standard statutory rate of 33% of its actual taxable income.

After consulting with Haiwen & Partners, our Directors are of the view that (i) it is highly unlikely that the relevant state authority would in practice revoke such preferential income tax rate granted to CTV Media (Shanghai) by its direct supervising local tax authority and (ii) the risk that the Company would be subject to any penalties or liabilities as a result of the application of the "deemed taxable income basis treatment" by CTV Advertising (Beijing) is relatively low. Therefore, no provision has been made in relation to such tax issues. See "Business — Legal Compliance and Proceedings — PRC Subsidiaries' Tax Issues" and "Financial Information — Description of Selected Income Statement Items — Income Tax Expense."

RISK FACTORS

There are certain risks relating to an investment in our Shares, which can be categorized into (i) risks relating to the Company; (ii) risks relating to the industry; (iii) risks relating to the Group's operations in China; and (iv) risks relating to the Global Offering. These risk factors are set out in the section headed "Risk Factors" in this prospectus and are summarized as follows.

RISKS RELATING TO THE COMPANY

- We rely on our business cooperation with CCTV for a significant portion of our revenue. Failure to maintain stable cooperation or the possible change of CCTV's advertising policies or other changes or reforms that adversely affect our cooperation with CCTV could materially and adversely affect our results of operations, financial condition and business prospects.
- We do not have long-term contracts with our clients. Changes in the number and size of our clients' advertising service purchases may create significant fluctuations in our revenue, and may materially and adversely affect our financial condition and results of operations as well as our cash flow.

- If viewership of the TV programmes on which we sell advertisement time deteriorates, we may not be able to sell such advertisement time or sell it at the price we anticipated, which may materially and adversely affect our financial condition and results of operations.
- Under our contracts with TV stations, TV stations may re-schedule or cancel the broadcast of our clients' advertisements due to certain special events or circumstances, which may materially and adversely affect our client relationships and results of operations. In addition, we may have contractual disputes with TV stations, which may materially and adversely affect our relationships with them, our reputation, financial condition and results of operations.
- Our business may be adversely affected by events or natural disasters beyond our control, such as the recent earthquake in Sichuan Province.
- If the relevant state authority objects to the preferential income tax rate for CTV Media (Shanghai) and/or the application of the deemed taxable income basis treatment to CTV Advertising (Beijing), CTV Media (Shanghai) and/or the Company may be subject to demand for additional tax payment from the relevant state authority. This may materially and adversely affect our financial condition and results of operations.
- Our ability to anticipate and quickly respond to evolving consumer tastes and preferences for advertising will significantly determine our future business success.
- We depend on our senior management team and other key personnel. Our business and operations may be severely disrupted and our performance adversely affected if we lose their services, or if we are unable to recruit additional qualified personnel as our business expands.
- We often enter into advertising service contracts with our clients prior to renewing our contracts with CCTV and regional TV stations to obtain the relevant advertisement time. This practice subjects us to contract liabilities if we are not able to later obtain rights to the advertisement time that we have committed to sell to our clients.
- We face risks in connection with the acquisition of businesses or investment in new business through joint ventures. If we fail to manage these risks, our business, financial condition and results of operations may be materially and adversely affected.
- We may encounter difficulties in our expansion into regional TV stations or other new businesses, which may materially and adversely affect our business, financial condition and results of operations.
- We may encounter difficulties in entering into the digital media advertising market.
- If we fail to collect our trade receivables, our financial condition and results of operations as well as our cash flows will be materially and adversely affected.
- Our results of operations are affected by the seasonal fluctuations in TV advertisement spending in China.
- If we fail to protect our brand reputation, our business prospects could be materially and adversely affected.

- If our trade secrets are misappropriated, our business prospects could be materially and adversely affected.
- The Controlling Shareholders will have a controlling interest, and Bain Capital will have a significant interest, in us immediately after the Listing. Their interests may differ from those of our other Shareholders.
- We may generate negative cash flows from operations, which may materially and adversely affect our liquidity and financial condition.
- We may not be able to sustain our recent growth rate.
- If we fail to effectively manage our growth, our business prospects, financial condition and results of operations may be materially and adversely affected.
- We failed to meet certain legal requirements in the PRC in relation to employee-related issues and in Hong Kong in relation to the Companies Ordinance in the past.
- If our clients forfeit the use of advertisement time that they have won in CCTV's annual open bidding process, we may lose the deposit placed with CCTV.
- We may need additional capital, which, if obtained, could result in dilution or significant debt service obligations. If we are not able to obtain additional capital that we need on commercially reasonable terms, our liquidity and financial position may be materially and adversely affected.
- We do not have any business liability, disruption or litigation insurance, and any business disruption or litigation we experience might result in our incurring substantial costs and the diversion of resources.

RISKS RELATING TO THE INDUSTRY

- We face intense competition in the market, and we cannot assure you that we will be able to successfully compete against our current and future competitors.
- Our business depends substantially on the TV advertisement industry, which faces increasing competition from other advertisement resources, in particular digital media resources.
- Our advertising services are subject to various PRC laws regulating, among other things, the content of the TV advertisements for which we provide services, and any violation of these laws could result in penalties, damage our reputation and adversely affect our future business prospects.
- Any regulatory or policy changes or otherwise unexpected changes which limit the amount of TV advertisement time available could adversely impact our business prospects.

RISKS RELATING TO THE GROUP'S OPERATIONS IN CHINA

- Changes in economic conditions could substantially affect advertising spending and therefore affect our future business prospects.
- Our business, results of operations and financial condition may be affected by changes in the PRC's economic and political environment and by newly adopted PRC economic regulation policies.

- The PRC legal system has not yet been fully developed and has inherent uncertainties that could adversely affect our business and results of operations.
- You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.
- All of our revenue is denominated in Renminbi, which is not freely convertible for capital account transactions and may be subject to exchange rate volatility.
- If our Shareholders who are PRC residents fail to make any required registrations or filings under the relevant foreign exchange, we may be unable to distribute profits or may be subject to liability under PRC law.
- PRC regulations relating to the participation of PRC residents in offshore share option plans may increase our administrative burden.
- Under the New Tax Law, which became effective on 1 January 2008, dividends paid to us by our PRC subsidiaries may be subject to PRC tax. In addition, we may be considered as a PRC resident enterprise for tax purposes, in which case our global income may be subject to the 25% PRC enterprise income tax, and dividends we pay to our overseas Shareholders and gains realised from the transfer of Shares by our overseas Shareholders may also be subject to PRC withholding tax.
- We rely on dividends or other distributions from CTV Media (Shanghai) for our cash needs, including the payment of dividends to our Shareholders. The amount of dividends or other distributions that CTV Media (Shanghai) could pay us is subject to restrictions of PRC laws and regulations and its other obligations.

RISKS RELATING TO THE GLOBAL OFFERING

- There has been no prior public market for the Shares, and liquidity and market price of the Shares may be volatile.
- Purchasers of the Shares will experience immediate dilution and may experience further dilution if the Company issues additional Shares in the future.
- There will be a four-business-day time gap between pricing and trading of our Shares offered in this Offering.
- We have granted, and may continue to grant in the future, options to our senior management, Directors and other employees, the exercise of which may result in dilution to the then existing Shareholders.
- Future sales by our existing Shareholders of a substantial number of Shares in the public market could materially and adversely affect the prevailing market price of the Shares.
- Certain facts and other statistics with respect to China and the PRC economy in this prospectus are derived from various official sources and may not be reliable.
- Risks associated with forward-looking statements and forward-looking information.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
"Articles of Association" or "Articles"	the articles of association of the Company, adopted by a special resolution of all the Shareholders on 20 June 2008 and as amended from time to time
"Bain Capital"	Bain Capital CTVGB Holding Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands on 24 October 2006. Bain Capital is wholly-owned by Bain Holding and is expected to hold approximately 21.1% of our equity interest upon Listing (assuming that the Over-allotment Option is not exercised)
"Bain Conversion"	the conversion and transfers resulting in Bain Capital holding our Shares directly, as described under the section headed "History and Reorganisation — Reorganisation — Reorganisation after investment by Bain Capital — Share Swap Agreement and New Shareholders' Agreement" in this prospectus
"Bain Holding"	Bain Capital CTVGB Holding L.P., an exempted limited partnership registered under the laws of the Cayman Islands on 24 October 2006. As at the Latest Practicable Date, Bain Holding held 100% of the issued shares of Bain Capital and is expected to hold approximately 21.1% of our equity interest through Bain Capital upon Listing (assuming that the Over-allotment Option is not exercised)
"Beijing Olympic Period"	the 18-day period from 8 August 2008 to 25 August 2008
"Beijing Olympic Programmes"	TV programmes for the live broadcast of events of the 2008 Beijing Olympic Games and the replay of such programmes during the Beijing Olympic Period
"Board" or "Board of Directors"	the board of Directors of the Company
"Business Day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"CAGR"	compound annual growth rate

"Cayman Series A Shares"	series A convertible redeemable participating shares with a par value of HK$0.001 each in the share capital of Golden Bridge Culture
"Cazenove"	Cazenove Asia Limited, a licensed corporation under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CCTV"	China Central Television Station (中國中央電視台), the national television broadcaster of the PRC
"CETV"	China Education Television Station (中國教育電視台), a TV station with a national coverage under the supervision of PRC Ministry of Education (中華人民共和國教育部)
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan, unless otherwise specified
"China 4A Association"	the Association of Accredited Advertising Agencies of China (中國商務廣告協會綜合代理專業委員會)
"CLH Holding Limited"	a company incorporated in the British Virgin Islands with limited liability on 16 April 2008, the entire issued share capital of which is owned by Equity Trustee Limited as trustee of the CLH Trust
"CLH Trust"	a discretionary trust set up by Mr. Chen and Ms. Liu for the benefit of Mr. Chen, Ms. Liu and charitable organisations approved and registered under the Ministry of Civil Affairs of the PRC
"Companies Ordinance"	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong, as amended and supplemented from time to time

"Company"	SinoMedia Holding Limited (中視金橋國際傳媒控股有限公司), formerly known as CTV Golden Bridge International Advertising (HK) Co., Limited (中視金橋國際廣告(香港)有限公司) and China Report Media Limited (央視中國報道傳媒有限公司), a company incorporated in Hong Kong with limited liability on 24 October 2001
"Controlling Shareholder(s)"	Mr. Chen and Ms. Liu
"CSM Media Research"	CVSC-Sofres Media Co., Ltd (央視－索福瑞媒介研究有限公司), a company that is mainly engaged in the business of conducting TV and radio viewership research in the PRC
"CTV Advertising (Beijing)"	CTV Golden Bridge International Advertising Co., Ltd. (中視金橋國際廣告有限公司), formerly known as Beijing CTV Golden Bridge International Advertising Co., Ltd. (北京中視金橋國際廣告有限公司), Beijing CTV Golden Bridge Advertising Co., Ltd. (北京中視金橋廣告有限公司) and Beijing Dongfang Yuanjing Advertising Co., Ltd. (北京東方遠景廣告有限公司), a wholly-owned subsidiary of the Company incorporated in the PRC on 7 January 1999 with a registered capital of RMB50 million, which was de-registered on 21 April 2008
"CTV Culture and Communication"	Shanghai CTV Golden Bridge International Culture and Communication Company Limited (上海中視金橋國際文化傳播有限公司), a company incorporated in the PRC on 6 January 2003 with a registered capital of RMB3 million, which is owned as to 90% by CTV Media Investment, 5% by Ms. Liu Menglan (劉夢蘭), Ms. Liu's sister, and 5% by Mr. Yan Tiehua (閆鐵華), Ms. Liu Menglan's husband. Ms. Liu Menglan (劉夢蘭) and Mr. Yan Tiehua (閆鐵華) hold such equity interests in CTV Culture and Communication on trust for Ms. Liu. As at the Latest Practicable Date, CTV Culture and Communication held 0.6% equity interest in CTV Media (Shanghai)
"CTV Media Investment"	CTV Golden Bridge International Media Investment Group Co., Ltd. (中視金橋國際傳媒投資集團有限公司), formerly known as Shanghai CTV Golden Bridge Investment Management Co., Ltd. (上海中視金橋投資管理有限公司), a domestic joint-venture enterprise with limited liability established on 11 February 2004 in the PRC with a registered capital of RMB50 million. It is owned as to 86.48% by Ms. Liu, 6.76% by Ms. Liu Menglan (劉夢蘭) and 6.76% by Mr. Yan Tiehua (閆鐵華). Ms. Liu Menglan (劉夢蘭) and Mr. Yan Tiehua (閆鐵華) hold such equity interests in CTV Media Investment on trust for Ms. Liu

"CTV Media (Shanghai)"	CTV Golden Bridge International Media Co., Ltd. (中視金橋國際傳媒有限公司), formerly known as Shanghai Golden Bridge Tongying Advertising Media Co., Ltd. (上海金橋同盈廣告傳媒有限公司), a sino-foreign equity joint venture enterprise incorporated on 23 June 2005 in the PRC with a registered capital of US$10 million (equivalent to approximately RMB72.9 million). It is owned as to 99.4% by the Company and 0.6% by CTV Culture and Communication
"DFS Holding Limited"	a company incorporated in the British Virgin Islands with limited liability on 8 May 2008, the entire issued share capital of which is owned by Equity Trustee Limited as trustee of DFS (No. 1) Trust
"DFS (No. 1) Trust"	a discretionary trust set up by Mr. Chen for the benefit of Mr. Chen's parents
"DFS (No. 2) Trust"	a discretionary trust set up by Ms. Liu for the benefit of Ms. Liu's mother and sister
"DFS Management Limited"	a company incorporated in the British Virgin Islands with limited liability on 8 May 2008, the entire issued share capital of which is owned by Equity Trustee Limited as trustee of DFS (No. 2) Trust
"Digital Finance Service Company Limited"	a company incorporated in the British Virgin Islands with limited liability on 20 May 2008, the entire issued share capital of which is owned by DFS Holding Limited and is expected to hold approximately 3.9% of our equity interest upon Listing (assuming that the Over-allotment Option is not exercised)
"Director(s)"	director(s) of the Company
"GDP"	gross domestic product
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Golden Bridge Advertising"	Golden Bridge Int'l Advertising Holdings Limited (中視金橋國際廣告控股有限公司), an exempted company incorporated with limited liability under the laws of the Cayman Islands on 17 October 2006, which is owned as to 50% by each of Mr. Chen and Ms. Liu. Golden Bridge Advertising is expected to hold approximately 36.9% of our equity interest through Golden Bridge Culture upon Listing (assuming that the Over-allotment Option is not exercised)
"Golden Bridge Culture"	Golden Bridge International Culture Limited, an exempted company incorporated with limited liability under the laws of

	the Cayman Islands on 21 December 2007. Golden Bridge Culture is expected to hold approximately 36.9% of our equity interest upon Listing (assuming that the Over-allotment Option is not exercised)
"Golden Bridge Technology"	Beijing Golden Bridge Information Technology Company Limited, a company established in the PRC on 14 August 2002 with a registered capital of RMB6 million. It is owned as to 50% by each of Mr. Chen and Ms. Liu
"Green Application Form(s)	the application form(s) to be completed by the **White Form eIPO** Service Provider designated by the Company
"Group," "we" and "us"	the Company and its subsidiaries at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of such subsidiaries, the subsidiaries of the Company at the relevant time or (as the case may be) their predecessors
"High Court"	the High Court of the Hong Kong Special Administrative Region
"HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HK Series A Shares"	series A convertible redeemable participating preferred shares in the share capital of the Company
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 13,940,000 Shares offered by the Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to adjustment and reallocation as described in the section headed "Structure and Conditions of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the issue and offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong for cash (subject to adjustment as described in the section headed "Structure and Condition of the Global Offering" in this prospectus) at the Offer Price, subject to and in accordance with the terms and conditions described in this prospectus and the Application Forms, as further described in the paragraph headed "The Hong

	Kong Public Offering" under the section headed "Structure and Conditions of the Global Offering" in this prospectus
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the paragraph headed "Hong Kong Underwriters" under the section headed "Underwriting" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 24 June 2008 relating to the Hong Kong Public Offering, which was entered into by, among others, the Joint Global Coordinators, the Hong Kong Underwriters and the Company, as further described in the paragraph headed "Underwriting arrangements and expenses" under the section headed "Underwriting" in this prospectus
"IFRS"	International Financial Reporting Standards promulgated by the International Accounting Standards Board. IFRS includes International Accounting Standards and their interpretations
"Independent Third Party(ies)"	party or parties that is or are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders, their subsidiaries or any of their respective associates
"International Offer Shares"	the 111,520,000 Shares offered by the Company and the 13,940,000 Shares offered by the Selling Shareholder under the International Offering together, where relevant, with any additional Shares that may be issued or sold pursuant to any exercise of the Over-allotment Option, subject to adjustment and reallocation as described in the section headed "Structure and Conditions of the Global Offering" in this prospectus
"International Offering"	the conditional placing of the International Offer Shares by the International Underwriters with professional and institutional investors at the Offer Price, as further described in the paragraph headed "International Offering" under the section headed "Structure and Conditions of the Global Offering" in this prospectus
"International Underwriters"	the underwriters which are expected to enter into the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering to be entered into on or around 2 July 2008 by the Joint Global Coordinators, the International Underwriters, the Company and the Selling Shareholder, as further described in the paragraph headed "International Offering" under the section "Underwriting" in this prospectus

"IPTV"	Internet protocol television
"Jiangsu TV City Channel"	Jiangsu TV City Channel (江蘇城市頻道), a non-satellite TV channel operated by Jiangsu Broadcasting Corporation (江蘇省廣播電視總台(集團))
"Jiangsu Xinqiao"	Jiangsu Xinqiao Tongying Advertising and Broadcast Co., Ltd. (江蘇鑫橋同盈廣告傳播有限公司), a company established in the PRC on 30 January 2007 with a total registered capital of RMB2 million. It is wholly owned by CTV Media (Shanghai), a 99.4%-owned subsidiary of the Company
"Joint Global Coordinators," "Joint Bookrunners," "Joint Sponsors" or "Joint Lead Managers"	Morgan Stanley Asia Limited and Cazenove Asia Limited
"Latest Practicable Date"	18 June 2008, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	listing of the Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or about 8 July 2008, on which the Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
"Macau"	the Macau Special Administrative Region of the PRC
"Merger Holding Service Company Limited"	a company incorporated in the British Virgin Islands with limited liability on 20 May 2008, the entire issued share capital of which is owned by MHS Holding Limited and is expected to hold approximately 4.6% of our equity interest upon Listing (assuming that the Over-allotment Option is not exercised)
"MHS Holding Limited"	a company incorporated in the British Virgin Islands with limited liability on 17 April 2008, the entire issued share capital of which is owned by Equity Trustee Limited as trustee of the MHS Trust
"MHS Trust"	a discretionary trust set up by Mr. Chen for the benefit of the younger daughter of Mr. Chen and Ms. Liu
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Morgan Stanley"	Morgan Stanley Asia Limited, licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities),

	Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO
"Mr. Chen"	Mr. Chen Xin (陳新先生), Chairman and an executive Director of the Company, who is Ms. Liu's husband
"Ms. Liu"	Ms. Liu Jinlan (劉矜蘭女士), formerly named (劉金蘭), the Chief Executive Officer and an executive Director of the Company, who is also the founder of the Group and Mr. Chen's wife
"NASDAQ"	National Association of Securities Dealers Automated Quotations System, a computerized data system to provide brokers with price quotations for equity securities
"National People's Congress"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"New Shareholders' Agreement"	shall have the meaning ascribed to it in the paragraph headed "History and Reorganisation — Reorganisation after Investment by Bain Capital — Share Swap Agreement and New Shareholders' Agreement"
"New Tax Law"	the Enterprise Income Tax Law of the PRC passed by the Fifth Session of the Tenth National People's Congress on 16 March 2007 and its implementation rules passed by the State Council on 28 November 2007, both of which came into effect on 1 January 2008
"Offer Price"	the final offer price per Offer Share (exclusive of a brokerage fee of 1%, a SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed or purchased pursuant to the Hong Kong Public Offering and the International Offering
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares
"Over-allotment Option"	the option to be granted by the Company and the Selling Shareholder to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, pursuant to which the Company may be required to issue up to 18,819,000 additional new Shares and the Selling Shareholder may be required to sell up to 2,091,000 additional existing Shares (representing in aggregate 15% of the Shares initially offered under the Global Offering) at the Offer Price, among other things, to cover over-allocations, if any, in the

	International Offering, details of which are described in the section headed "Underwriting" in this prospectus
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of China
"PBOC rate"	the exchange rate for foreign exchange transactions set daily by PBOC based on the previous day's PRC interbank foreign exchange rates
"Phoenix TV"	a Hong Kong-based television broadcaster with international coverage
"Post-IPO Scheme"	the share option scheme conditionally adopted by the Company on 27 May 2008, a summary of the principal terms of which is set forth in paragraph I, "Post-IPO Scheme" in Appendix VII "Statutory and General Information" to this prospectus
"PRC Advertising Law"	the PRC Advertising Law (中華人民共和國廣告法), which came into effect on 1 February 1995
"PRC Company Law"	the Company Law of the PRC which came into effect on 1 July 1994, as amended, supplemented or otherwise modified from time to time
"PRC government"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government agencies) and instrumentalities therefor, or, where the context requires, any of them
"Pre-IPO Option(s)"	the option(s) granted or to be granted under the Pre-IPO Scheme
"Pre-IPO Option Holder(s)"	the holder(s) of the Pre-IPO Option(s)
"Pre-IPO Scheme"	the share option scheme adopted by the Company on 29 June 2007, a summary of the principal terms of which is set forth in paragraph H, "Pre-IPO Scheme" in Appendix VII "Statutory and General Information" to this prospectus
"Price Determination Date"	the date, expected to be on or about 2 July 2008, on which the pricing of the Offer Shares will be determined for the purpose of the offering, and in any event not later than 7 July 2008
"QIB"	a qualified institutional buyer within the meaning of Rule 144A under the U.S. Securities Act

"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the reorganisation of the Group in preparation for the listing of the Shares on the Hong Kong Stock Exchange, details of which are set out in the section headed " History and Reorganisation"
"RMB" or "Renminbi"	the lawful currency of China
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration
"SAIC"	the State Administration for Industry and Commerce (國家工商行政管理總局)
"SARFT"	the State Administration of Radio, Film and Television (國家廣播電影電視總局), the principal regulatory body of the broadcasting, movie and television industry in the PRC
"Selling Shareholder"	Golden Bridge Culture
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended and supplemented from time to time
"Shareholder(s)"	holder(s) of the Shares
"Shares"	ordinary shares in the Company with a nominal value of HK$0.0003125 each, for which an application has been made for listing and permission to deal on the Hong Kong Stock Exchange, and which are subscribed for and traded in Hong Kong dollars
"Share Swap Agreement"	the agreement relating to the sale and purchase of all the issued share capital of the Company, dated 31 December 2007, which was entered into by and among Golden Bridge Advertising, Bain Capital, SinoMedia Investment and Golden Bridge Culture
"Shenzhen Satellite TV Channel"	Shenzhen Satellite TV Channel (深圳衛視), a satellite TV channel with nation-wide coverage operated by Shenzhen Media Group (深圳廣播電影電視集團)

"SinoMedia Investment"	SinoMedia Investment Ltd., formerly known as Bain Capital SinoMedia Holding Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands on 27 December 2007. It was wholly owned by Bain Holding and is expected to be wholly owned by DFS Management Limited and hold approximately 3.9% of our equity interest upon Listing (assuming that the Over-allotment Option is not exercised)
"social security funds"	pension fund, medical insurance, maternity insurance, unemployment insurance and work-related injury insurance, collectively, which are prescribed under the PRC laws and regulations
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement which may be entered into on or about the Price Determination Date between Golden Bridge Culture and Morgan Stanley
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Track Record Period"	the three years ended 31 December 2007
"Trading Day"	a day on which the Hong Kong Stock Exchange is open for the business of dealing in securities
"Trust Arrangements"	the trust arrangements pursuant to which CLH Trust, MHS Trust, UME Trust, DFS (No.1) trust, DFS (No.2) Trust will be established, as described under the section headed "History and Reorganisation — Reorganisation — Reorganisation after Investment by Bain Capital"
"UME Holding Limited"	a company incorporated in the British Virgin Islands with limited liability on 15 April 2008, the entire issued share capital of which is owned by Equity Trustee Limited as trustee of the UME Trust
"Underwriters"	collectively, the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	collectively, the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"UME Trust"	a discretionary trust set up by Ms. Liu for the benefit of the elder daughter of Mr. Chen and Ms. Liu

"United Marine Enterprise Company Limited"	a company incorporated in the British Virgin Islands with limited liability on 20 May 2008, the entire issued share capital of which is owned by UME Holding Limited and is expected to hold approximately 4.6% of our equity interest upon Listing (assuming that the Over-allotment Option is not exercised)
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended from time to time
"utilisation rate"	for any particular period, the ratio between the advertisement time sold to clients (which excludes the unsold advertisement time that we offer to our clients as promotions or use to run our own advertisements) and the advertisement time purchased for the same period
"viewership"	the percentage of the number of individuals or households that view a particular TV programme within a particular duration of time out of the total potential individual or household TV viewers in China
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** **www.eipo.com.hk**
"White Form eIPO Service Provider"	the **White Form eIPO** service provider designated by the Company, as specified on the designated website **www.eipo.com.hk**
"WTO"	World Trade Organisation
"ZenithOptimedia Report"	the report entitled "Advertising Expenditure Forecasts" issued by ZenithOptimedia in March 2008

In this prospectus, the terms "associate," "connected person," "connected transaction," "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For the purpose of illustration only, in this prospectus, unless otherwise stated, certain amounts denominated in Renminbi have been translated into HK dollars at an exchange rate of RMB0.9364 = HK$1.00, being the PBOC rate on 31 December 2007, and certain amounts denominated in Renminbi have been translated into U.S. dollars at an exchange rate of RMB7.2946 = US$1.00, being the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on 31 December 2007. Such conversions shall not be construed as representations that amounts in Renminbi were or could have been or could be converted into HK dollars or U.S. dollars at such rates or any other exchange rates on such date or any other date.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise specified, all references to any shareholdings in the Company after the Global Offering assume no exercise of the Over-allotment Option.

In this prospectus, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail.

FORWARD-LOOKING STATEMENTS

We have included in this prospectus forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and plan of operations;
- our capital expenditure plans;
- our operations and business prospects;
- our dividend policy;
- the general industry outlook and the regulatory environment of the PRC advertising industry; and
- future developments in the advertising industry in the PRC.

In some cases, we use words such as "believe," "seek," "intend," "continue," "anticipate," "project," "plan," "potential," "will," "may," "should," "expect" and similar expressions to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, and we can give no assurance that those expectations will prove to have been correct. Known and unknown risks, uncertainties and other factors may cause our actual results to differ materially from our expectations. We undertake no obligation to publicly update or revise any forward-looking statements contained in this prospectus, whether as a result of new information, future events or otherwise, except as required by relevant law or the Listing Rules. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement. Because of such risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. You should not place undue reliance on any forward-looking information.

You should consider carefully all the information set out in this prospectus and, in particular, should consider the following risks and special considerations associated with investing in the Group before making any investment decision in relation to the Offer Shares. The occurrence of any of the following risks could have a material adverse effect on the business, results of operations, financial condition and future prospects of the Group and cause the market price of the Offer Shares to fall significantly. Additional risks not currently known to us or that we now deem immaterial may also harm us in the future and affect your investment in us.

This prospectus contains certain forward-looking statements which involve risks and uncertainties. The Group's actual results could differ materially from those described in this prospectus. Factors that could cause or contribute to such differences include those described below.

RISKS RELATING TO THE COMPANY

We rely on our business cooperation with CCTV for a significant portion of our revenue. Failure to maintain stable cooperation or the possible change of CCTV's advertising policies or other changes or reforms that adversely affect our cooperation with CCTV could materially and adversely affect our results of operations, financial condition and business prospects.

We rely on our business cooperation with CCTV for a substantial majority of our revenue. In 2005, 2006 and 2007, 86.2%, 95.1% and 90.9%, respectively, of our gross revenue was generated through selling advertisement time on CCTV to our clients. We obtain rights from CCTV to sell advertisement time on certain of their TV programmes. Our contracts with CCTV typically have a term of one year, or 18 months in the case of CCTV-9. Most contracts with CCTV expire at the end of each year. When such contracts expire, we have priority over third parties to renew these contracts provided that certain conditions are satisfied. For a detailed description of our business with CCTV, see "Business — Advertising Resources and Suppliers — Suppliers — CCTV." If CCTV decides not to renew these contracts or if we are not able to do so on commercially reasonable terms, including price, our business may experience an abrupt downturn.

Furthermore, CCTV may significantly change its policies relating to the sales of its advertisement time, lose its market share or undertake changes or reforms that may have an adverse impact on our business with CCTV. For example, if CCTV adopts a new system to sell advertisement time to advertisers directly, auctions more of its advertisement time or allocates more TV advertising resources to other advertising agencies in the future, the amount of advertisement time available for media advertising operators such as us may be reduced and our results of operations may be materially and adversely affected.

CCTV, due to its dominant market position, also has significant pricing power and has historically increased the prices of most of its advertisement time each year. If the purchase prices of TV advertising resources increase, our business may be affected in a number of ways, including, but not limited to, reduced profit margins if we are unable to pass on the price increases to our clients; loss of clients and sales if we try to pass on the price increases to clients and consequently make the resources too expensive for them; and increased capital requirement to purchase the higher priced advertising resources which could limit our ability to deploy capital in other areas to grow our business. As a result, increases in the purchase price of CCTV's advertising resources may materially and adversely affect our future business prospects.

We do not have long-term contracts with our clients. Changes in the number and size of our clients' advertising service purchases may create significant fluctuations in our revenue, and may materially and adversely affect our financial condition and results of operations as well as our cash flow.

Our principal business involves selling our advertisement resources to our clients, including corporations, government agencies and advertising agencies. We typically enter into agreements with our clients based on their advertisement needs. These agreements are typically short-term, generally lasting from one month to one year. We do not have long-term contracts with our clients. As a result, we cannot predict when or whether any of our clients will purchase advertisement time from us, and our results of operations in any given period is substantially dependent on the amount of client purchases in that period, which may fluctuate significantly from period to period. It is difficult for us to accurately predict the number and size of future purchases and no assurance can be given that our clients will continue to purchase advertising services from us at the same level as the current period or previous periods, or at all.

Meanwhile, we generally enter into one-year or 18-month contracts early in the year or at the end of the relevant contract period to purchase advertisement time on certain TV programmes from TV stations, under which contracts we commit to purchase such advertisement time for an entire year or contract period under a fixed price. The price at which we agree to purchase such advertisement time is in large part based on the expected utilisation rate and price level at which we can sell such advertisement time during the year or contract period. Due to difficulties associated with accurately predicting the amount of purchases from our clients for the entire year or contract period, we cannot assure you that our expectations of utilisation rate and price level will be achieved. If we are unable to sell our expected amount of advertisement time, or cannot sell such advertisement time at the expected price level after we enter into these contracts, we will not be able to adjust our costs relating to the purchase of such advertisement time, and our financial condition and results of operations could be materially and adversely affected. In addition, as we are required to make monthly or quarterly payments under such contracts in relation to the purchase of the advertisement time, any significant decrease in the number and size of our clients' purchases in a given period may also materially and adversely affect our cash flow for the period.

If viewership of the TV programmes on which we sell advertisement time deteriorates, we may not be able to sell such advertisement time or sell it at the price we anticipated, which may materially and adversely affect our financial condition and results of operations.

Our ability to sell the advertisement time we purchase and the price at which we can sell such advertisement time depend in part on the viewership of the relevant TV programmes. As we typically enter into contracts with CCTV on a one-year or 18-month basis, the price at which we agree to purchase such advertisement time is in part based on our estimate of the viewership of the relevant TV programmes in the coming 12 or 18 months. However, we cannot assure you that our estimate of such viewership is accurate or reliable. Viewership for any particular TV programme may decrease due to a number of reasons, including, but not limited to, deterioration of the quality of the programmes, offerings of more attractive programmes targeting the same groups of TV viewers by competing TV channels, or changes in TV viewer preference. If this happens, we may not be able to sell the related advertisement time, or sell such advertisement time at our anticipated price level, which may materially and adversely affect our financial condition and results of operations. In addition, although CCTV has historically enjoyed, and is still enjoying, a strong market position in programme viewership, we cannot assure you that other regional TV stations, in particular regional satellite TV stations that also offer a national reach, will not challenge CCTV's market position. If CCTV loses to its regional rivals in terms of overall viewership, the value of CCTV's advertisement time will decrease, which will materially and adversely affect our business prospects and our competitive position, as we do not currently have a strong presence in any other TV stations.

Under our contracts with TV stations, TV stations may re-schedule or cancel the broadcast of our clients' advertisements due to certain special events or circumstances, which may materially and adversely affect our client relationships and results of operations. In addition, we may have contractual disputes with TV stations, which may materially and adversely affect our relationships with them, our reputation, financial condition and results of operations.

Our contracts with various TV stations provide that such TV stations may cancel the broadcast of our clients' advertisements as a result of their programme changes due to certain special events or circumstances, such as the 2008 Beijing Olympic Games and the recent earthquake in Sichuan Province. See "Business — Sales and Execution of Advertising Contracts." In such situations, our contracts generally provide that the TV station may either re-schedule the broadcast of the affected advertisement or refund us the purchase price paid for such affected advertisement time, except those for CCTV-4 and CCTV-9, which do not provide us with any re-scheduling or refund rights. We have in the past broadcast the affected advertisement on CCTV-4 and CCTV-9 using our unsold advertisement time at another time. The occurrence of any such changes to the scheduled broadcast of our clients' advertisements would likely have a negative impact on our reputation, client relationships and results of operations and certain clients may as a result decide to cancel their contracts with us or choose to not use us in the future. Also, in the event that we receive a refund from a TV station and we are not able to obtain additional advertisement time to broadcast such affected advertisement, we would lose our advertising revenue from the sale of such time. Even if we are able to re-schedule the broadcast of such affected advertisement, the re-scheduled broadcast may not be satisfactory to the affected clients. In addition, to the extent that we use our unsold advertisement time to broadcast any affected advertisement, we would not be able to sell such time to other clients. Furthermore, under certain sales contracts relating to Jiangsu TV City Channel, in the case that we are unable to re-schedule our clients' affected advertisement to their satisfaction, we may be liable for their actual economic loss.

In addition, we cannot guarantee that TV stations will always comply with the contract terms we have with them, which may result in disputes with them, or may result in us paying damages, losing clients or suffering other economic loss. If such disputes occur, we cannot assure you that we will be able to amicably resolve such disputes and we may have to resort to legal proceedings, which can be costly and divert managerial resources and may ultimately not be successful. If we have material disputes with TV stations, our relationship with such TV stations, our reputation, results of operations and financial condition may be materially and adversely affected.

Our business may be adversely affected by events or natural disasters beyond our control, such as the recent earthquake in Sichuan Province.

Our business may be adversely affected by certain events or natural disasters beyond our control, such as the magnitude 8.0 earthquake that struck Sichuan Province on 12 May 2008. Many TV stations in China significantly changed their programming after the earthquake to broadcast developments and rescue operations relating to the earthquake. Furthermore, all TV channels in China ceased to broadcast any advertisements during a three-day national mourning period, from 19 May 2008 to 21 May 2008. From 12 May 2008 to 21 May 2008, approximately 98 minutes of advertisement time on CCTV that we had sold to our clients with an aggregate value of approximately RMB9.8 million were not broadcast. The three-day mourning period also affected our advertisement time on the Jiangsu TV City Channel. However, as at the Latest Practicable Date, all of the affected advertisements on CCTV-2 and most of the affected advertisements on the Jiangsu TV City Channel had been subsequently broadcast.

We are working with CCTV to re-schedule the broadcast of our clients' affected advertisements on CCTV-1 at later dates without any additional cost to us, and we expect to broadcast all of our clients' affected advertisements on CCTV-4 and CCTV-9 using our unsold advertisement time. However, we cannot assure you that CCTV will be able to provide sufficient additional advertisement time on CCTV-1 to broadcast all of our clients' affected advertisements, or that they will not have additional programme changes relating to the earthquake or other future events. In addition, even if we are able to re-schedule the broadcast of such affected advertisements, the re-scheduled broadcast may not be satisfactory to the affected clients. In addition, to the extent that we use our unsold advertisement time to broadcast any affected advertisement, we would not be able to sell such time to other clients. As a result, our revenue, reputation and results of operations may be adversely affected. See also "— Under our contracts with TV stations, TV stations may re-schedule or cancel the broadcast of our clients' advertisements due to certain special events or circumstances, which may materially and adversely affect our client relationships and results of operations. In addition, we may have contractual disputes with TV stations, which may materially and adversely affect our relationships with them, our reputation, financial condition and results of operations."

In addition, the earthquake in Sichuan Province may adversely affect advertisement spending of our clients, in particular those in Sichuan Province and surrounding areas, which may adversely affect our sales and results of operations. Furthermore, if other events, including natural disasters, occur in the future, the broadcast of our clients' advertisements may be adversely affected, which may have a material adverse effect on our business, financial condition, and results of operations.

If the relevant state authority objects to the preferential income tax rate for CTV Media (Shanghai) and/or the application of the deemed taxable income basis treatment to CTV Advertising (Beijing), CTV Media (Shanghai) and/or the Company may be subject to demand for additional tax payment from the relevant state authority. This may materially and adversely affect our financial condition and results of operations.

Our Shanghai subsidiary, CTV Media (Shanghai), which was established in Shanghai's Pudong New District, paid taxes based on a preferential PRC enterprise income tax rate of 15% from its establishment to 31 December 2007, as compared to the then standard statutory rate of 33%. Such a preferential tax rate was determined by its direct supervising local tax authority.

In 2005 and 2006, CTV Advertising (Beijing) was treated as a domestic entity in the advertising industry and was granted a "deemed taxable income basis treatment" by its direct supervising local tax authority. As a result, we calculated taxable income in an amount equal to 8% of such subsidiary's gross revenue for the years ended 31 December 2005 and 2006 and recorded income tax expense at the then standard 33% statutory rate on such deemed taxable income.

However, our PRC legal adviser, Haiwen & Partners, is of the opinion that the application of such a preferential tax rate by CTV Media (Shanghai) is inconsistent with the relevant PRC tax laws and regulations. As a result, there is a possibility that the relevant state authority may in the future overturn CTV Media (Shanghai)'s direct supervising local tax authority's decision and demand that CTV Media (Shanghai) pay tax based on the then standard statutory tax rate of 33%.

Also, our PRC legal adviser, Haiwen & Partners, understands that the application of such "deemed taxable income basis treatment" by CTV Advertising (Beijing) is inconsistent with the relevant PRC tax laws and regulations. As a result, there is also a possibility that the relevant state authority may in the future overturn the decision of CTV Advertising (Beijing)'s direct supervising local tax authority and demand additional tax payment from us due to CTV Advertising (Beijing)'s adoption of "deemed taxable income basis treatment" for 2005 and 2006.

For details, please see "Business — Legal Compliance and Proceedings — PRC Subsidiaries' Tax Issues."

Our ability to anticipate and quickly respond to evolving consumer tastes and preferences for advertising will significantly determine our future business success.

Our business depends on our ability to sell our advertising services to clients, which largely depends on our ability to anticipate and respond to consumer tastes and preferences for advertising. Consumer tastes and preferences for advertising, however, may change quickly and frequently. We may not be able to anticipate and quickly respond to evolving consumer tastes. If we are unable to adjust our advertising services to address evolving consumer tastes and preferences, our clients' demand for our advertising services may decrease, as our services will be less successful in promoting our clients' business objectives among consumers. Decreased demand for our advertising services will result in decreases in our utilisation rate or price level and adversely affect our ability to retain existing clients and attract new clients. If this happens, our business, financial condition and results of operations may be materially and adversely affected.

We depend on our senior management team and other key personnel. Our business and operations may be severely disrupted and our performance adversely affected if we lose their services, or if we are unable to recruit additional qualified personnel as our business expands.

We believe that our ability to grow and expand our business is due to the vision of our senior management team and other key personnel and their extensive managerial and operational experience. In particular, our Chairman and Chief Executive Officer have been instrumental in the development of our Group. We cannot assure you that we will be able to continue retain the service of these senior management or other key personnel. In addition, we cannot assure you that they will not join a competitor or form a competing business. If we lose our senior management or key personnel, we may not be able to find suitable replacements in a timely manner or at all, and our business may be adversely affected.

Furthermore, our future success depends on our ability to attract, retain and motivate qualified personnel. Competition for senior management and quality personnel in the PRC advertising industry is intense, and the pool of qualified candidates is very limited. If we are not able to attract and retain skilled and experienced employees, our business and operations and financial performance may be materially and adversely affected.

We often enter into advertising service contracts with our clients prior to renewing our contracts with CCTV and regional TV stations to obtain the relevant advertisement time. This practice subjects us to contract liabilities if we are not able to later obtain rights to the advertisement time that we have committed to sell to our clients.

We typically renew our contracts with CCTV early in the year or at the end of the relevant contract period to purchase advertisement time covering the entire calendar year or contract period. However, following the general practice in the PRC advertising industry, we often enter into advertising service contracts with our clients in advance, pursuant to which we are committed to sell to our clients certain advertisement time for which we have not yet obtained rights from CCTV. We enter into such contracts based on our anticipation of renewing contracts with CCTV with regard to such advertisement time. However, if we are not able to subsequently obtain such rights from CCTV, and we are not able to otherwise satisfy our client's advertising needs through other means, we may be subject to contractual liability, which is usually specified to be up to 10% of the contract value. In addition, under PRC laws, we may be liable for an additional amount if our client can prove that it actually suffered losses amounting to more than 10% of the contract value. We have a similar practice with regional TV stations. As a result, we may be subject to contract liabilities if we are not able to obtain rights to the advertisement time that we have committed to sell to our clients, which may have a material adverse effect on our reputation, business, financial condition and results of operations.

We face risks in connection with the acquisition of businesses or investment in new business through joint ventures. If we fail to manage these risks, our business, financial condition and results of operations may be materially and adversely affected.

As part of our growth strategy, we may acquire new businesses or form joint ventures and we face risks in connection with the acquisition of businesses or expand through joint ventures, which include, but are not limited to, the following:

- difficulties in the integration of acquired businesses and retention of personnel necessary to run such businesses;
- failure to manage relationships with joint venture partners in the direction and management of the new businesses;
- entry into unfamiliar markets and being subject to new regulatory regimes;
- unforeseen or hidden liabilities;
- need for financial resources above our planned levels;
- inability to generate sufficient revenue and profits to offset acquisition costs; and
- potential loss of or harm to relationships with employees and clients resulting from our integration of the acquired businesses.

Any of these risks may derail the success of our acquisitions or joint ventures. As we do not have a proven track record other than our CCTV business, we cannot assure you that our planned acquisitions or joint ventures in any new business areas will be successful. These acquisition and joint venture plans may present significant challenges for our management and administrative systems, and put great demands on our resources, and we may not be able to fully implement our acquisition or joint venture plans, or implement such plans within budget or on schedule. As a result, we may not realise the benefits we anticipated while incurring significant costs, and our business, financial condition and results of operations may be materially and adversely affected.

We may encounter difficulties in our expansion into regional TV stations or other new businesses, which may materially and adversely affect our business, financial condition and results of operations.

We intend to leverage on our diverse advertising client base, our experience from our CCTV business and our strong brand recognition to expand into advertising resources of regional TV stations. We have entered into regional markets by starting our cooperation with Jiangsu TV City Channel and Shenzhen Satellite TV Channel in 2007. However, our business cooperations with them are still in the development stage, and are subject to many risks, including, but not limited to, the following:

- we have a limited track record in operating advertisement resources from regional TV stations;
- our experience and expertise gained from our cooperation with CCTV may not be successfully applied to the regional TV stations;
- we do not have a long-standing history with these regional TV stations as we do with CCTV;
- we face intense competition from advertisement operators that are already well-established in those markets;
- we may not be able to accurately assess and adjust to the consumer tastes, preferences and demands in the relevant regional markets; and
- we may not be able to generate enough revenue to offset our costs, such as media costs, in relation to such resources.

All these and other risks may make our business expansion into the regional TV stations unsuccessful. In addition, we need to devote significant resources to promoting the awareness of any new TV advertisement resources we obtain from the regional TV stations and proving to our clients the effectiveness of advertisements placed on such resources, which may divert our management attention from our CCTV business, and we may not be able to generate enough profits to justify our costs and devotion of company resources. For example, our cooperation with Jiangu TV City Channel and Shenzhen Satellite TV Channel in 2007 resulted in gross losses, and we cannot assure you when or whether we will be able to achieve profitability in our regional TV business in the future. In addition, should we decide to expand into other new business areas, we face similar risks and uncertainties. If we are not successful in expanding into regional TV stations or other new businesses, our business, financial condition and results of operations may be materially and adversely affected.

We may encounter difficulties in entering into the digital media advertising market.

As part of our future plans, we aim to expand our advertising resources into digital media advertising market, including Internet, IPTV and mobile phones. In addition to organic growth, we plan to seek opportunities to collaborate with, invest in or acquire companies with an established presence in the digital media advertising market. However, we may not be successful in entering into this new market due to a variety of reasons, including, but not limited to, the following:

- we do not have any experience or track record in the digital media advertising market;
- we will be exposed to new regulations in digital media advertising market that we are not familiar with;
- we will face intense competition from companies already established in the digital media advertising market;
- we may not succeed in integrating our existing business with the new business in digital media advertising;
- we may not be able to attract and retain experienced personnel in digital media advertising;
- our expansion into digital media advertising may result in diversion of significant company resources and management attention that negatively affect our existing businesses; and
- we may overpay for acquisitions.

Any failure in entering into the digital media advertising market due to these and other reasons, especially if we have spent significant company resources and management time, may materially and adversely affect our expansion plans and business prospects, as well as our results of operations and financial condition.

If we fail to collect our trade receivables, our financial condition and results of operations as well as our cash flows will be materially and adversely affected.

On a case-by-case basis, and subject to our Chief Executive Officer's prior approval, we grant credit terms to, and advance certain payments on behalf of, certain clients. See "Business — Advertising Clients, Sales and Marketing — Sales." As we do not yet have a comprehensive client credit evaluation system, there is no assurance that we could accurately evaluate the credibility of our clients in all cases. Therefore, we face credit risks in collecting sales receivables from our clients. Our trade receivables as at 31 December 2005, 2006 and 2007 were RMB54.7 million, RMB66.0 million and RMB40.1 million, respectively. The amount of our outstanding bad and doubtful debts as at 31 December 2005, 2006 and 2007 were RMB12.0 million, RMB13.0 million and nil, respectively. As at 31 December 2007, although we did not have outstanding bad and doubtful debts due to our writing off RMB13.0 million of bad debt in October 2007, RMB25.3 million of our trade receivables was outstanding for over 90 days. We cannot assure you that we will be able to collect all trade receivables from all of our clients in full or in a timely manner and our failure to do so may materially and adversely affect our financial condition, results of operations and cash flows. In addition, we could incur time and expenses relating to the collection of our trade receivables, such as through legal proceedings.

Our results of operations are affected by the seasonal fluctuations in TV advertisement spending in China.

TV advertisement spending in China typically shows strong seasonal fluctuation, with higher customer demand and more advertisement spending occurring in the second half of each calendar year. As a result, our selling prices to our clients and utilisation rates are generally higher in the second half of each calendar year, resulting in higher revenue in the second half of each year compared to the first half. Our cost of revenue consists primarily of the cost to purchase TV advertisement time from various advertisement resource providers, which is generally incurred ratably over the contract period, typically for one year. Therefore, for any periods with lower TV advertisement spending, such as the first half of each year, our gross profit and gross margin may be materially and adversely affected, which will in turn affect our results of operations and financial condition.

If we fail to protect our brand reputation, our business prospects could be materially and adversely affected.

As at the Latest Practicable Date, we had registered the trademarks "TVGB", "CTVGB" and "CTV 中视金桥" in Hong Kong as well as trademarks "TVGB" and "CTVGB" in the PRC and had applied for the registration of the trademark "CTV 中视金桥" in the PRC. We actively promote our brand awareness through a number of ways, including promotions broadcast on our own TV advertisement time. However, we cannot assure you that we will always be successful in maintaining and improving our brand recognition, or that our efforts to do so will be cost-effective. Any negative development relating to our brand recognition, such as perceived deterioration of our quality of services, disputes with clients, reduced quality of the programmes on which we sell advertisement time, and infringement of our brand name by third parties, could adversely affect our ability to retain our existing clients or attract new clients, which could materially and adversely affect our business prospects. We may have to resort to legal proceedings in the case of infringement of our brand name by third parties, which could be costly, time consuming and may not be successful.

If our trade secrets are misappropriated, our business prospects could be materially and adversely affected.

We rely on certain agreements with our employees and other parties to protect our trade secrets. We cannot assure you that our employees and other parties will not breach these agreements and misappropriate our trade secrets for illegal interests. If our confidential information is misappropriated, our competitive position and business prospectus could be adversely affected. Furthermore, we may have to resort to legal proceedings to protect our trade secrets if they are breached or misappropriated, which can be time consuming and costly and may divert management attention and company resources, and we cannot assure you that we will be successful in such proceedings.

The Controlling Shareholders will have a controlling interest, and Bain Capital will have a significant interest, in us immediately after the Listing. Their interests may differ from those of our other Shareholders.

Immediately after Listing (but before any exercise of the Over-allotment Option), our parent company, Golden Bridge Culture, will beneficially own approximately 36.9% of the outstanding Shares. Golden Bridge Culture is controlled by Mr. Chen, our Chairman, and Ms. Liu, our founder and

Chief Executive Officer. Accordingly, Mr. Chen and Ms. Liu will have significant influence in determining the outcome of any corporate transactions or other matters submitted to the Shareholders for approval, including mergers, consolidations, the sale of all or substantially all of our assets, election of directors and other significant corporate actions. They will also have significant influence in preventing or causing a change in control. In addition, without their consent, we may be prevented from entering into transactions that could be beneficial to us. Their interests may also differ from our interests or the interests of our other Shareholders. We cannot assure you that when such conflicts of interest arise, it will be resolved in our favor or in the best interest of our other Shareholders. These conflicts may result in loss of business opportunities, including opportunities that are never brought to our attention, or actions that may prevent us from taking advantage of opportunities to expand and improve our operations, or may result in impairment of the interest of our other Shareholders.

Furthermore, immediately after Listing, Bain Capital will beneficially own 21.1% of the outstanding Shares and may also have significant influence in determining the outcome of any corporate transactions or other matters submitted to the Shareholders for approval.

We may generate negative cash flows from operations, which may materially and adversely affect our liquidity and financial condition.

We had a negative operating cash flow in 2005 of RMB2.0 million, primarily due to a significant increase in trade and other receivables as well as the loss we incurred in our purchase and sale of advertisement time on Phoenix TV. Our significant increase in trade and other receivables was primarily due to longer credit terms extended to our clients. We rely in part on our cash flows generated from operations to meet our working capital needs, in particular for the purchase of advertisement time from various TV stations and staff costs. We cannot assure you that we will not face negative operating cash flow in the future, whether due to losses from our business operations or the late payment by our clients. If such situation arises, our liquidity and financial condition may be materially and adversely affected, and we cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities to generate additional cash, we will incur additional financing cost, and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us or at all.

We may not be able to sustain our recent growth rate.

We have expanded substantially in recent years. Our revenue increased from RMB230.1 million in 2005 to RMB364.7 million in 2007, representing a CAGR of 25.9%. Our recent growth was partly due to the increases in both the advertising resources on CCTV and the number advertising clients that we were able to obtain. As competition in the PRC advertising industry intensifies, it may become more difficult for us to further increase the amount of CCTV advertising resources we have, and our expansion into regional TV stations and other types of media may not be able to compensate for the potential slowdown in the growth of our CCTV business. Hence, we may not be able to sustain the growth rate we achieved in the past. In addition, our projected earnings growth for 2008 contained in "Summary — Profit Forecast for the year ending 31 December 2008," "Financial Information — Profit Forecast," "Appendix II — Pro Forma Financial Information" and "Appendix III — Profit Forecast" is partly due to the positive effect on PRC's TV advertisement market brought about by the 2008 Beijing Olympic Games, and as such, our sales may decrease and our growth rate may slow down significantly after this event.

If we fail to effectively manage our growth, our business prospects, financial condition and results of operations may be materially and adversely affected.

As we grow our business we need to further expand our operations and workforce. Our growth to date has placed, and our anticipated future operations will continue to place, significant demands on our management, systems and resources. In addition, we face risks frequently encountered by fast growing companies. These risks include our potential failure to develop new and enhance existing services, retain existing customers, obtain new customers, maintain adequate control of our expenses, attract and retain qualified personnel, and respond to competitive market conditions. If we fail to successfully address each of these risks, and effectively manage our growth, our business prospects, financial condition, and results of operations could be materially and adversely affected.

We failed to meet certain legal requirements in the PRC in relation to employee-related issues and in Hong Kong in relation to the Companies Ordinance in the past.

We failed to meet certain legal requirements in relation to the funding of social security and housing-related funds for employees in the PRC and in Hong Kong in relation to the preparation of company accounts and convening of an annual general meeting as required by the Companies Ordinance in the past. See “Business — Employees” and “Business — Legal Compliance and Proceedings”.

In order to address these deficiencies, we engaged RSM Nelson Wheeler (“RSM”) to review and recommend improvements to our internal control and governance procedures. We have implemented all of their major recommendations to ensure future compliance with applicable laws and regulations. See “Business — Legal Compliance and Proceedings — Measures Adopted by Our Group to Ensure Future Compliance with Applicable Laws and Regulations.” However, no system, however well designed and implemented can guarantee compliance with all relevant laws nor can any system prevent or detect misstatements in financial statements or ensure compliance with applicable corporate governance standards. Also, projections or any evaluation of the effectiveness of internal controls and governance procedures are subject to the risk that such controls may become inadequate because of changes in circumstances or as a result of changes in the application or compliance with such policies and procedures.

If our clients forfeit the use of advertisement time that they have won in CCTV’s annual open bidding process, we may lose the deposit we placed with CCTV.

During CCTV’s annual open bidding process, we bid on behalf of our clients for CCTV’s most valuable advertisement time. As a condition for attending the CCTV bidding process, both our clients and we have to place a deposit with CCTV. The amount of our deposit depends on the number of clients that we represent in the process, which has generally been RMB0.6 million for each of the first two clients and RMB1.6 million for each additional client. Our deposits held by CCTV on a rollover basis as a result of our continuous participation in the bidding process were RMB3.8 million, RMB6.6 million and RMB5.6 million as at 31 December 2005, 2006 and 2007, respectively. According to CCTV’s bidding policy, such deposit will be returned to us when our clients complete the placement of advertisement on a minimum percentage of the advertisement time for which our client wins the bid. The minimum percentage is specified by CCTV. We have the right to sell the bid time on which our clients cannot or decide not to place advertisements, unless our clients do not use the minimum percentage of the bid time as required by CCTV, in which case CCTV has the right to retain the deposit placed by our clients and us, and demand further compensation from our clients and us if CCTV incurs additional actual loss. We cannot assure you this will not happen in the future. If this happens, our financial condition and results of operations may be materially and adversely affected. In addition, any such occurrence may negatively affect our relationship with CCTV and materially and adversely affect our business prospects.

We may need additional capital, which, if obtained, could result in dilution or significant debt service obligations. If we are not able to obtain additional capital that we need on commercially reasonable terms, our liquidity and financial position may be materially and adversely affected.

We may require additional cash resources due to changed business conditions or other future developments. If our current cash resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity, equity-linked or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities could result in additional dilution to our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and may result in operating and financing covenants that would restrict our operations and liquidity.

In addition, our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including:

- investors' perception of, and demand for, securities of alternative media advertising companies;
- conditions of the capital markets in which we may seek to raise funds;
- our future results of operations, financial condition and cash flows;
- PRC governmental regulation of foreign investment in advertising services companies in China;
- economic, political and other conditions in China; and
- PRC governmental policies relating to foreign currency borrowings.

We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. Any failure to raise additional funds on commercially reasonable terms could have a material adverse effect on our liquidity and financial condition.

We do not have any business liability, disruption or litigation insurance, and any business disruption or litigation we experience might result in our incurring substantial costs and the diversion of resources.

The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited business insurance products and do not, to our knowledge, offer business liability insurance. While business disruption insurance is available to a limited extent in China, we have determined that the risks of disruption, cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. In addition, there is no litigation insurance available in China. As a result, we currently do not have any business liability, disruption or litigation insurance coverage for our operations in China. Any business disruption or litigation may result in our incurring substantial costs and the diversion of resources.

RISKS RELATING TO THE INDUSTRY

We face intense competition in the market, and we cannot assure you that we will be able to successfully compete against our current and future competitors.

We may face intense competition from other advertising agencies or media advertising operators, particularly media advertising operators with CCTV advertising resources. In addition, the current PRC laws allow foreign firms to participate in the PRC advertising market through wholly foreign-owned advertising agencies. Some large, well-known international advertising agencies, such as McCann and Mindshare, have entered the PRC advertising market, which could become our significant future competitors. Some of our competitors have a longer history or more financial or human resources than we do, or have a special relationship with CCTV. For example, CCTV Future Advertising Agency (北京未來廣告公司) is a wholly-owned subsidiary of CCTV. We cannot assure you that we can be successful in competing with them. A number of factors, including increase in operational efficiency, the adoption of competitive pricing strategies, the expansion of operations or the adoption of innovative marketing methods, could adversely affect our market position and results of operations.

There are also many small TV advertising agencies and TV advertising operators in China, and we expect the PRC advertising industry to undergo consolidation. We plan to seek opportunities to acquire, invest in or partner with other TV media operators to expand our core business. However, acquisition involves significant uncertainties, and we cannot assure you that our acquisition strategy will be successfully implemented. Our competitors may be able to grow their business and market share more quickly and successfully through acquisition, investment or partnership, which may challenge our market position and competitiveness and adversely affect our business prospects.

Our business depends substantially on the TV advertisement industry, which faces increasing competition from other advertisement resources, in particular digital media resources.

Other segments of the advertising industry may also put competitive pressure on our business. Our business currently focuses on the TV segments of the PRC advertising industry. It is possible that new advertising resources in digital media may in the future replace TV and print as the leading advertising resources, in which case advertising agencies and media operators that specialise in digital media may have competitive advantages in the PRC advertising market. As we do not currently specialise in the Internet or other digital media advertising resources, these companies may challenge our position in the market, and adversely affect our ability to sell our TV advertisement resources or sell such resources at premium price level.

Our advertising services are subject to various PRC laws regulating, among other things, the content of the TV advertisements for which we provide services, and any violation of these laws could result in penalties, damage our reputation and adversely affect our future business prospects.

Under the PRC Anti-unfair Competition Law, we are prohibited from conveying misleading, false or inaccurate information with respect to the quality, function, use, components, producer, use-by date or place of origin of products or services for which we provide advertising services. Under the PRC Advertising Law, we are required to verify and review the content of the advertisement for which we provide advertising services.

We are also required to confirm that the advertisers have obtained requisite governmental approvals, including the advertiser's operating qualifications, proof of inspection of the quality of the advertised products and any required prior governmental review of the advertisement content relating to certain specific types of products and services, such as pharmaceuticals, medical facilities, agricultural chemical and veterinary chemicals.

Violation of these laws or regulations may result in various penalties, such as fines and forfeiture of advertising income derived from the prohibited advertisement. The violator may also be ordered to cease dissemination of the advertisement and take the appropriate remedial actions using the relevant media to broadcast or publish corrections to mitigate the impact of any such violations.

In addition, civil claims may be filed against us for fraud, defamation, copyright or trademark infringement or other violations due to the nature and content of the advertisements displayed on our advertising resources or for which we provide advertising services. In cases of severe violations, the PRC government may suspend or revoke the business license. Criminal liabilities may also be imposed if such violation constitutes a crime. We cannot assure you that we will not be found to violate any of such laws and regulations. Any failure to comply with such laws and regulations and any civil claims filed against us may damage our reputation and adversely affect our business prospects.

Any regulatory or policy changes or otherwise unexpected changes which limit the amount of TV advertisement time available could adversely impact our business prospects.

We principally depend on TV advertisement time we purchase from TV stations, CCTV in particular, to conduct our advertising services business. All TV stations in China are state-owned and PRC regulations limit the total daily TV advertisements at certain periods of the day. Therefore, regulatory or policy changes that adversely affect the amount of TV advertisement time or our ability to purchase these TV advertisement time, including but not limited to regulatory or policy changes that limit the amount of TV advertisement time allowed during certain periods of the day or the availability of such time to be sold by non state-owned companies, could adversely impact our future business prospects.

RISKS RELATING TO THE GROUP'S OPERATIONS IN CHINA

Changes in economic conditions could substantially affect advertising spending and therefore affect our future business prospects.

Demand for advertising services is volatile and sensitive to changes in economic conditions. In recent years, China's economy has been growing rapidly and consequently there has been high demand for advertising services. However, we cannot assure you that China's economy will continue to develop at its recent fast pace. A number of factors could result in a slow-down of China's economic development, such as a global slow-down in economic development, a crisis in the financial market, the recurrence of a health epidemic such as SARS or avian flu, or natural disasters. During such times of economic downturn, demand for advertising services typically decreases as advertising spending is generally considered to be more of a discretionary spending item by most advertisers. In addition, during such economic downturn our clients may choose to place their advertisements in lower cost media resources, such as print, the Internet or regional TV channels, instead of CCTV. As a result, we may not be able to meet our sales targets and our financial condition and results of operations could be materially and adversely affected.

Our business, results of operations and financial condition may be affected by changes in the PRC's economic and political environment and by newly adopted PRC economic regulation policies.

China's economy differs from the economies of most countries with respect to its structure, government involvement, growth rate, level of development, capital reinvestment, resource allocation, inflation and balance of payments position. The PRC's economy was a planned economy until 1978. Since the late 1970s, the PRC government has introduced a series of economic reforms. Subsequently, increasing emphasis has been placed on the utilisation of market forces on the PRC's economic development and a number of laws were promulgated as part of such reforms, including many new laws and regulations seeking to provide general guidance on economic and business practices in China and to regulate foreign investment. However, the PRC government continues to retain a large role in industrial output (a majority of which is still contributed by state-owned or state-controlled enterprises) and in the allocation of resources, production, pricing and management. There can be no assurance that the PRC government will continue to pursue its current economic reform policies. Furthermore, we may not consistently be able to capitalise on the PRC's economic reform measures. Our operations and financial results could be materially and adversely affected by changes in political, economic and social conditions or relevant government policies, such as changes in laws and regulations (or the interpretations thereof), measures which might be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion and the imposition of additional import restrictions.

In addition, there is no assurance that China's economy will continue to grow at its current rate, or that its growth will be steady or in geographic regions or economic sectors that benefit us. Since we derive all of our revenue in China, we depend heavily on the general economic condition in China for our continued growth. A downturn in China's economic growth or a decline in its economic condition may have a material adverse impact on our financial condition and results of operations.

The PRC legal system has not yet been fully developed and has inherent uncertainties that could adversely affect our business and results of operations.

As substantially all of our business is conducted, and substantially all of our assets are located in the PRC, our operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes and their interpretations by the Standing Committee of the National People's Congress and relevant authorities. Prior PRC court decisions are only for reference purposes and are not binding. In 1979 the PRC government began developing a commercial law system. Since then, considerable progress has been made in introducing laws and regulations dealing with economic matters, such as foreign investment, commerce, corporate organisation and governance, taxation and trade. However, as many laws, regulations and legal requirements have only been recently adopted by the central or local governmental agencies, their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. It may be difficult to obtain equitable enforcement under PRC laws and regulations. Furthermore, the PRC Company Law, the PRC Securities Law and related regulations, in particular the provisions relating to the protection of shareholders' rights and access to information, are not as developed as corresponding provisions under laws of Hong Kong, the U.S. and other developed countries or regions. We cannot predict the effect of future legal development in China, including promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national law. As a result, there is substantial uncertainty as to the legal protection available to potential investors.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

Although we are incorporated in Hong Kong, substantially all of our businesses, assets and operations are located in China. In addition, a substantial majority of our directors and executive officers reside in China and substantially all of their assets are located in China. As a result, it may not be possible to effect service of process on us outside of Hong Kong or on our directors and executive officers within the United States, Hong Kong or elsewhere outside of China, including with respect to matters arising under applicable securities laws of the United States, Hong Kong or elsewhere outside of China. Moreover, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. As a result, recognition and enforcement in China or Hong Kong of judgments of a court in the United States and any of the other jurisdictions mentioned above in relation to any matter may be difficult.

All of our revenue is denominated in Renminbi, which is not freely convertible for capital account transactions and may be subject to exchange rate volatility.

We receive substantially all of our revenue in Renminbi. Under our current structure, our income is primarily derived from dividend and other distributions from our PRC subsidiaries. The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Furthermore, under the current PRC legal regime, there are restrictions on foreign exchange transactions under capital accounts which could also affect our subsidiaries' ability to obtain foreign exchange through debt or equity financing, including by means of loans or capital contribution from us. Historically, conversion of Renminbi is strictly regulated by the PRC government. Current foreign exchange regulations have significantly reduced the PRC government's foreign exchange control on routine transactions under current accounts, including trade and service related to foreign exchange transactions and payment of dividends. Under the existing foreign exchange regulations in the PRC, following completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from SAFE. However, there can be no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will not be changed.

In addition, commencing from 21 July 2005, the PRC government reformed the exchange rate regime by adopting a managed floating exchange regime based on market supply and demand with reference to a basket of currencies. From 21 July 2005 to 31 December 2007 Renminbi has appreciated by approximately 11% against the U.S. dollar. Renminbi may be further revalued against the HK dollar, the US dollar or other currencies, or may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the Renminbi against the HK dollar, the US dollar or other currencies, any of which could give rise to uncertainties in our financial condition and results of operations.

If our Shareholders who are PRC residents fail to make any required registrations or filings under the relevant foreign exchange regulations, we may be unable to distribute profits or may be subject to liability under PRC law.

SAFE has promulgated regulations requiring the direct or indirect offshore investments and round-trip investment of PRC residents, including individuals and corporate entities, to be registered with SAFE. These regulations apply to our direct or indirect Shareholders who are PRC residents and may also apply to certain of our offshore acquisitions. In accordance with such regulations, PRC residents are required to register their offshore investment activities and any changes thereof.

The relevant SAFE's regulations apply retrospectively to registration of direct or indirect investments made by PRC residents in offshore companies before the new regulations came into effect. In the event that a PRC shareholder with a direct or indirect stake in an offshore parent company fails to make the required SAFE registration, the PRC subsidiaries of that offshore parent company may be prohibited from distributing their profits to their offshore parent and from paying the offshore parent proceeds from any reduction in capital, share transfer or liquidation in respect of the PRC subsidiaries. As the Company is a Hong Kong holding company, we rely on the distribution of the income from our PRC subsidiaries to meet our cash needs and to pay dividends to our Shareholders. The failure or inability of our PRC individual Shareholders to complete any required SAFE registrations may limit our PRC subsidiaries' ability to distribute or pay dividends and may subject us to fines and legal sanctions, as a result of which our acquisition strategy and business operations and our ability to distribute profits to our Shareholders could be materially and adversely affected. We may also be subject to fines and other sanctions. We cannot provide any assurance that all of our direct or indirect Shareholders who are PRC residents will make or obtain any applicable registrations or approvals required by such SAFE regulations or obtain them in a timely manner.

PRC regulations relating to the participation of PRC residents in offshore share option plans may increase our administrative burden.

Under applicable PRC regulations, if a PRC individual participates in the employee share option plan of an overseas-listed company, the relevant company (*i.e.* the overseas-listed company itself, the PRC parent company, the PRC subsidiary or the relevant branch of such overseas-listed company) or a domestic PRC agent must, among other things, take certain actions on behalf of such individual to comply with certain SAFE requirements in relation to the opening of foreign currency bank accounts and applying to the competent local SAFE bureau for the purchase of and payment in foreign currency when the PRC individual exercises the share options. We and our PRC employees who have been granted share options will be subject to such regulatory requirements when the Company becomes an overseas publicly-listed company, which is expected to increase our administrative burden. If the PRC holders of our options or we fail to comply with these regulations, fines and legal sanctions may be imposed on us.

Under the New Tax Law, which became effective on 1 January 2008, dividends paid to us by our PRC subsidiaries may be subject to PRC tax. In addition, we may be considered as a PRC resident enterprise for tax purposes, in which case our global income may be subject to the 25% PRC enterprise income tax, and dividends we pay to our overseas Shareholders and gains realised from the transfer of Shares by our overseas Shareholders may also be subject to PRC withholding tax.

We are a holding company incorporated in Hong Kong and our business operations are principally conducted through our PRC subsidiaries. The New Tax Law, which became effective on 1 January 2008, provides that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its overseas parent, will normally be subject to PRC withholding tax at a rate of 10%, unless there exist treaties that reduce such rate. Under a special arrangement between China and Hong Kong, such withholding tax rate for dividends is reduced to 5% if a Hong Kong resident enterprise owns over 25% of the PRC company distributing the dividends. As we are a Hong Kong company and own 99.4% of CTV Media (Shanghai), according to the aforesaid arrangement, any dividends that CTV Media (Shanghai) pays us will likely be subject to a withholding tax at the rate of 5%, unless we are considered as a PRC resident enterprise as described below.

Under the New Tax Law, enterprises established under the laws of jurisdictions outside China with their "de facto management bodies" located within China may be considered as PRC resident enterprises for tax purposes. A substantial majority of the members of our management team is located in China. If we are considered as a PRC resident enterprise under the above definition, then our global income will be subject to PRC enterprise income tax at the rate of 25%. In addition, although the New Tax Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, due to the short history of the New Tax Law, it remains unclear as to the detailed qualification requirements for such exemption and whether dividend payments by our PRC subsidiaries to us will meet such qualification requirements even if we are considered as a PRC resident enterprise for tax purposes. See "Appendix V — Taxation."

Furthermore, the implementation rules of the Enterprise Income Tax Law set forth that, (i) if the enterprise that distributes dividends is domiciled in the PRC, or (ii) if gains are realised from transferring equity interest of enterprises domiciled in the PRC, then such dividends or capital gains are treated as China-sourced income. It is not clear how "domicile" may be interpreted under the New Tax Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we are considered as a PRC resident enterprise for tax purposes, any dividends we pay to our overseas Shareholders as well as gains realised by such Shareholders from the transfer of our Shares may be regarded as China-sourced income and as a result become subject to PRC withholding tax at the rate up to 10%. See "Appendix V — Taxation."

As the New Tax Law has only recently taken effect, it is uncertain as to how it would be implemented by the relevant PRC tax authorities. If dividend payments from our PRC subsidiaries to us are subject to PRC withholding tax, our financial condition, results of operations and the amount of dividends available to pay our Shareholders may be adversely affected. If our dividend payments to our overseas Shareholders are subject to PRC withholding tax, it may materially and adversely affect your investment return and the value of your investment in us.

We rely on dividends or other distributions from CTV Media (Shanghai) for our cash needs, including the payment of dividends to our Shareholders. The amount of dividends or other distributions that CTV Media (Shanghai) could pay us is subject to restrictions of PRC laws and regulations and its other obligations.

We are a holding company incorporated in Hong Kong, and we rely on dividends and other distributions from our PRC subsidiary, CTV Media (Shanghai), for our cash requirements, including the payment of dividends to our Shareholders. Pursuant to PRC laws and regulations, CTV Media (Shanghai) may only pay dividends to us if it has recovered accumulated losses, if any, from previous years and after paying taxes and making contributions to certain reserve funds at certain percentage of distributable profit as decided by its board of directors. Although CTV Media (Shanghai) may make interest and royalty payments, if any, to us even if it has not recovered accumulated loss, the amount of such payments are subject to the restrictions of the PRC transfer pricing regulations and other applicable regulations. In addition, if CTV Media (Shanghai) incurs debt in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Any such restrictions on CTV Media (Shanghai)'s ability to pay dividends or other distributions to us and the amount of such dividends or distributions could limit our ability to pay dividends to our Shareholders.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for the Shares, and liquidity and market price of the Shares may be volatile.

There has been no public market for the Shares prior to listing of the Shares on the Hong Kong Stock Exchange. The Offer Price for the Shares will be the result of negotiations between the Joint Global Coordinators (on behalf of the Underwriters), us and the Selling Shareholder, and may differ from the market prices for the Shares after listing. The market price, liquidity and trading volume of the Shares may be volatile. There can be no guarantee as to the ability of the holders to sell their Shares or the price at which the Shares can be sold. Therefore, Shareholders may not be able to sell their Shares at prices equal to or greater than the price paid for their Shares under the Global Offering. We have applied to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares. However, there is no guarantee that the listing of the Shares on the Hong Kong Stock Exchange will result in the development of an active and liquid public trading market for the Shares. Factors that may affect the volume and price at which the Shares will be traded include, among other things, earnings, profit margins, cash flows, variations in our revenue, announcements of new investments, and changes in laws and regulations in China. There is no guarantee that these developments will not occur in the future. Moreover, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that the Shares may be subject to changes in price not directly related to our performance.

Purchasers of the Shares will experience immediate dilution and may experience further dilution if the Company issues additional Shares in the future.

The initial public offering price of our Shares is higher than the net tangible asset value per share of the outstanding shares issued to our existing Shareholders. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in net tangible asset value of HK$1.18 per Share (assuming an Offer Price of HK$3.06 per Share, which is the mid-point of our indicative offer price range, and assuming the Over-allotment Option is not exercised), and our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their shares. In addition, purchasers of our Shares may experience a further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we obtain additional capital in the future.

There will be a four-business-day time gap between pricing and trading of our Shares offered in this Offering.

The initial price of our Shares sold to the public in the Global Offering will be determined on the date of pricing. However, our Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be four Hong Kong business days after the pricing date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the trading price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

We have granted, and may continue to grant in the future, options to our senior management, Directors and other employees, the exercise of which may result in dilution to the then existing Shareholders.

As at the Latest Practicable Date, we had 17,920,000 outstanding options granted under the Pre-IPO Scheme to eligible participants, including our senior management, Directors and employees. Our share-based compensation expenses related to the Pre-IPO Scheme were RMB4.9 million for the year ended 31 December 2007. Under the Pre-IPO Scheme, our Chief Executive Officer and Chief Financial Officer may exercise up to 50% of their options after the expiry of one year from the acceptance of the options, and up to 25% of their options each year thereafter. All other Pre-IPO Option Holders may exercise up to 25% of their options after the expiry of one year from the acceptance of the options and up to 25% of their options each year thereafter. No further options will be granted under the Pre-IPO Scheme after the Listing Date. In addition, our Board has also approved our Post-IPO Scheme on 27 May 2008, under which the maximum number of Shares in respect of which options may be granted to eligible participants from time to time shall not be more than 10% of the issued Shares of the Company immediately after Listing. See "Directors and Senior Management — Pre-IPO Scheme and Post-IPO Scheme" and "Appendix VII — Statutory and General Information — Pre-IPO Scheme and Post-IPO Scheme" for details of our option schemes. The exercise of share options under the Pre-IPO Scheme and Post-IPO Scheme will result in an increase in the number of Shares outstanding, and may result in a dilution to the percentage of ownership of the Company to the then existing Shareholders, as well as the earnings per Share and, depending on the exercise price, net asset value per Share of the then existing Shareholders.

Future sales by our existing Shareholders of a substantial number of Shares in the public market could materially and adversely affect the prevailing market price of the Shares.

Future sales of a substantial number of our Shares by our existing Shareholders, including Shares issued upon the exercise of outstanding options, or the possibility of such sales, could adversely impact the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. We are not in a position to give any assurance that after the lock-up periods, our existing Shareholders will not sell significant amounts of their Shares.

Certain facts and other statistics with respect to China and the PRC economy in this prospectus are derived from various official sources and may not be reliable.

Certain facts and other statistics in this prospectus relating to China, the PRC economy and advertising industry have been derived from government publications generally believed to be reliable. However, we cannot guarantee the quality or reliability of such source of materials. They have not been prepared or independently verified by us, the Underwriters or any of its or their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the official statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be relied upon. Further, there is no assurance that such facts and other statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

In all cases, investors should not unduly rely upon the official facts and statistics or studies from independent third parties contained in this prospectus with respect to China, the PRC economy and the PRC advertising industry.

Risks associated with forward-looking statements and forward-looking information.

This prospectus contains certain statements and information that are "forward-looking" and uses forward-looking words such as "expect," "may," "anticipate," "believe," "could," "ought to," "should" or "will." Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, capital resources and liquidity. Subscribers and purchasers of the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and any or all of those assumptions could prove to be incorrect and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other uncertainties, the inclusion of forward-looking statements or forward-looking information in this prospectus should not be regarded as representations by us that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements or forward-looking information.

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

Management Presence in Hong Kong

According to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. Normally at least two of the issuer's executive Directors must be ordinarily resident in Hong Kong. Currently, none of our executive Directors resides in Hong Kong. Since our principal operations are located outside Hong Kong, we do not and, for the foreseeable future, will not have a significant management presence in Hong Kong. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules subject to certain conditions. For details of the conditions, please refer to the paragraph headed "Management Presence in Hong Kong" in the section "Directors and Senior Management" in this prospectus.

Continuing Connected Transactions

Members of our Group have entered into and will continue to carry out certain transactions which would constitute non-exempt continuing connected transactions of the Company under the Listing Rules after the Listing. The Company has applied to the Hong Kong Stock Exchange for a waiver from strict compliance with the announcement requirement set out in Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions. Further details of such waiver are set out in the section headed "Continuing Connected Transactions" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus contains particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules of Hong Kong and the Listing Rules for the purpose of giving information to the public with regard to us. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered for subscription and sale solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by us, either of the Joint Global Coordinators, any of the Underwriters, any of their respective directors, agents, employees or advisers or any other parties involved in the Global Offering.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The listing of the Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between us, the Selling Shareholder and the Joint Global Coordinators (on behalf of the Underwriters). Further details about the Underwriters and the underwriting arrangements are contained in the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which is expected to be determined by the Joint Global Coordinators (on behalf of the Underwriters), us and the Selling Shareholder on the Price Determination Date.

If, for any reason, the Offer Price is not agreed among the Global Coordinators (on behalf of the Underwriters), us and the Selling Shareholder, the Global Offering will not proceed. For full information about the Underwriters and the underwriting arrangements, see "Underwriting."

RESTRICTIONS ON SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Hong Kong Offer Shares to, confirm that he or she is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offer of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. Details of the restrictions on sale of the Offer Shares are set out in "Underwriting — Restrictions on Offer and Sale of the Offer Shares."

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, on the Main Board, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may fall to be issued under the Over-allotment Option) and any Shares which may fall to be issued pursuant to the exercise of the options granted under the Pre-IPO Scheme or which may be granted under the Post-IPO Scheme. Save as disclosed in this prospectus, no part of our Shares or loan capital is listed on or dealt in on any other stock exchange. At present, we are not seeking or proposing to seek such listing of, or permission to deal in, our Shares or loan capital on any other stock exchange.

HONG KONG REGISTER AND STAMP DUTY

The Company's register of members will be maintained by our Share Registrar in Hong Kong. All Shares issued pursuant to applications made in the Public Offer and the International Offering will be registered on our register of members to be maintained in Hong Kong.

Dealings in the Shares registered in our register of members in Hong Kong will be subject to Hong Kong stamp duty. See the section "Stamp duty" in Appendix V — "Taxation."

Unless we determine otherwise, dividends payable in Hong Kong dollars in respect of Shares will be paid to the Shareholders listed on our Hong Kong share register, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Hong Kong Stock Exchange and the Company's compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in

CCASS with effect from the date of commencement of dealings in the Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares should consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of and dealing in the Offer Shares. It is emphasized that none of us, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, any of our and their respective directors, agents or advisers or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities of any person resulting from the subscription for, or purchasing, holding or disposing of the Offer Shares.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares is set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE AND CONDITION OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure and Condition of the Global Offering" in this prospectus.

ROUNDING

Any discrepancies in any table between totals and sums of individual amounts listed in any table are due to rounding.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Chen Xin (陳新)	Room 102, Unit 5, 6th Building Chengpin Jianzhu Area Haidian District Beijing, PRC	Chinese
Liu Jinlan (劉矜蘭)	Room 102, Unit 5, 6th Building Chengpin Jianzhu Area Haidian District Beijing, PRC	Chinese
Li Zongzhou (李宗洲)	Room 1705, 13th Building Ba Jiao South Area Shijingshan District Beijing, PRC	Chinese
Non-executive Directors		
Zhu Jia (竺稼)	Apt. 1661, Tower 10 Hong Kong Parkview 88 Tai Tam Reservoir Road Hong Kong	Chinese
Huang Jingsheng (黃晶生)	Room 1802, 2nd Building 188 Ming Yue Road Pudong Shanghai, PRC	American
Independent Non-executive Directors		
Ding Junjie (丁俊杰)	Room 502, 1st Door, 17th Building 7 Ding Fu Zhuang South Area Chaoyang District Beijing, PRC	Chinese
Qi Daqing (齊大慶)	C23A, Jade Villas 8 Cuihu Road Shang Zhuang Haidian District Beijing, PRC	Chinese
Chen Tianqiao (陳天橋)	1st Building 690 Bibo Road Pudong New Area Shanghai, PRC	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Global Coordinators, Joint Bookrunners, Joint Sponsors and Joint Lead Managers	Morgan Stanley Asia Limited 30th Floor, Three Exchange Square Central Hong Kong Cazenove Asia Limited 50th Floor One Exchange Square 8 Connaught Place Central Hong Kong
Legal Advisers to the Company	*as to Hong Kong and U.S. law*: Coudert Brothers in association with Orrick, Herrington & Sutcliffe LLP 39th Floor Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong *as to PRC law*: Haiwen & Partners 21st Floor, Beijing Silver Tower 2 Dong San Huan North Road Chaoyang District Beijing, PRC
Legal Advisers to the Underwriters	*as to Hong Kong law*: Slaughter and May 47th Floor, Jardine House One Connaught Place Central Hong Kong *as to U.S. law*: Davis Polk & Wardwell 18th Floor The Hong Kong Club Building 3A Chater Road Central Hong Kong

	as to PRC law: Commerce & Finance Law Offices 6th Floor NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing, PRC
Auditors and Reporting Accountants	KPMG 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Property Valuer	Jones Lang LaSalle Sallmanns Limited 22nd Floor, Siu On Centre 188 Lockhart Road Wanchai Hong Kong
Receiving Bankers	Industrial and Commercial Bank of China (Asia) Limited 33rd Floor, ICBC Tower 3 Garden Road Central Hong Kong
	Standard Chartered Bank (Hong Kong) Limited 15th Floor, Standard Charted Tower 388 Kwun Tong Road Kowloon Hong Kong

CORPORATE INFORMATION

Registered Office	Room 1505, 15th Floor, World-wide House 19 Des Voeux Road Central, Hong Kong
Corporate Headquarters	Unit 15D, Xintian International Plaza, No. 450 Fushan Road, Pudong New District, Shanghai, PRC
Principal Place of Business in the PRC	Unit 15D, Xintian International Plaza, No. 450 Fushan Road, Pudong New District, Shanghai, PRC
Place of Business in Hong Kong	Room 1505, 15th Floor, World-wide House, 19 Des Voeux Road Central, Hong Kong
Website Address	*www.sinomedia.com.hk* (The information contained in the website does not form a part of this prospectus)
Company Secretary	Mr. Chan Oi Nin Derek (陳凱年) (HKICPA, FCCA)
Qualified Accountant	Mr. Chan Oi Nin Derek (陳凱年) (HKICPA, FCCA)
Authorised Representatives	Mr. Chen Xin (陳新) Room 102, Unit 5, 6th Building Chengpin Jianzhu Area Haidian District Beijing, PRC Mr. Chan Oi Nin Derek (陳凱年) Flat C, 51st Floor Park Central, Tseung Kwan O Hong Kong
Compliance Adviser	Cazenove Asia Limited
Audit Committee	Dr. Qi Daqing (齊大慶) (Chairman) Mr. Ding Junjie (丁俊杰) Mr. Huang Jingsheng (黃晶生)
Remuneration Committee	Mr. Chen Xin (陳新) (Chairman) Mr. Ding Junjie (丁俊杰) Mr. Chen Tianqiao (陳天橋)
Compliance Committee	Mr. Li Zongzhou (李宗洲) (Chairman) Mr. Xu Chong (徐翀) (also known as Xu Songzhen (徐嵩鎮)) Mr. Chan Oi Nin Derek (陳凱年)
Share Registrar	Computershare Hong Kong Investor Services Limited Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East Wanchai Hong Kong

Principal Banker in China	Industrial Bank Co., Ltd. Beijing Haidian Branch Tower A, China Electronic Building No. 3 Dan Leng Street Zhongguancun, Haidian District Beijing, PRC
Principal Banker in Hong Kong	UBS AG 52nd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong

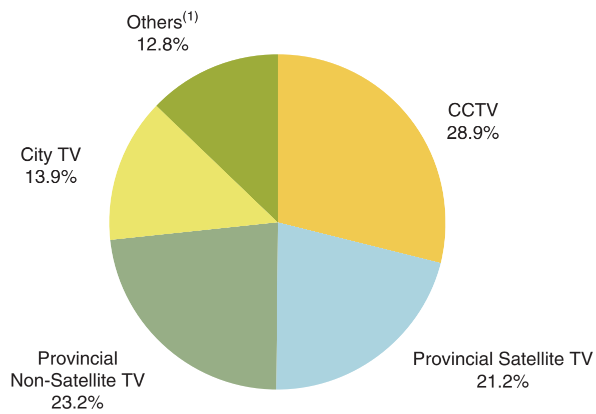
The information presented in this section is derived from various publications. None of these publications have been commissioned by us or any of the Joint Sponsors. Neither we nor any of our affiliates or advisors, nor the Underwriters or any of their affiliates or advisors, have independently verified any information derived from official government sources. The information in this section may not be consistent with, or may not have been compiled with the same degree of accuracy or completeness as, statistical or other information compiled elsewhere. You should not place undue reliance on the official facts and statistics in this section.

OVERVIEW OF TELEVISION BROADCASTING IN CHINA

China has the largest television audience in the world. According to the China Statistical Yearbook in 2007, 96.2% of the population in the PRC, or approximately 1.27 billion people, was covered by TV broadcast in 2006.

There are five types of TV channels in China: national, provincial satellite, provincial non-satellite, city and others. TV channels with national reach, including CCTV, CETV and provincial satellite TV channels, have gained market share in each year from 2002 to 2007. Provincial non-satellite, most of city and other types of TV channels only broadcast locally. The following chart shows the relative viewership of different types of TV channels in 2007:

Percentage of TV Viewership (2007)



Source: CSM Media Research

(1) Includes CETV

National TV

National TV networks in the PRC include CCTV and CETV.

CCTV was established by China's central government in 1958. It currently has 16 free-to-air channels that offer a broad range of content, including news, sports, movies, drama, entertainment, finance, and other programmes. It is the only nationwide free-to-air TV network in China, and all TV stations in China are required by relevant regulations to broadcast at least CCTV-1. According to CSM Media Research, CCTV channels in aggregate captured 28.9% of TV viewership in China in 2007.

According to the China Statistical Yearbook 2007, the total broadcasting time on CCTV reached 137,201 hours in 2006.

CCTV-1, the most popular channel of CCTV, offers a wide range of programmes, including news, art, drama, entertainment programmes and other popular TV programmes that are also broadcast by other CCTV channels. CCTV-2 focuses on finance news and economic feature programmes and has the second largest coverage and penetration rate among all CCTV channels, after CCTV-1.

In addition to the domestic market, CCTV reaches international viewers via satellite through CCTV-4 and CCTV-9. CCTV-4 is CCTV's overseas Chinese-language channel, which is designed to keep approximately 50 million overseas Chinese up to date on new development from China. CCTV-9, also known as CCTV International, is an English-language 24-hour news channel. Launched on 25 September 2000, CCTV-9 is dedicated to reporting international news and breaking events globally, with a special focus on China. CCTV-9 reaches audience around the world via six satellites, and its programmes can now be viewed 24 hours a day and seven days a week by 45 million subscribers outside of China, according to the CCTV website.

CETV, under the supervision of the Ministry of Education, has two national channels, CETV-1 and CETV-2. Both CETV channels are broadcast by satellite and focus on educational programmes, including distance education courses.

Provincial Satellite TV

China established its first provincial TV station in Shanghai in 1958. Since then, every province has established its own provincial TV station and each province had one satellite channel as at the end of 2004. These provincial satellite TV channels can have a national coverage through local cable networks by paying relevant local landing fees. According to CSM Media Research, the provincial satellite TV channels captured 21.2% of TV viewership in China in 2007.

Provincial Non-Satellite TV

Most provincial non-satellite TV channels can only be accessed within the respective province and reach local audiences. According to CSM Media Research, provincial non-satellite TV channels captured 23.2% of TV viewership in 2007.

City TV

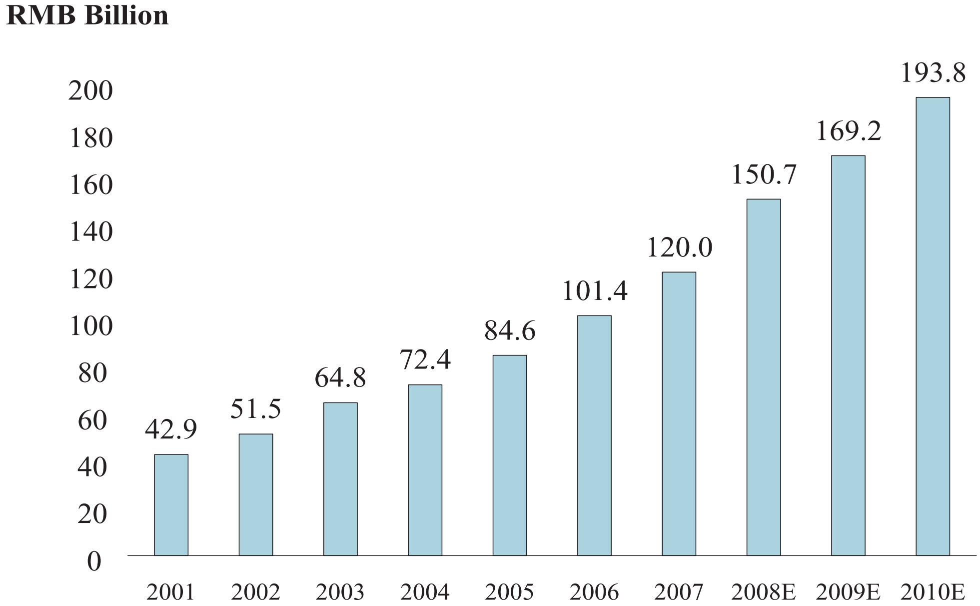
Most city TV channels can only be accessed within the respective city, but a few large cities have also established their own satellite TV channel, such as Shenzhen.

THE ADVERTISING INDUSTRY IN CHINA

Overview of the Advertising Industry in China

The advertising market in China is one of the largest and fastest growing advertising markets in the world. According to the ZenithOptimedia Report, advertising spending in China reached RMB120.0 billion in 2007, making it the second largest advertising market in Asia after Japan. ZenithOptimedia further predicts China's advertising spending will continue to grow and reach RMB193.8 billion by 2010, representing a CAGR of 17.3% from 2007 to 2010. The following chart illustrates the historical and projected amount of China's advertising spending:

China's Total Advertising Spending(1)

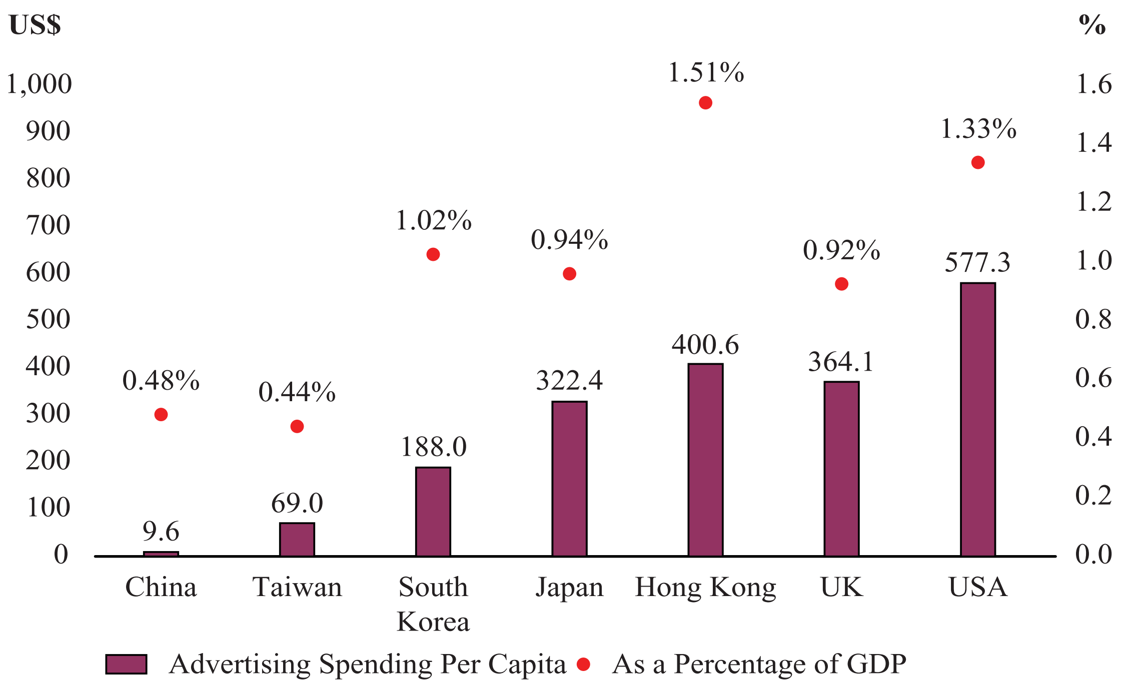


Source: ZenithOptimedia Report

(1) The 2001-2007 numbers are based on the State Administration of Industry and Commerce Statistics of China. All numbers exclude production costs, classified advertising, agency income (which comprises regular commission and income from programme syndication, sports sponsorship, event marketing, industry training and other sources) and are before the discounts that are negotiated between agency and media owners. The 2008-2010 numbers are estimates.

Rapid and sustained economic growth and the growth in consumer spending are the main drivers of China's advertising industry. In addition, China's advertising spending per capita and as a percentage of GDP remain low relative to many other countries, indicating significant growth potential in China's advertising industry. According to the ZenithOptimedia Report, advertising spending is expected to grow significantly between 2007 and 2010 in China, partly due to the 2008 Beijing Olympic Games and the 2010 Shanghai World Expo.

Advertising Spending Per Capita and as a Percentage of GDP (2006)



Source: ZenithOptimedia Report

Advertising Spending by Media Resource

The following chart depicts the percentage of total advertising spending allocated to different types of media resources in China:

Total Advertising Spending by Media Resource

	2005		2006		2007		2008E		2009E		2010E	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(in millions of RMB, except for percentage)											
TV	35,529	42.1	40,402	39.8	47,069	39.2	59,535	39.5	64,298	38.0	69,442	35.8
Radio	3,886	4.6	5,719	5.6	6,662	5.6	8,168	5.4	8,985	5.3	9,793	5.1
Newspaper	25,605	30.3	31,259	30.8	36,303	30.3	43,050	28.6	44,772	26.5	51,488	26.6
Magazine	2,487	2.9	2,410	2.4	2,893	2.4	3,307	2.2	3,803	2.2	4,373	2.3
Internet	4,310	5.1	7,050	7.0	10,110	8.4	16,000	10.6	21,600	12.8	29,100	15.0
Others	12,744	15.1	14,548	14.3	16,948	14.1	20,595	13.7	25,714	15.2	29,569	15.3
Total	84,561	100.0	101,389	100.0	119,984	100.0	150,655	100.0	169,172	100.0	193,766	100.0

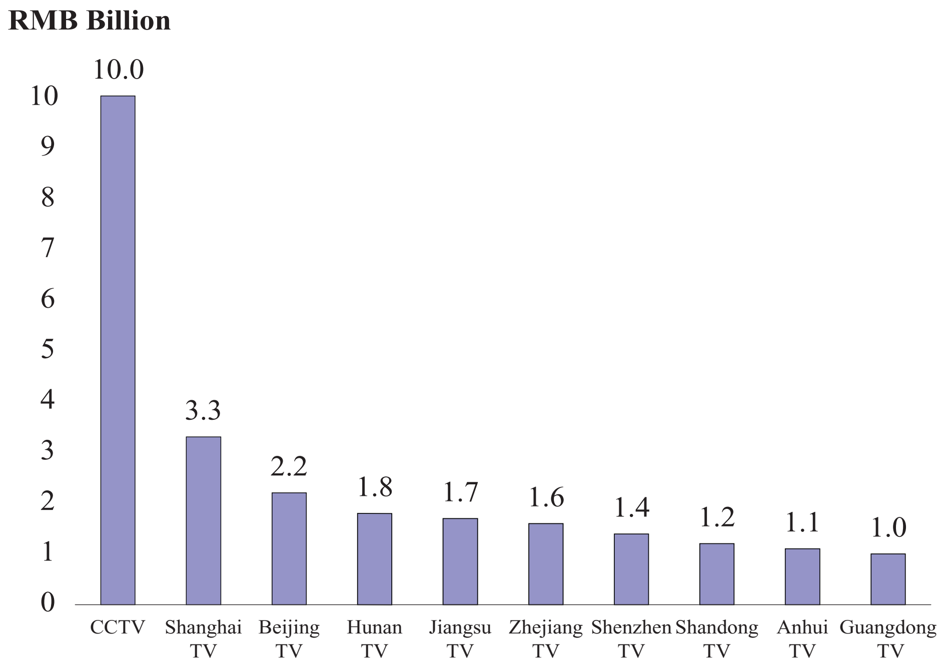
Source: ZenithOptimedia Report

TV ADVERTISING IN CHINA

TV has attracted the largest percentage of advertising spending in China among all media resources, with RMB47.1 billion, or a 39.2% share of China's total advertising spending in 2007, according to the ZenithOptimedia Report. From 2008 to 2010, TV's share of total advertising spending is expected to remain above 35% of the total advertising spending and the largest among all media types through 2010. TV advertising spending is projected to increase at a CAGR of 13.8% from 2007 to 2010, reaching RMB69.4 billion in 2010, according to the ZenithOptimedia Report.

The following chart shows China's top ten TV stations in terms of advertising revenue generated in 2007. According to CCTV, its advertising revenue was over RMB10.0 billion in 2007, including RMB6.8 billion derived from the advertisement time sold through bidding.

Advertising Revenue by TV Stations (2007)



Source: China Broadcasting and Television, Vol. 2, 2008

Media Advertising Operators in China

China's TV stations typically grant the rights to sell advertisement time on their TV programmes to media advertising operators. The price TV stations charge for these rights depends primarily on the geographic coverage, viewership and target audience expected to be reached by the TV programmes. The media advertising operators sell the advertisement time to advertisers or advertising agencies and provide them with a range of advertising services, which vary from operator to operator.

As China's largest supplier of TV advertisement time, CCTV typically grants the rights to sell advertisement time on its programmes and channels to media advertising operators for a period of one year to 18 months. CCTV charges a fixed price which depends on the coverage, viewership and target audience of the related TV programmes and channels. As CCTV is the largest supplier of TV advertisement time in China, the price of CCTV's advertisement time generally increases year over year. These price increases may vary from channel to channel and from programme to programme.

The major media advertising operators that sell CCTV advertisement time include the Company, CCTV Future Advertising Agency (北京未來廣告公司), Shanghai CTV International Advertisement Co., Ltd. (上海中視國際廣告有限公司), Mass Media International Advertising (廣而告之有限公司) and AVAC Public Relations & Advertising Corp. (中航文化股份有限公司). CCTV Future Advertising Agency is a subsidiary of CCTV and Shanghai CTV International Advertisement Co., Ltd. is a subsidiary of China Television Media, Ltd., which is a company controlled by CCTV.

For the most popular prime time TV programmes, CCTV employs a bidding process to sell such advertising resources. For details of such bidding process, please refer to "Business — Our Business — Agency Services." The amount of advertisement time sold by CCTV through such bidding process over the past three years was 750 seconds per day in 2006, 810 seconds per day in 2007 and 840 seconds per day in 2008.

LAWS AND REGULATIONS OF THE ADVERTISING INDUSTRY IN CHINA

The SAIC is responsible for studying and establishing rules and implementation measures on the supervision and regulation of advertising activities. The local administrative bureau for industry and commerce at the county level or higher are responsible for the supervision and regulation of advertisement activities. The PRC Advertising Law promulgated by National People's Congress in October 1994 and the Regulations on the Administration of Advertisements (《廣告管理條例》) promulgated by the State Council in October 1987 outline the regulatory framework of the advertising industry: promote fair competition in the advertising industry, safeguard the rights of consumers and regulate the licensing and inspecting requirements of advertisements. Rules for the Implementation of the Regulations on the Administration of Advertisements (《廣告管理條例施行細則》) issued by the SAIC in November 2004 provides further detailed guidance on the implementation of the Regulations on the Administration of Advertisements.

REGULATION OF ADVERTISING PARTICIPANTS IN CHINA

The PRC Advertising Law classifies the participants in the PRC advertising industry as follows:

- Advertiser — a legal person, an economic entity or an individual that designs, produces and publishes advertisements, either by its own effort or through an entrustment to others, in order to promote its sales of goods or services;
- Advertising operator — a legal person, an economic entity or an individual that provides services in designing and producing advertisements or related services on a commissioned basis;
- Disseminator — a legal person or an economic entity that publishes advertisements for advertisers or for advertising agencies entrusted by advertisers.

Under the PRC Advertising Law, advertisers, advertising operators and disseminators are liable for the truthfulness of the content of the advertisements. Under the applicable laws and regulations, advertising operators and disseminators must examine the relevant documents to verify the content of the advertisements.

Pursuant to the relevant PRC laws, in the case of promoting goods or services with untrue advertisements, the relevant advertising regulatory authorities may require an advertiser to stop publishing the advertisements, make corrections in public with the same amount of advertising expenses and impose a fine in an amount equal to one to five times the amount of the advertising expenses. The advertising operator and disseminator who is held responsible may be subject to the confiscation of their relevant income from providing the advertising services and a fine in an amount equal to one to five times of such income, or a fine in an amount of no more than RMB10,000 if they have no such income. Under circumstances of severe violation, they may be required to cease their advertising business to rectify, or the business license may be revoked and they may be subject to criminal prosecution if their activities constitute a crime.

In the case of publishing untrue, deceptive or misleading advertisements resulting in the infringement of the rights and interests of consumers who have bought the advertised goods or used the advertised services, the advertiser is subject to civil liabilities; and the advertising operator and disseminator who knew or should have known that the content of the advertisement is not true but still designed, produced or published such advertisement will be jointly and severally liable for such damages with the advertiser. If the advertising operator or disseminator is unable to provide the true name and address of the advertiser, they will bear the entire civil liability.

Pursuant to the Regulations on the Administration of Advertisements and Rules for the Implementation of the Regulations on the Administration of Advertisements, enterprises that are engaged in the advertising business are required to obtain a business license with a business scope that includes advertising. In addition, an enterprise which applies for registration as an advertising operator must meet the following requirements:

- having the relevant department and professional staff that are responsible for conducting market surveys;
- having staff familiar with the relevant laws and regulations of the advertising industry;
- having staff responsible for the design, production and editing of advertisements;
- having professional financial staff; and
- having the necessary skills and ability to deal with advertisers who are foreign companies if they wish to engage in providing advertising services to foreign companies.

REGULATION ON THE CONTENT OF ADVERTISEMENTS

An advertisement is required to be recognisable as such, meaning it must enable consumers to identify it as an advertisement. An advertisement cannot be published in the form of a news report. In order not to mislead consumers, a clear indication must be made to distinguish an advertisement from non-advertisement information.

The PRC Advertising Law requires the content of an advertisement to be true and lawful. Advertisements cannot be deceptive or misleading or have any content that is harmful to the physical and mental health of minors or handicapped persons, or that derogates the commodities or services of other producers/providers. An advertisement is required to clearly present the specifications, place of origin, uses, quality, price, manufacturer, validity period or promises (if any) of commodities or the content, form, quality, price or promises (if any) of the services offered. Data, statistics, survey results, excerpts or quotations provided in the advertisements must be true and accurate with a clear indication of the sources of such information.

The content of an advertisement is subject to the following restrictions:

- national flag, national emblem and national anthem of the PRC cannot be shown or played in the advertisement;
- advertisement cannot be made in the names of governmental authorities or government officials;
- words such as "state level," "the highest" or "the best" and the like cannot be used in the advertisement;
- advertisement cannot contain anything that would be harmful to social stability, personal and property safety and social public interests;

- advertisement cannot contain anything that would jeopardise social and public order and violate good social convention;
- advertisement cannot have content that is obscene, superstitious, terrorising, violent or evil;
- advertisement cannot have content that is discriminative against nationalities, races, religions and gender;
- advertisement cannot have content that is contrary to the protection of the environment or natural resources; and
- advertisement cannot have other content that is forbidden by laws and administrative decrees.

In addition, there are specific restrictions and requirements regarding advertisements of patented products or processes, medicines or medical instruments, anesthetics, psychotropic drugs, toxic drugs, radioactive drugs, agrochemicals, tobacco, food, wines and cosmetics.

REGULATION ON ADVERTISING ACTIVITIES

Based on the PRC Advertising Law, advertising activities must comply with certain basic restrictions and requirements, which primarily include the following:

- All advertisers, advertising operators and disseminators are required to enter into written contracts.
- Advertising operators and disseminators are required to examine relevant documents and verify the content of advertisements according to the relevant laws and regulations. Advertising operators shall not provide design, production or agent services for advertisements if the content of such advertisements is not true or the required documents are incomplete; and disseminators shall not publish such advertisements.
- Advertising operators and disseminators shall establish a registration, examination and file management system in relation to the advertising business according to the relevant PRC laws, rules and regulations.

REGULATION ON BROADCASTING RADIO AND TV ADVERTISEMENTS

SARFT and its local branches at the county level or above screen programmes and are responsible for the regulation of radio and TV broadcasting. They also put restrictions on the content and airtime of TV commercials. On 15 September 2003, SARFT issued Provisional Measures on Administration of Broadcasting Radio and Television Advertisements (《廣播電視廣告播放管理暫行辦法》), which provides detailed requirements for the broadcasting of radio and TV advertisements, including the following:

- Radio and TV advertisements shall be clearly differentiated from other TV programmes and should not be broadcast in the form of news report. Current events and political news programmes cannot be named under the names of any enterprises or products. Advertisements with address, telephone number or contact information cannot be broadcast during the special reports on individuals or enterprises.

- Radio stations and TV stations shall examine the content of the advertisements and the qualifications of the enterprises involved and shall only broadcast the advertisements that have been so examined.
- Radio and TV advertisements on each channel must not exceed 20% of each channel's daily total programme time and must not exceed 15% of each channel's programme time per hour (*i.e.* nine minutes per hour) between 11:00 a.m. - 1:00 p.m. for radio programmes and between 7:00 p.m. - 9:00 p.m. for TV programmes.
- Advertisements cannot be broadcast in a way that affects the completeness of the programmes. Save for the period between 7:00 p.m. - 9:00 p.m., advertisements can only be broadcast once for a maximum time limit of 2.5 minutes during the airing of a movie or TV drama.
- Advertisements relating to tobacco are prohibited for broadcasting by radio stations and TV stations. Advertisements relating to alcohol are strictly controlled in accordance with relevant PRC laws, rules and regulations. The number of alcohol advertisements cannot exceed 12 pieces in each TV channel per day or exceed two pieces between 7:00 p.m. - 9:00 p.m.

REGULATION OF FOREIGN INVESTMENT IN THE ADVERTISING INDUSTRY

Foreign-invested advertising agencies are not listed in the Catalogue for the Guidance of Foreign Investment Industries (Revised 2007) (《外商投資產業指導目錄》(2007年修訂)), which means they are included in the "Permitted Category."

On 2 March 2004, SAIC and MOFCOM issued the Rules on Administration of Investment in Advertising Enterprises by Foreign Investors (《外商投資廣告企業管理規定》), pursuant to which, (i) commencing from 1 January 2004, "service providers" in Hong Kong and Macau (as defined under the Closer Economic Partnership Arrangements between Hong Kong and Mainland (《內地與香港關於建立更緊密經貿關係的安排》) and the Closer Economic Partnership Agreement between Macau and Mainland (《內地與澳門關於建立更緊密經貿關係的安排》)) which are engaged in the advertising business are allowed to set up wholly foreign-owned enterprises to conduct advertising business in the PRC; (ii) commencing from 2 March 2004, foreign investors are allowed to hold a majority equity interest in advertising companies in the PRC with shareholding interests up to 70%; and (iii) commencing from 10 December 2005, foreign investors are allowed to set up wholly foreign-owned enterprises to conduct advertising business in the PRC.

Under the Rules on Administration of Investment in Advertising Enterprises by Foreign Investors, the establishment of foreign-invested advertising enterprises is subject to the examination and approval of the relevant administration for industry and commerce and the competent administration in charge of commerce.

Requirements and Procedures for Establishing Foreign-invested Advertising Enterprises

Requirements for Establishing Foreign-invested Advertising Enterprises

Subject to the relevant laws, rules and regulations, only parties which (i) are engaged in the advertising business; (ii) have been operating for two or more years; and (iii) have good performance in advertising business are allowed to establish a Sino-foreign advertising enterprise.

Requirements for establishing a wholly foreign-invested advertising enterprise are (i) the foreign investor should be principally engaged in the advertising business; (ii) the foreign investor is required to have been operating for three or more years.

Procedures for Establishing Foreign-invested Advertising Enterprises

The following describes procedures for establishing a Sino-foreign advertising enterprise:

- an application, together with a project proposal, a feasibility study report, registration certificates and credit certificates of all parties, is required to be submitted to the local administration for industry and commerce for preliminary examination and then to SAIC or its authorised administration for industry and commerce at the provincial level for final examination and approval;
- upon receipt of the Opinion on the Examination and Approval of Projects of Foreign-invested Advertising Enterprises (外商投資廣告企業項目審定意見書) issued by SAIC or its authorised administration for industry and commerce at the provincial level, the Chinese party will submit the relevant documents (such as the joint venture agreement and articles of association of the enterprise proposed to be established) to the competent administration in charge of commerce at the provincial level where the enterprise is to be located to apply for the Certificate of Approval of Foreign-invested Enterprise (外商投資企業批准證書); and
- the Chinese party will then register with the relevant administration for industry and commerce for the establishment of Sino-foreign enterprises by submitting the Opinion on the Examination and Approval of Projects of Foreign-invested Advertising Enterprises, the Certificate of Approval of Foreign-invested Enterprise and other documents prescribed by the relevant laws and regulations.

The procedures for establishing a wholly foreign-invested advertising enterprise are substantially the same, except that the Opinion on the Examination and Approval of Projects of Foreign-invested Advertising Enterprises and the Certificate of Approval of Foreign-invested Enterprise will need to be obtained from SAIC and MOFCOM, respectively, prior to registering with the relevant administration for industry and commerce.

Requirements and Procedures for Establishing Branches of Foreign-invested Advertising Enterprises

Foreign-invested advertising enterprises applying for the establishment of branches must meet the following requirements:

- all of its registered capital has been fully paid up; and
- its annual revenue generated from advertising business is not less than RMB20 million.

Eligible foreign-invested advertising enterprises may submit an application, together with the required documents, including its business license, capital verification report and audited financial report, to the competent administration in charge of commerce and administration for industry and commerce at the provincial level for approval. Registration with the relevant administration for industry and commerce for the establishment of branches can only be made upon the obtaining of such approval.

HISTORY

The Company

On 24 October 2001, the Company was incorporated in Hong Kong as a limited liability company under the name "China Report Media Limited (央視中國報道傳媒有限公司)." As of the date of incorporation, the initial authorised share capital of the Company was HK$100,000 divided into 100,000 shares of HK$1.00 each, of which 80,000 shares and 20,000 shares were allotted and issued to Ms. Liu and Mr. Liu Baofu (劉保孚), respectively. The 20,000 shares of the Company were allotted and issued to Mr. Liu Baofu, an independent third party, who held them on trust for Ms. Liu, so that the then requirement of the Companies Ordinance that a company incorporated in Hong Kong must have a minimum of two shareholders could be fulfilled. Furthermore, since Mr. Liu Baofu had acquaintances in Hong Kong, he was considered to have better means to handle the administrative matters of the Company. Such trust arrangement was legal under the laws of Hong Kong.

On 20 May 2005, the Company was renamed "CTV Golden Bridge International Advertising (HK) Co., Limited (中視金橋國際廣告 (香港) 有限公司)".

On 29 June 2005, Mr. Liu Baofu transferred to Ms. Liu the 20,000 shares of the Company (with a par value of HK$1.00 each) that he held on trust for Ms. Liu. Ms. Liu reimbursed Mr. Liu Baofu HK$20,000 (equivalent to approximately RMB18,728) he advanced for the initial allotment and issuance of the 20,000 shares.

On 2 November 2006, Ms. Liu transferred 100,000 shares of the Company (being the then entire issued share capital of the Company) to Golden Bridge Advertising, a company then wholly owned by Ms. Liu, for a consideration of HK$100,000 (equivalent to approximately RMB93,640).

CTV Advertising (Beijing)

Our history can be traced back to 7 January 1999 when Beijing Dongfang Yuanjing Advertising Co., Ltd. (北京東方遠景廣告有限公司), the predecessor of the Company's former major subsidiary, CTV Advertising (Beijing), was incorporated as a limited liability company in the PRC with an initial registered capital of RMB1 million. Ms. Ma Xianshu (馬賢淑) and Mr. Zhou Kang (周康), two independent third parties, held 80% and 20%, respectively, of the equity interests in Beijing Dongfang Yuanjing Advertising Co., Ltd.

Prior to the establishment of CTV Media (Shanghai) and the investment by Bain Capital, as discussed further below, our operation was conducted mainly through CTV Advertising (Beijing), which included designing, producing and publicising advertisements and acting as an advertising agency in the PRC for domestic and foreign companies.

On 3 March 1999, the shareholders of Beijing Dongfang Yuanjing Advertising Co., Ltd. approved the transfer of 80% and 20% of the equity interests in Beijing Dongfang Yuanjing Advertising Co., Ltd. by Ms. Ma Xianshu and Mr. Zhou Kang, to Ms. Liu and Mr. Zhang Fuhua (張福華), a distant cousin of Ms. Liu, for a consideration of RMB800,000 and RMB200,000, respectively, representing the respective amounts of the then registered capital in relation to 80% and 20% of the equity interests in Beijing Dongfang Yuanjing Advertising Co., Ltd.

On 8 March 1999, the shareholders of Beijing Dongfang Yuanjing Advertising Co., Ltd. approved the change of its name to "Beijing CTV Golden Bridge Advertising Co., Ltd. (北京中視金橋廣告有限公司)."

On 30 October 2000, the shareholders of Beijing CTV Golden Bridge Advertising Co., Ltd. approved the change of its name to "Beijing CTV Golden Bridge International Advertising Co., Ltd. (北京中視金橋國際廣告有限公司)."

On 10 May 2001, the shareholders of Beijing CTV Golden Bridge International Advertising Co., Ltd. approved the transfer of 20% of the equity interests in Beijing CTV Golden Bridge International Advertising Co., Ltd. by Mr. Zhang Fuhua to Ms. Wang Hong (王紅), Ms. Liu's niece, for a consideration of RMB200,000, representing the amount of the then registered capital in relation to 20% of the equity interests in Beijing CTV Golden Bridge International Advertising Co., Ltd. On the same day after the above transfer,

(a) the shareholders of Beijing CTV Golden Bridge International Advertising Co., Ltd. approved the increase of its registered capital to RMB50 million with the total contribution by Ms. Liu of RMB40 million and by Ms. Wang Hong of RMB10 million (funded by Ms. Liu in the form of a loan); Ms. Wang Hong held the interests in Beijing CTV Golden Bridge International Advertising Co., Ltd. on trust for Ms. Liu as the beneficiary owner; and

(b) the shareholders of Beijing CTV Golden Bridge International Advertising Co., Ltd. approved the change of its name to "CTV Golden Bridge International Advertising Co., Ltd. (中視金橋國際廣告有限公司)."

On 6 January 2003, CTV Culture and Communication was incorporated in the PRC with a registered capital of RMB3 million, which was 90% held by CTV Advertising (Beijing), 5% held by Ms. Liu Menglan (劉夢蘭), Ms. Liu's sister, and 5% held by Mr. Yan Tiehua (閆鉄華), Ms. Liu Menglan's husband, as at the date of incorporation.

On 30 October 2003, the Jilin branch of CTV Advertising (Beijing) was established. Its business scope is the same as that of CTV Advertising (Beijing).

On 1 April 2004, the shareholders of CTV Advertising (Beijing) approved the transfer of 62% and 18% of the equity interests in CTV Advertising (Beijing) by Ms. Liu and Ms. Wang Hong to Shanghai CTV Golden Bridge Investment Management Co., Ltd. (上海中視金橋投資管理有限公司), the predecessor of CTV Media Investment (a company beneficially wholly owned by Ms. Liu and legally owned by Ms. Liu and her trustees, Ms. Liu Menglan and Mr. Yan Tiehua as to 86.48%, 6.76% and 6.76%, respectively), for a consideration of RMB31 million and RMB9 million, respectively, representing the respective amounts of the then registered capital in relation to 62% and 18% of the equity interests in CTV Advertising (Beijing). Immediately after such transfer, the equity interests of CTV Advertising (Beijing) were held as to 80%, 18% and 2% by CTV Media Investment, Ms. Liu and Ms. Wang Hong, respectively.

On 3 December 2004, CTV Advertising (Beijing) agreed to transfer 90% equity interests in CTV Culture and Communication to CTV Media Investment for a consideration of RMB2.7 million, representing the amount of the then registered capital in relation to 90% of the equity interests in CTV Advertising (Beijing). This equity transfer was part of our strategic development plan in order to focus the efforts of CTV Culture and Communication and CTV Advertising (Beijing) on regional TV advertising market and CCTV, respectively, under the direct management of CTV Media Investment.

On 21 January 2005, the Shanghai branch of CTV Advertising (Beijing) was established. Its business scope is to act as an agent in the relevant businesses entrusted by CTV Advertising (Beijing). However, the Shanghai branch did not have substantial business operations since its establishment and has been de-registered on 30 April 2007.

On 12 March 2005, CTV Media Investment agreed to transfer 90% of the equity interests in CTV Culture and Communication to CTV Advertising (Beijing) for a consideration of RMB2.7 million, representing the amount of the then registered capital in relation to 90% of the equity interests in CTV Culture and Communication. As the business in regional TV advertising market that CTV Culture and Communication obtained for 2005 was relatively small, we changed our development plan and decided to consolidate such business under the management of CTV Advertising (Beijing).

On 10 November 2005, CTV Advertising (Beijing) agreed to transfer 90% of the equity interests in CTV Culture and Communication to CTV Media Investment for a consideration of RMB2.7 million as CTV Culture and Communication no longer had any substantial business operations. Such consideration was determined based on the amount of the then registered capital in relation to 90% of the equity interests in CTV Culture and Communication.

On 11 November 2005, the shareholders of CTV Advertising (Beijing) approved the transfer of 18% and 1% of the equity interests in CTV Advertising (Beijing) by Ms. Liu and Ms. Wang Hong, respectively, to CTV Media Investment for a consideration of RMB9 million and RMB500,000, representing the respective amounts of the then registered capital in relation to 18% and 1% of the equity interests in CTV Advertising (Beijing), respectively. Immediately after such transfer, the equity interests of CTV Advertising (Beijing) were held as to 99% and 1% by CTV Media Investment and Ms. Wang Hong, respectively.

On 16 January 2006, CTV Media Investment, Ms. Wang Hong, the Company and CTV Advertising (Beijing) entered into a share transfer agreement, pursuant to which CTV Media Investment and Ms. Wang Hong agreed to transfer 99% and 1% of the equity interests in CTV Advertising (Beijing) to the Company for a consideration of RMB49.5 million and RMB500,000, respectively, representing the respective amounts of the then registered capital in relation to 99% and 1% of the equity interests in CTV Advertising (Beijing). Immediately after completion of such transfer, the Company became the sole legal and beneficial owner of CTV Advertising (Beijing).

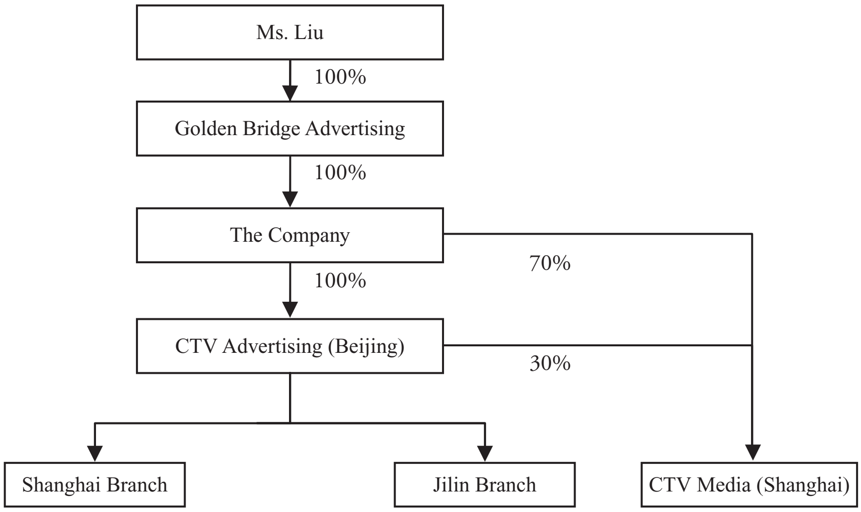
CTV Media (Shanghai)

On 23 June 2005, CTV Media (Shanghai) was established under the name of "Shanghai Golden Bridge Tongying Advertising Media Co., Ltd." (上海金橋同盈廣告傳媒有限公司) with an initial registered capital of US$200,000 (equivalent to approximately RMB1,458,920). The Company and CTV Advertising (Beijing) contributed and paid up US$140,000 (equivalent to approximately RMB1,021,244) and US$60,000 (equivalent to approximately RMB437,676), representing 70% and 30% of the equity interests in CTV Media (Shanghai), respectively.

On 10 January 2007, the directors of Shanghai Golden Bridge Tongying Advertising Media Co., Ltd. approved the change of its name to "CTV Golden Bridge International Media Co., Ltd." (中視金橋國際傳媒有限公司).

REORGANISATION

The simplified structure of the Group immediately prior to commencement of the Reorganisation in late 2006 was as follows:



On 17 November 2006, Ms. Liu, who held 10,000 shares of Golden Bridge Advertising, which represented its entire issued share capital, transferred 5,000 shares of Golden Bridge Advertising to Mr. Chen for a nominal consideration. Immediately after such transfer, Mr. Chen and Ms. Liu held 50% of the equity interests in Golden Bridge Advertising, respectively. Both Mr. Chen and Ms. Liu are the executive Directors of the Company.

Investment by Bain Capital

Share Purchase Agreement

In order to facilitate the further expansion and development of the Group, on 6 November 2006, Bain Capital, the Company, Golden Bridge Advertising and Ms. Liu, the then sole shareholder of Golden Bridge Advertising, entered into a share purchase agreement (the "**Share Purchase Agreement**"), pursuant to which, on 20 November 2006,

(i) the authorised share capital of the Company was increased to HK$210,236 (equivalent to approximately RMB196,865), divided into 160,000 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00;

(ii) Bain Capital subscribed for 35,007 HK Series A Shares, each of par value HK$1.00, for a cash consideration of US$26,143,163 (equivalent to approximately RMB190,703,917); and

(iii) Golden Bridge Advertising transferred 15,229 ordinary shares of HK$1.00 each to Bain Capital for a cash consideration of US$5,856,837 (equivalent to approximately RMB42,723,283). The transferred shares were then converted into the same number of HK Series A Shares, each of par value HK$1.00, on the same date.

Immediately following the completion of the steps described in the paragraph above, the total issued share capital of the Company was HK$135,007, comprising 84,771 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00. The 84,771 ordinary shares were held by Golden Bridge Advertising and the 50,236 HK Series A Shares were held by Bain Capital, representing approximately 62.8% and 37.2% of the issued share capital of the Company, respectively.

The subscription price per HK Series A Share (paid by Bain Capital in (ii) above) was US$747 (equivalent to approximately RMB5,449). Such price was determined after arms' length negotiations between Bain Capital and the Company. After adjusting for subdivision of the shares of the Company effective on 24 April 2008 as described below, such price represents a discount of approximately 39.4% to the Offer Price of HK$2.63 per Share, being the lower end of the indicative offer price range, and a discount of approximately 54.2% to the Offer Price of HK$3.48 per Share, being the higher end of the indicative offer price range. The discount to the Offer Price is attributable to the fact that, at the time of Bain Capital's investment our business performance and financial conditions were different from now. In addition, the consideration that Bain Capital paid also reflected the illiquidity of our shares, as we were still a private company at the time of Bain Capital's investment.

The purchase price per ordinary share of HK$1.00 (paid by Bain Capital in (iii) above) was US$385 (equivalent to approximately RMB2,808). Such price was determined after arms' length negotiations between Bain Capital and Golden Bridge Advertising, reflecting factors such as our business performance and financial conditions and the illiquidity of the above ordinary shares as well as the fact that the proceeds from the sale of the ordinary shares will not be used for the benefit of the Company.

The above prices were also based on the agreement between Bain Capital and Golden Bridge Advertising that Bain Capital would, in the event of a qualified initial public offering, transfer back to Golden Bridge Advertising without consideration an effective interest of 10%, resulting in a reduction of its effective interest to 27.2%, of the issued share capital of the Company (without reflecting any dilutive effect of the Global Offering).

Shareholders' Agreement

On 6 November 2006, the Company entered into a shareholders' agreement (the "**Shareholders' Agreement**") with Ms. Liu, Bain Capital and Golden Bridge Advertising. Pursuant to the Shareholders' Agreement, Bain Capital (and the permitted transferees and assigns of Bain Capital) were granted certain rights (including, but not limited to, rights to information of the Company, rights to appoint two directors of the Company, pre-emptive rights, co-sale rights and drag-along rights).

Termination

The Share Purchase Agreement and Shareholders' Agreement were terminated upon completion of the Share Swap Agreement on 31 December 2007 as described below.

Background of Bain Capital

Bain Capital is wholly owned by Bain Holding, which in turn is owned by Bain Capital Fund IX, L.P., BCIP Associates III, LLC, and BCIP Associates III-B, LLC (collectively the "**Bain Capital Funds**"). The Bain Capital Funds are pooled investment vehicles managed by affiliates of Bain

Capital, LLC, a global private investment firm whose affiliates manage several pools of capital, including private equity, credit products and public equity, totalling approximately US$77 billion in assets under management. Since its inception in 1984, Bain Capital, LLC has made private equity investments and add-on acquisitions in over 240 companies around the world.

Save for the holding of shares in the Company, (i) Bain Capital, (ii) its direct shareholder, Bain Holding and (iii) its indirect shareholder, Bain Capital Funds and (iv) their respective directors are third parties that are independent from the Director, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates.

Reorganisation after Investment by Bain Capital

As part of our strategic planning and subsequent to the investment made by Bain Capital in November 2006, we decided to relocate our business centre from Beijing to Shanghai, the PRC. Shanghai is an international city where many large-scale enterprises, international companies and advertising agencies established their business presence. In addition, there are many large private enterprises located in the Yangtze River Delta that have great demand for CCTV advertising resources. By relocating our business centre to Shanghai, we believe we can develop more new and high profile customers in the Yangtze River Delta and better facilitate the provision of advertising services to these clients.

In February 2007, we transferred our major business from CTV Advertising (Beijing) to CTV Media (Shanghai) and generally ceased to operate under CTV Advertising (Beijing). Our main business is now conducted through CTV Media (Shanghai), including the business originally undertaken by CTV Advertising (Beijing).

CTV Media (Shanghai)

On 12 January 2007, the Company contributed and paid up US$9.8 million (equivalent to approximately RMB71.5 million) as the additional registered capital of CTV Media (Shanghai), which increased the registered capital of CTV Media (Shanghai) to US$10.0 million (equivalent to approximately RMB72.9 million).

As a result, the Company and CTV Advertising (Beijing) owned 99.4% and 0.6% of the equity interests in CTV Media (Shanghai), respectively.

On 30 January 2007, CTV Advertising (Beijing) and CTV Culture and Communication entered into a share purchase agreement regarding the transfer of 0.6% of the equity interests in CTV Media (Shanghai) from CTV Advertising (Beijing) to CTV Culture and Communication for a consideration of RMB466,800, which was calculated on the basis of the amount of the then registered capital in relation to such 0.6% equity interests in CTV Media (Shanghai) and the then prevailing exchange rate between U.S. dollars and RMB. CTV Media (Shanghai) failed to apply for approval of this transfer of shares from SAIC through Shanghai Administration for Industry and Commerce. However, our PRC legal adviser, Haiwen & Partners, has confirmed that such transfer is valid as it was approved by Shanghai Foreign Investment Working Commission (上海市外國投資工作委員會) on 6 June 2007 that has authority to make final examination and approval and the registration for such transfer has been completed with Shanghai Administration for Industry and Commerce.

On 6 November 2007, the Beijing branch of CTV Media (Shanghai) was established to facilitate the management and maintenance of our CCTV advertising resources. The business of the Beijing branch involves designing, producing and publishing advertisements and acting as the advertising agent for domestic and foreign companies in the PRC. It also provides exhibition services, corporate image planning and consultations on cultural exchange, public relations and business.

Jiangsu Xinqiao

On 30 January 2007, Jiangsu Xinqiao was established in the PRC. The total registered capital of Jiangsu Xinqiao is RMB2 million, 90% of which has been contributed and paid by CTV Media (Shanghai). Ms. Zhang Ling (張玲) and Mr. Shi Feng (史峰), two independent third parties, have each contributed and paid up 5%. The principal business activities of Jiangsu Xinqiao include the provision of TV advertisement design, production and agency services. The establishment of Jiangsu Xinqiao was subject to the approval of the relevant administration for industry and commerce at Jiangsu Province level or SAIC and the relevant department in charge of commerce in Jiangsu Province, as foreign investment in advertising industry was then classified in "Restricted Category" under the then effective Catalogue for the Guidance of Foreign Investment Industries (Revised 2004) (《外商投資產業指導目錄》(2004年修訂)). However, we did not apply for such approval, as we were not aware of such a requirement and the relevant local administration for industry and commerce had registered the establishment of Jiangsu Xinqiao and issued business licence to us without requiring us to produce such approvals. Our PRC legal adviser, Haiwen & Partners, understands that the valid existence of Jiangsu Xinqiao would not be affected for the reasons that (i) the investment in advertising enterprises in the PRC by foreign-invested enterprises is no longer subject to such approval, as foreign investment in advertising industry is not listed in the Catalogue for the Guidance of Foreign Investment Industries (Revised 2007) which became effective from 1 December 2007 *(i.e.* it is included in the "Permitted Category"); and (ii) Shanghai Foreign Investment Working Commission (上海市外國投資工作委員會), as the direct supervising authority of CTV Media (Shanghai), has registered its capital contribution in Jiangsu Xinqiao.

Pursuant to the supplemental agreement in relation to the operation and development of Jiangsu Xinqiao dated 4 January 2007 among CTV Media (Shanghai), Ms. Zhang Ling and Mr. Shi Feng, Ms. Zhang Ling and Mr. Shi Feng would transfer their respective equity interests in Jiangsu Xinqiao to CTV Media (Shanghai) (or any nominee(s) of CTV Media (Shanghai) as it may direct) with reference to the net asset value in relation to their respective equity interests should Jiangsu Xinqiao fail to meet certain specified profit target in 2007. The profit target was not met, and the net asset value was negative as at 30 November 2007. As a result, Ms. Zhang Ling and Mr. Shi Feng signed an equity transfer agreement with CTV Media (Shanghai) on 30 November 2007, pursuant to which Ms. Zhang Ling and Mr. Shi Feng agreed to transfer their respective 5% equity interests in Jiangsu Xinqiao to CTV Media (Shanghai) for a nominal consideration of RMB1.0. After such equity transfer, CTV Media (Shanghai) became the sole shareholder of Jiangsu Xinqiao.

Deregistration of CTV Advertising (Beijing)

With the relocation of our business centre to Shanghai, we started the liquidation of CTV Advertising (Beijing) in 2007 for the purpose of integrating our business and operations under CTV Media (Shanghai). As a result, the Shanghai branch of CTV Advertising (Beijing) was de-registered on 30 April 2007. On 9 July 2007, MOFCOM approved in principle the dissolution of CTV Advertising (Beijing). On 1 April 2008, the Jilin branch of CTV Advertising (Beijing) was de-registered. After completion of the tax deregistration procedures with the State Tax Bureau and Local Tax Bureau of Chaoyang District in Beijing, CTV Advertising (Beijing) was de-registered with Beijing Administration for Industry and Commerce on 21 April 2008 and finished its social security and housing provident deregistration procedures with its supervising social security bureau and housing provident bureau on 28 April 2008. During the liquidation process, CTV Advertising (Beijing) failed to give written notice to creditors in accordance with applicable PRC laws and regulations. However, according to the liquidation audit report issued by a local PRC auditor on 31 March 2008, CTV Advertising (Beijing) had re-paid all its debts, except for one debt that was assigned to CTV Media (Shanghai) upon obtaining written consent from the creditor. Our PRC legal adviser, Haiwen & Partners, has confirmed that the failure of CTV Advertising (Beijing) to give written notice to such creditors would not have a material adverse impact on the Group.

The Company

On 1 November 2007, the Shareholders approved the subdivision of the shares, pursuant to which the authorised share capital of the Company was changed from 160,000 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00, into 160,000,000 ordinary shares and 50,236,000 HK Series A Shares, each of par value HK$0.001. The issued share capital of the Company was changed from 84,771 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00, into 84,771,000 ordinary shares and 50,236,000 HK Series A Shares, each of par value HK$0.001.

On 8 November 2007, the Company changed its name to "SinoMedia Holding Limited" (中視金橋國際傳媒控股有限公司).

Share Swap Agreement and New Shareholders' Agreement

(a) Share Swap Agreement

On 21 December 2007, Golden Bridge Culture was incorporated with one ordinary share with a par value of HK$0.001 held by Golden Bridge Advertising.

On 31 December 2007, Bain Capital, SinoMedia Investment, Golden Bridge Advertising and Golden Bridge Culture entered into the Share Swap Agreement, pursuant to which:

(i) Golden Bridge Advertising and Bain Capital agreed to sell and Golden Bridge Culture agreed to purchase 84,771,000 ordinary shares and 50,236,000 HK Series A Shares (together constituting the entire issued share capital of the Company), each of par value HK$0.001; and

(ii) Golden Bridge Culture agreed to allot and issue 84,770,999 ordinary shares of HK$0.001 each, 36,757,681 Cayman Series A Shares and 13,478,319 Cayman Series A Shares to Golden Bridge Advertising, Bain Capital and SinoMedia Investment, respectively.

Immediately after completion of the above transfer on 31 December 2007, Golden Bridge Culture, as the sole shareholder of the Company, approved the conversion of 50,236,000 HK Series A Shares, each of par value of HK$0.001, into the same number of ordinary shares in the Company by way of written resolution. Such ordinary shares were issued by the Company to Golden Bridge Culture on the same day and as a result, the Company had a total issued share capital of 135,007,000 ordinary shares, each of par value HK$0.001.

(b) New Shareholders' Agreement

In connection with the consummation of the transactions under the Share Swap Agreement, on 31 December 2007, the Company, Golden Bridge Culture, Golden Bridge Advertising, Mr. Chen, Ms. Liu, Bain Capital, SinoMedia Investment and Bain Holding entered into a new shareholders' agreement (the "**New Shareholders' Agreement**"). The New Shareholders' Agreement provides, among others, the following:

(i) Board Representation

The board of directors of each of Golden Bridge Culture, CTV Advertising (Beijing), CTV Media (Shanghai) and Jiangsu Xinqiao shall consist of five members. The composition of the board of directors of each of these companies shall be determined as follows:

1) Golden Bridge Advertising has the right to appoint three directors to the board of directors of each of these companies;

2) so long as Golden Bridge Advertising continues to hold, in aggregate, at least 51% of the total ordinary shares of Golden Bridge Culture then issued and outstanding, Golden Bridge Advertising shall have the right to appoint the majority of the members of the board of directors of each of these companies, regardless of the authorised size of the board of directors at the time; and

3) so long as Bain Capital and SinoMedia Investment continue to hold, in aggregate, at least 51% of the total Cayman Series A Shares allotted and issued pursuant to the Share Swap Agreement, Bain Capital shall, on behalf of itself and SinoMedia Investment, have the right to appoint two directors to the board of directors of each of these companies.

Other than the three independent non-executive Directors, the remaining five members on the Board of Directors of the Company shall be appointed in the same way as described above by Golden Bridge Advertising and Bain Capital.

(ii) Bain Conversion

Each Cayman Series A Share will be automatically converted into one ordinary share of Golden Bridge Culture immediately before the Listing, which is expected to take place on 8 July 2008. Immediately after such conversion:

1) Bain Holding (or the permitted transferees or assigns of Bain Holding) will transfer its 100% equity interests in SinoMedia Investment to Golden Bridge Advertising (or the permitted transferees or assigns of Golden Bridge Advertising) without any consideration (including any other kind of benefit) in accordance with the level of participation as agreed between Bain Capital, Golden Bridge Advertising and Ms. Liu when Bain Capital made its investment in November 2006; and

2) Bain Capital (or the permitted transferees or assigns of Bain Capital) will transfer its 36,757,681 ordinary shares in Golden Bridge Culture (as converted from the Cayman Series A Shares) to Golden Bridge Advertising; and in consideration for such transfer, Golden Bridge Advertising will procure Golden Bridge Culture to transfer 117,624,579 Shares (*i.e.* after the subdivision of the shares of the Company which became effective on 24 April 2008) in the Company to Bain Capital (or the permitted transferees or assigns of Bain Capital).

Immediately after the Bain Conversion, Bain Holding is expected to hold 21.1% equity interests in the Company through Bain Capital (assuming the Over-allotment Option is not exercised).

The New Shareholders' Agreement may be terminated only in writing by each of (i) Golden Bridge Culture, (ii) Bain Capital and SinoMedia Investment and their respective permitted transferees and assigns representing a majority in voting power of the Cayman Series A Shares, and (iii) holders representing a majority in voting power of the aggregate ordinary shares of Golden Bridge Culture. However, save for the rights in relation to the demand for a filing of a registration statement under the United States Securities Act of 1933 after a qualified initial public offering of its ordinary shares by Golden Bridge Culture or the Company in the United States, all special rights granted to Bain Capital under the New Shareholders' Agreement will be terminated upon the listing of and dealing in the Shares of the Company on the Hong Kong Stock Exchange. If and when the Company were to seek a listing in the United States, Bain Capital could request the Company to file a registration statement with the United States Securities and Exchange Commission, and the Company would be required to (with certain limits and exceptions) file such registration statement. As the United States securities laws would limit Bain Capital's ability to sell freely in the United States (as it would be considered an affiliate), without such right, Bain Capital would have limited options to sell its holdings in the United States if the Shares were to be listed in the United States.

(c) Transferability of Bain Capital's Shares after the Global Offering

Bain Capital has agreed with the Hong Kong Underwriters and will agree with the International Underwriters that it will be subject to a lock-up of six months from the Listing Date.

In addition, as Bain Capital is a substantial shareholder (as defined in the Listing Rules) of the Company and constitutes a connected person of the Company, Shares held by Bain Capital would not be counted towards public float of the Company.

Share Subdivision

On 24 April 2008, the authorised share capital of the Company, which comprises 135,007,000 issued shares and 75,229,000 unissued shares, all of HK$0.001 each, were sub-divided into 672,755,200 Shares of HK$0.0003125 each, each share being ranked *pari passu* amongst each other. Immediately following such sub-division of shares, the Company had 432,022,400 issued Shares and 240,732,800 unissued Shares in its authorised share capital.

Trust Arrangements

On 21 June 2008, Golden Bridge Advertising executed memoranda with each of Merger Holding Service Company Limited and United Marine Enterprise Company Limited, respectively, to record the agreement to transfer to each of Merger Holding Service Company Limited and United Marine Enterprise Company Limited 8,100,420 ordinary shares in Golden Bridge Culture at a nominal consideration.

On 21 June 2008, Merger Holding Service Company Limited and United Marine Enterprise Company Limited executed a memorandum with Golden Bridge Advertising (the "MHS & UME Agreement") to record the agreement to transfer their respective 8,100,420 ordinary shares in Golden Bridge Culture to Golden Bridge Advertising, in consideration of which Golden Bridge Advertising shall procure Golden Bridge Culture to transfer 25,921,344 ordinary shares in the Company to Merger Holding Service Company Limited and 25,921,344 ordinary shares in the Company to United Marine Enterprise Company Limited. Completion of the transactions contemplated in the MHS & UME Agreement shall take place immediately before Listing, subject to the completion of Bain Conversion.

On 21 June 2008, SinoMedia Investment executed a memorandum with Golden Bridge Advertising (the "SM & DFS Agreement") to record the agreement to transfer 13,478,319 ordinary shares in Golden Bridge Culture to Golden Bridge Advertising, in consideration of which Golden Bridge Advertising shall procure Golden Bridge Culture to transfer 21,565,312 ordinary shares in the Company to SinoMedia Investment and 21,565,308 ordinary shares in the Company to Digital Finance Service Company Limited. Completion of the transactions contemplated in the SM & DFS Agreement shall take place immediately before Listing, subject to the completion of Bain Conversion and the completion of the transfer of 100% equity interests of SinoMedia Investment from Bain Holding to Golden Bridge Advertising.

On 21 June 2008, Golden Bridge Advertising executed a memorandum with DFS Management Limited (the "DFS Management Limited Agreement") to record the agreement to transfer its 100% equity interests in SinoMedia Investment, which holds 21,565,312 ordinary shares in the Company, to DFS Management Limited which is wholly owned by Equity Trustee Limited as trustee of the DFS (No. 2) Trust whose beneficiaries are the mother and sister of Ms. Liu. The beneficiaries of the DFS (No. 2) Trust do not have any voting power in DFS Management Limited or SinoMedia Investment. Completion of the transactions contemplated in the DFS Management Limited Agreement shall take place immediately before Listing, subject to the completion of the MHS & UME Agreement and the SM & DFS Agreement (collectively, the "Transfer Agreements").

On 21 June 2008, Mr. Chen executed a memorandum with MHS Holding Limited (the "MHS Holding Limited Agreement") to record the agreement to transfer his 100% equity interests in Merger Holding Service Company Limited, which holds 25,921,344 ordinary shares in the Company, to MHS Holding Limited, which is wholly owned by Equity Trustee Limited as trustee of the MHS Trust whose beneficiary is the younger daughter of Mr. Chen and Ms. Liu. The beneficiary of the MHS Trust does not have any voting power in MHS Holding Limited or Merger Holding Service Limited. Completion of the transactions contemplated in the MHS Holding Limited Agreement shall take place immediately before Listing, subject to the completion of the Transfer Agreements.

On 21 June 2008, Ms. Liu executed a memorandum with UME Holding Limited (the "UME Holding Limited Agreement") to record the agreement to transfer her 100% equity interests in United

Marine Enterprise Limited, which holds 25,921,344 ordinary shares in the Company, to UME Holding Limited, which is wholly owned by Equity Trustee Limited as trustee of the UME Trust whose beneficiary is the elder daughter of Mr. Chen and Ms. Liu. The beneficiary of the UME Trust does not have any voting power in UME Holding Limited or United Marine Enterprise Limited. Completion of the transactions contemplated in the UME Holding Limited Agreement shall take place immediately before Listing, subject to the completion of the Transfer Agreements.

On 21 June 2008, Ms. Liu executed a memorandum with DFS Holding Limited (the "DFS Holding Limited Agreement") to record the agreement to transfer her 100% equity interests in Digital Finance Service Company Limited, which holds 21,565,308 ordinary shares in the Company, to DFS Holding Limited which is wholly owned by Equity Trustee Limited as trustee of the DFS (No. 1) Trust whose beneficiaries are the parents of Mr. Chen. The beneficiaries of the DFS (No. 1) Trust do not have any voting power in DFS Holding Limited or Digital Finance Service Company Limited. Completion of the transactions contemplated in the DFS Holding Limited Agreement shall take place immediately before Listing, subject to the completion of the Transfer Agreements.

On 21 June 2008, each of Mr. Chen and Ms. Liu executed a memorandum with CLH Holding Limited (the "CLH Holding Limited Agreement") to record the agreement to transfer their respective 50% equity interests in Golden Bridge Advertising to CLH Holding Limited which is wholly owned by Equity Trustee Limited as trustee of the CLH Trust whose beneficiaries are Mr. Chen, Ms. Liu and charitable organisations approved and registered under the Ministry of Civil Affairs of the PRC. The beneficiaries of the CLH Trust do not have any voting power in CLH Holding Limited or Golden Bridge Advertising. Completion of the transactions contemplated in the CLH Holding Limited Agreement shall take place immediately before Listing, subject to the completion of the Transfer Agreements.

No change of control of the Company has occurred or will occur as a result of the transactions contemplated in the Trust Arrangements. Mr. Chen and Ms. Liu remain to be Controlling Shareholders controlling 62.8% equity interest in the Company after entering into the Trust Arrangements and will control 53.9% equity interest in the Company immediately after Listing. See "Statutory and General Information — Disclosure of Interests." The relevant beneficiaries under the Trust Arrangements do not have any voting power in the Company.

Others

On 27 May 2008, the Shareholders passed a resolution approving the increase of the authorised share capital of the Company from HK$210,236, divided into 672,755,200 Shares of HK$0.0003125 each, to HK$562,500, divided into 1,800,000,000 Shares of HK$0.0003125 each.

The Company was registered as a public company prior to the Global Offering.

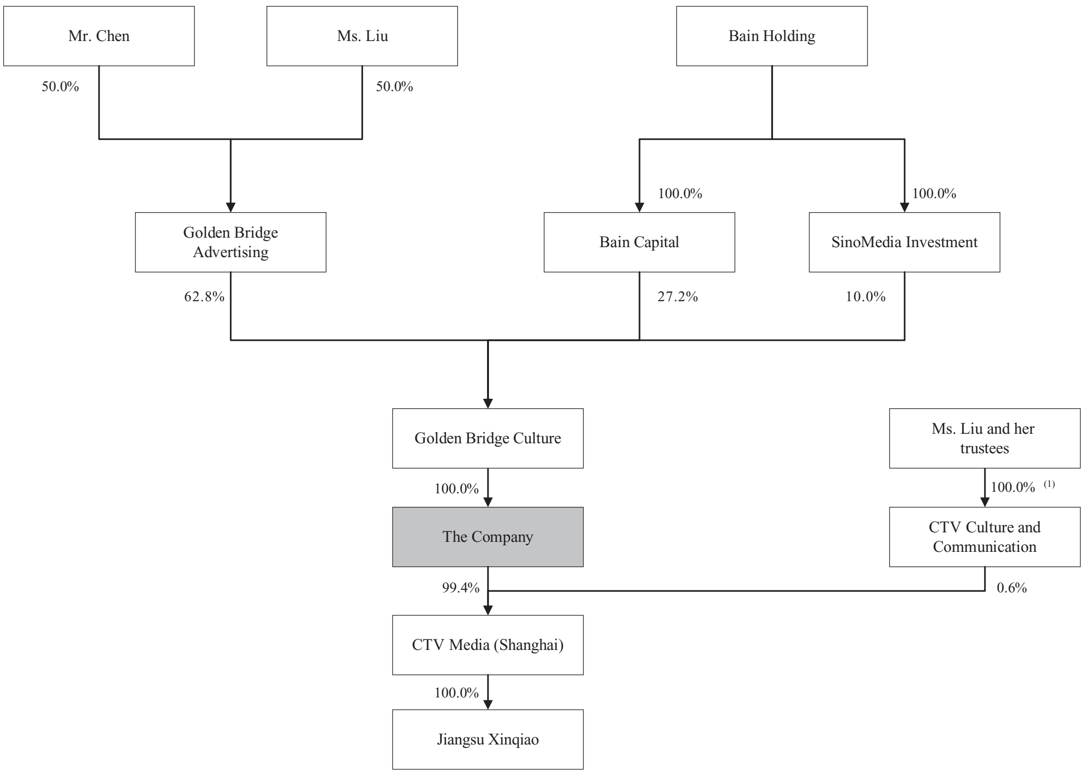
Our PRC legal adviser, Haiwen & Partners has confirmed that, to the best of its knowledge:

(a) Save as disclosed in the sub-section headed "— Reorganisation — Reorganisation after Investment by Bain Capital" and except for the registration with the Shanghai branch of SAFE by Mr. Chen and Ms. Liu of the change of their respective investment in the Group as a result of the deregistration of CTV Advertising (Beijing) and the filing with the Shanghai branch of SAFE in relation to the Post-IPO Scheme, which the Company is in the process of arranging for, and the registration with the Shanghai branch of SAFE by Mr. Chen and Ms. Liu of the change of their respective investments in the Group after the completion of the Bain Conversion and the various transactions under the Trust Arrangements, all the material approvals and permits required under PRC laws and regulations in connection with each stage of the Reorganisation have been obtained; and

(b) the Listing of the Company is not subject to the approval of any PRC governmental authorities.

The Directors currently expect that the relevant registration with the Shanghai branch of SAFE in relation to the change of Mr. Chen and Ms. Liu's respective investment in the Group after the completion of the Bain Conversion and the various transactions under the Trust Arrangements would be completed within 60 days after the Listing. The above SAFE registration cannot begin until after the completion of the Bain Conversion and the transactions contemplated under the Trust Arrangements, which is expected to take place on the Listing Date. Our PRC legal adviser, Haiwen & Partners, understands that there should not be any legal impediments to the above SAFE registration based on its understanding of the nature of the Bain Conversion and the transactions contemplated under the Trust Arrangements and its understanding of the SAFE Circular on Issues Related to Foreign Exchange Administration with Respect to the Round-trip Investment of Funds Raised by Domestic Residents Through Offshore Special Purpose Companies (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》).

The following diagram sets out the corporate structure of the Group and the Shareholders as at 31 December 2007.

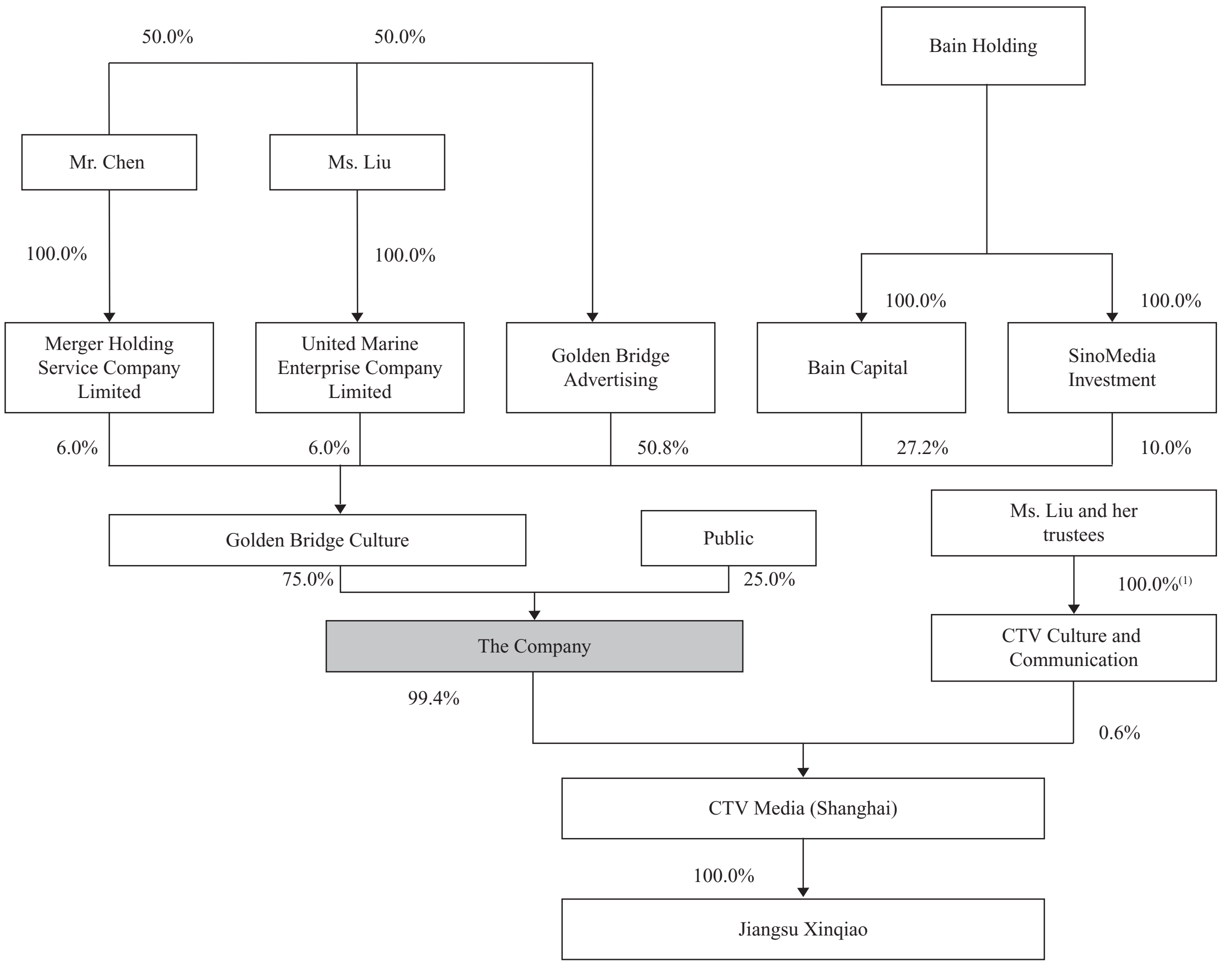


1. Ms. Liu and her trustees, Ms. Liu Menglan and Mr. Yan Tiehua, hold 86.48%, 6.76% and 6.76%, respectively, of the interests in CTV Media Investment, while Ms. Liu Menglan, Mr. Yan Tiehua and CTV Media Investment hold 5%, 5% and 90%, respectively, of the interests in CTV Culture and Communication. Ms. Liu Menglan and Mr. Yan Tiehua hold the interests in CTV Media Investment and CTV Culture and Communication on trust for Ms. Liu. Our PRC legal adviser, Haiwen & Partners, has confirmed that (i) the relevant agreements regarding such trust arrangement entered into by and among Ms. Liu Menglan, Mr. Yan Tiehua and Ms. Liu are lawful and valid and under protection of PRC Contract Law; (ii) pursuant to PRC Company Law and the articles of association of CTV Media

Investment and CTV Culture and Communication, only Ms. Liu Menglan and Mr. Yan Tiehua or their respective duly authorised agents are entitled to exercise the shareholder rights represented by the shares that are held by them on trust; and (iii) Ms. Liu can only require Ms. Liu Menglan and Mr. Yan Tiehua to exercise shareholder rights in CTV Media Investment and CTV Culture and Communication represented by the shares that are held by them on trust as per her instruction by exercising her rights under the trust arrangements. Pursuant to the trust arrangements, Ms. Liu Menglan and Mr. Yan Tiehua have to exercise such rights as per Ms. Liu's instruction and transfer all the interests derived from their capacity as nominal shareholders of both companies under the trust arrangement to Ms. Liu.

GROUP STRUCTURE IMMEDIATELY AFTER THE GLOBAL OFFERING AND BEFORE THE LISTING

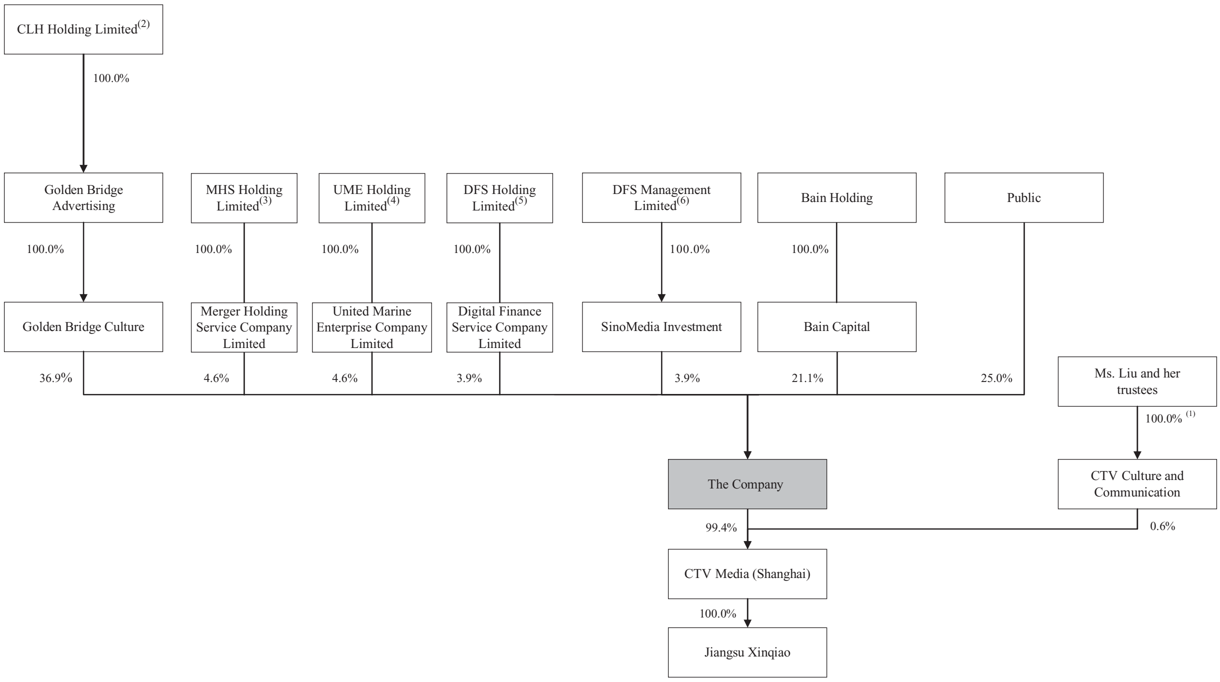
The following diagram sets out the corporate structure of the Group and the Shareholders immediately following completion of the Global Offering, assuming the Over-allotment Option is not exercised, but prior to the Bain Conversion and the Listing:



1. Ms. Liu and her trustees, Ms. Liu Menglan and Mr. Yan Tiehua, hold 86.48%, 6.76% and 6.76%, respectively, of the interests in CTV Media Investment, while Ms. Liu Menglan, Mr. Yan Tiehua and CTV Media Investment hold 5%, 5% and 90%, respectively, of the interests in CTV Culture and Communication. Ms. Liu Menglan and Mr. Yan Tiehua hold the interests in CTV Media Investment and CTV Culture and Communication on trust for Ms. Liu.

GROUP STRUCTURE AT LISTING

The following diagram sets out the corporate structure of the Group and the Shareholders at Listing, after the completion of the Global Offering, the Bain Conversion and the Trust Arrangements:



1. Ms. Liu and her trustees, Ms. Liu Menglan and Mr. Yan Tiehua, hold 86.48%, 6.76% and 6.76%, respectively, of the interests in CTV Media Investment, while Ms. Liu Menglan, Mr. Yan Tiehua and CTV Media Investment hold 5%, 5% and 90%, respectively, of the interests in CTV Culture and Communication. Ms. Liu Menglan and Mr. Yan Tiehua hold the interests in CTV Media Investment and CTV Culture and Communication on trust for Ms. Liu.

2. CLH Holding Limited is wholly owned by Equity Trustee Limited as trustee of CLH Trust, a discretionary trust set up by Mr. Chen and Ms. Liu for the benefit of Mr. Chen, Ms. Liu and charitable organisations approved and registered under the Ministry of Civil Affairs of the PRC.

3. MHS Holding Limited is wholly owned by Equity Trustee Limited as trustee of the MHS Trust, a discretionary trust set up by Mr. Chen for the benefit of the younger daughter of Mr. Chen and Ms. Liu.

4. UME Holding Limited is wholly owned by Equity Trustee Limited as trustee of the UME Trust, a discretionary trust set up by Ms. Liu for the benefit of the elder daughter of Mr. Chen and Ms. Liu.

5. DFS Holding Limited is wholly owned by Equity Trustee Limited as trustee of DFS (No. 1) Trust, a discretionary trust set up by Mr. Chen for the benefit of Mr. Chen's parents.

6. DFS Management Limited is wholly owned by Equity Trustee Limited as trustee of DFS (No. 2) Trust, a discretionary trust set up by Ms. Liu for the benefit of Ms. Liu's mother and sister.

OVERVIEW

We are a leading privately-owned media advertising operator in China that focuses on providing nationwide TV advertising coverage for our clients, including advertisers and advertising agencies. We have obtained rights from CCTV, China's largest TV advertisement time supplier, to sell advertisement time on certain of their TV programmes to our clients. According to "International Advertising" (國際廣告) magazine, we were the largest privately-owned underwriter and the overall second largest underwriter of TV advertisement time for CCTV in 2007. We have a long-standing business cooperation with CCTV dating back to our inception in 1999. In addition, we have obtained the right to sell TV advertisement time on Jiangsu TV City Channel and Shenzhen Satellite TV Channel since 2007, as well as the exclusive right to sell all the advertisement space in "Tourism" (旅遊), a nationally distributed magazine, since 2004.

We provide a wide range of value-added services to both TV stations and our advertising clients. For TV stations, we provide regular advertising market analysis to improve the marketability of their TV programmes and conduct promotion activities for their TV programmes to raise their profiles and expand their viewership. For our advertising clients, we provide campaign planning, advertisement broadcast monitoring and appraisal and content production services to increase the effectiveness of their TV advertising campaigns.

As at the Latest Practicable Date, over 300 advertising clients have directly or indirectly purchased advertisement time on our advertising resources, with no single client accounting for more than 10% of our revenue during the Track Record Period. International companies such as BMW, FedEx and Korean Air and domestic companies such as China Unicom, Industrial and Commercial Bank of China and Ping An Insurance have purchased our advertisement time. Many local government agencies, such as Dalian Bureau of the Information Industry (大連市信息產業局), Sichuan Tourism Agency (四川省旅遊局) and Jilin Tourism Agency (吉林省旅遊局), have also purchased our advertisement time in order to promote tourism and attract new business investments. We also provide services to many international advertising agencies belonging to the American Association of Advertising Agencies (the "**4A**") such as Aegis, OMD, Publicis and WPP, as well as various domestic advertising agencies.

Our business has grown substantially during the Track Record Period. The number of CCTV programmes on which we sold advertisement time increased from 31 in 2005 to 55 in 2007, of which 51 were exclusive, meaning that all the advertisement time available on these programmes could only be sold by us. We obtain such exclusive rights through entering into one-year or 18-month contracts and we typically have priority in renewing these contracts upon their expiration, provided that certain conditions are satisfied. For 2008, we have renewed contracts with regard to all such CCTV programmes, and have obtained exclusive rights to sell advertisement time on two additional programmes on CCTV-4. The amount of CCTV advertisement time that we sold increased from approximately 4,518 minutes in 2005 to approximately 10,450 minutes in 2007. In addition, we sold approximately 25,319 minutes of advertisement time on Jiangsu TV City Channel and approximately 2,187 minutes of advertisement time on Shenzhen Satellite TV Channel in 2007. For the three years ended 31 December 2007, our revenue increased from RMB230.1 million in 2005 to RMB263.7 million in 2006 and to RMB364.7 million in 2007, representing a CAGR of 25.9%.

In addition, we typically enter into advertising service contracts with our clients prior to the broadcast of their advertisements. As at 31 December 2007, we had sold in advance the advertisement time for 2008 for the amount of approximately RMB385 million.

2008 Beijing Olympic Games

With respect to advertisement time during the Beijing Olympic Period, as at 30 April, 2008 we had purchased 1,722 minutes on CCTV (comprising 937 minutes on CCTV-4 and 785 minutes on CCTV-9), 1,350 minutes on Jiangsu TV City Channel and none on Shenzhen Satellite TV Channel, among which we had sold 115 minutes on CCTV (comprising 84 minutes on CCTV-4 and 31 minutes on CCTV-9), 108 minutes on Jiangsu TV City Channel and none on Shenzhen Satellite TV Channel. The aggregate value of such sold advertisement time totalled approximately RMB3.1 million. To the best knowledge of the Directors after making enquiries with CCTV, Jiangsu TV City Channel and Shenzhen Satellite TV Channel, our purchased advertisement time on CCTV-4, CCTV-9, Jiangsu TV City Channel and Shenzhen Satellite TV Channel (including during the Beijing Olympic Period) should not be affected by the 2008 Beijing Olympic Games.

Although we had sold advertisement time during the Beijing Olympic Period, we had not purchased or sold any advertisement time on any of the Beijing Olympic Programmes as at the Latest Practicable Date. To the best knowledge of the Directors, CCTV has designated certain channels (including CCTV-1 and CCTV-2) for the broadcast of the Beijing Olympic Programmes and has started to sell such advertisement time to advertisers represented by advertising agencies or media advertising operators. We intend to seek to purchase such advertisement time on behalf of our clients.

COMPETITIVE STRENGTHS

The Largest Privately-Owned Underwriter of Advertisement Time for CCTV

We were the largest privately-owned underwriter and the overall second largest underwriter of advertisement time for CCTV in 2007, according to the "International Advertising" magazine. CCTV is the largest supplier of TV advertisement time in China. We have a long-standing business cooperation with CCTV dating back to our inception in 1999. The number of CCTV programmes on which we sell advertisement time increased significantly from 31 in 2005 to 55 in 2007, including one programme on CCTV-1, one programme on CCTV-2, 31 programmes on CCTV-4 and all 22 programmes on CCTV-9. We had exclusive rights to sell the advertisement time on 51 out of these 55 programmes in 2007. These contract rights are renewable on a term of either one year or 18 months and we have priority over third parties in renewing such rights upon their expiration, provided certain conditions are satisfied. For 2008, we have renewed the contracts for all of our programmes with CCTV and have obtained exclusive rights to sell advertisement time on two additional TV programmes on CCTV-4.

The CCTV programmes on which we have rights to sell advertisement time cover a wide range of topics, including news, finance, tourism and culture. We believe that this allows us to offer our advertising clients a broad portfolio which enables them to choose programmes suitable for their advertising campaigns. In addition, we believe that our experience in and knowledge of the TV advertising market in China allow us to provide valuable advice to CCTV on the design and development of TV programmes for better marketability and commercial value.

Diversified Client Base and Strong Client Loyalty

We have a diversified and balanced client base, with no single client contributing to more than 10% of our revenue during the Track Record Period. Since the establishment of our Group, over 300 advertising clients, including corporates, government entities and advertising agencies, purchased advertisement time on our advertising resources. International companies such as BMW, FedEx and Korean Air and domestic companies such as China Unicom, Industrial and Commercial Bank of China and Ping An Insurance have purchased our advertisement time. Many local government agencies, such as the Dalian Bureau of Information, Jilin Tourism Agency and Sichuan Tourism Agency, have also purchased advertisement time in order to promote tourism and attract new business investments. In addition, we provide services to many international 4A advertising agencies, such as Aegis, OMD, Publicis and WPP, as well as various domestic advertising agencies.

We establish and maintain long-term relationships with our advertising clients through a comprehensive client service program with frequent client service evaluations. Approximately 60% of our advertising clients that individually accounted for more than RMB800,000 of our revenue in 2006 continued to purchase advertising services from us in 2007. In addition, some of our clients purchased advertisement time from us for over RMB1 million in each of the past five years. We believe that with over eight years of experience in the TV advertising industry, we have in-depth understanding and knowledge regarding how to introduce and match our advertising clients with appropriate advertising resources and target viewers. We also believe that our experience in TV advertisement production, execution, appraisal and campaign design allows us to provide comprehensive advertising services to our clients and allow them to maximise the effectiveness of their advertising campaigns.

Strong Brand Recognition

We believe that we have built a strong brand in the market due to our leading position in China's advertising industry and the high quality services we provide to TV stations as well as our advertising clients. We have received many awards in recognition of our advertising services, including the "First Class Media Advertising Agency of China" (中國一級廣告企業) award from China Advertising Association, the "Top 10 Advertising Agency of 2007" (2007年度十佳廣告代理公司) award from CCTV and the "2005 China's Most Successful Organisation for Implementing Media Strategies" (2005中國最具傳播力媒介策劃機構獎) award from China Association of Strategy. The quality of our advertisement production service is also evidenced by such awards as the "2006 China Effie Award Bronze Prize," (2006年中國艾菲獎銅獎) the "2007 China Best Advertisement Award: Gold Award for Branding" (2007廣告人•中國案例獎品牌類金獎) and the "2007 China Best Advertisement Award: Silver Award for Originality" (2007廣告人•中國案例獎創意類銀獎), all from the China Advertising Association.

In addition, we are an active participant in the China Advertising Association and the China 4A Association. Ms. Liu, our founder and Chief Executive Officer, is currently the Chairwoman of China 4A Association, an association for major advertising agencies and media advertising operators in China with an annual revenue of more than RMB100 million. Ms. Liu is also a member of the International Advertising Association. We believe that our participation in these associations allows us to maintain close relationships with other leading players in the industry and to stay abreast of the trends and development in China's advertising industry.

We believe that these awards and our active participation in the industry associations increase our visibility in the market and enable us to attract additional advertising resources suppliers as well as advertising clients. Such brand recognition also helps us to attract high quality talents and enables us to further improve our quality of service and our competitiveness.

Experienced Management Team

Our core management team has a solid track record in the advertising industry, including TV advertising planning and management. Ms. Liu, our founder and Chief Executive Officer, was previously a reporter and programme director of CCTV and in 2006 was jointly recognised by CCTV, Advertising School of the Communication University of China (中國傳媒大學廣告學院), "Advertising Guidance" (廣告導報) and "Business" magazine (經營者雜誌社) as one of the "Top Ten Female Advertising Professionals in China" (中國十大最具風采女性廣告人) for her contribution to the TV advertising industry. Mr. Chen, our Chairman, was previously a director of the economic news office and central news office at the state-owned news agency, Xinhua News Agency (新華社). Our management team also consists of a group of experienced individuals including our Chief Financial Officer, Mr. Xu Chong (徐翀) (also known as Xu Songzhen (徐嵩鎮)), our Senior Vice President, Mr. Liu Xuming (劉旭明), and our Vice Presidents, Ms. Jin Lanxiang (金蘭香) and Mr. Cui Rui (崔銳). We have also retained experienced advisors, including Mr. Liu Baofu (劉保孚) (former Director of Advertisement Management Department of SAIC), Ms. Liu Jinan (劉繼南) (honorary president of Communication University of China), Mr. Li Changji (李長吉) (former civil servant), Mr. Li Huimin (李惠民) (Chairman of Beijing Datang Shili Technology Development Co., Ltd. (北京大唐實力科技發展有限公司)), Ms. Shi Ying (石瑛) (Chief Executive Officer of Beijing Qiming Xingye Consulting Co., Ltd. (北京啟明星業諮詢顧問有限公司)), Mr. Fu Liren (符立人) (Chairman of Beijing Huaxia Hechuang Investment Consulting Co., Ltd. (北京華夏和創投資顧問有限公司)) and Mr. Sheng Zuren (盛祖仁) (a former senior reporter of Xinhua News Agency). We believe that the extensive experience of our senior management team and advisors has been critical to the substantial growth of our business, and positions us to take advantage of the growth opportunities in the advertising industry in China.

BUSINESS STRATEGIES

Strengthen Our Business Cooperation with CCTV

We plan to strengthen our business cooperation with CCTV, the largest supplier of TV advertisement time in China. We believe that our strong relationship with CCTV and our focus on and experience with nationwide brand campaigns position us well to obtain additional TV advertisement time from CCTV. We plan to further increase our advertisement time from CCTV by obtaining rights to sell advertisement time on new programmes that CCTV may launch in the future as well as any additional advertisement time that may become available on existing CCTV programmes, and by acquiring other media advertising operators with CCTV advertisement time. Obtaining additional advertisement time that is complementary to our existing advertisement time will enable us to further increase CCTV programmes on which we have advertisement time for sale and better meet our clients' diverse advertising preferences and requirements. In addition, we strive to increase the utilisation rate of our existing advertisement time, in particular that of CCTV-9, as its programmes become more developed and popular.

Expand Our Advertising Resources into the Digital Media Advertising Market

We plan to expand our advertising resources into the digital media advertising market, including Internet, IPTV and mobile phones, through organic growth or acquisitions. We believe that digital media advertising resources are experiencing fast growth and are becoming increasingly important in China's advertising market. For example, advertising on the Internet is expected to increase from RMB10.1 billion (8.4% of total advertising spending in China) in 2007 to RMB29.1 billion (15.0% of total advertising spending in China) in 2010, representing a CAGR of 42.2%, according to the ZenithOptimedia Report. We believe that expansion into digital media will allow us to offer a broader advertising resources portfolio to our advertising clients. We intend to build up a strong presence in digital media by acquiring the relevant advertising resources and developing a professional operation and sales team focused on this area. Further, we plan to seek opportunities to collaborate with, invest in or acquire companies with an established presence in digital media.

Enhance Our Presence in the Regional TV Advertising Market

We plan to enhance our presence in the regional TV advertising market. We believe that having regional TV advertising resources attract additional clients who want to promote their products to customers in specific regions, which allow us to expand our revenue base and reduce the risk of our over-relying on any particular advertising resources supplier. We commenced our expansion in the Yangtze River Delta (長江三角洲) and the Pearl River Delta (珠江三角洲) regions by selling TV advertisement time on Jiangsu TV City Channel and Shenzhen Satellite TV Channel in 2007. Our gross revenue from these advertising resources accounted for 6.2% of our gross advertising service revenue in the year ended 31 December 2007. We intend to leverage on our diverse advertising client base, our experience and our strong brand recognition to expand our cooperation with regional TV stations and obtain TV advertising resources from them.

Strengthen Marketing and Sales Capability

We believe that our strong brand is essential to the success of our business because it represents the quality of our services, which helps to differentiate ourselves from many other media advertising operators with advertising resources on CCTV. To maintain our leading position in this highly competitive industry, we intend to continue to develop our brand by conducting advertising campaigns on various media resources (including those we purchased) to promote our quality advertising resources and value-added services; publicising our business through major domestic and international advertising associations; and capitalising on the marketing and brand recognition opportunities offered by special events, such as the 2008 Beijing Olympic Games and 2010 Shanghai World Expo.

Currently, we have seven sales teams organised by industry and our sales managers have an average of 6.5 years' experience in China's advertising industry. In order to develop and enhance our sales capabilities to serve those clients in fast growing industries, such as financial services, banking, insurance, healthcare and consumer products, we plan to expand our sales team by recruiting more sales personnel with in-depth knowledge and experience in such industries.

Explore Acquisition, Investment and Partnership Opportunities

We intend to supplement our organic growth by actively seeking opportunities to acquire, invest in or partner with other media advertising operators or advertising agencies to enhance and complement our current advertising resources. This includes, among others, other media advertising operators with nationwide advertising platforms, such as CCTV, Internet and other digital media. In addition, there are many media advertising operators in the regional TV advertising markets, which present a great opportunity for us to consolidate and become a leading player in such markets. In addition to the nature of a target's business, including the manner in which such target may complement our business, we must also consider a number of other factors when evaluating investment or acquisition opportunities, including but not limited to the target's growth potential, the ease of integration into our existing business and the target's market reputation. As at the Latest Practicable Date, we have not identified any acquisition targets.

OUR BUSINESS

Advertising Services

We primarily provide advertising services to our clients, including advertisers and advertising agencies. For our advertising services, we typically enter into contracts with TV stations such as CCTV and regional TV stations, and agree to purchase advertisement time on certain TV programmes at a fixed price throughout the contract term, which is typically one year or 18 months. We then market and sell such TV advertisement time to our clients for their TV advertising campaigns. We generally purchase all the advertisement time on a TV programme, which we refer to as exclusive right. For certain TV programmes, we only purchase a portion of the advertisement time on such programmes, which we refer to as non-exclusive right.

We generate revenue from selling the TV advertisement time that we purchased from TV stations to our clients. The price at which we purchase such advertisement time is in large part based on the expected price level at which we can sell the advertisement time and our expected amount of advertisement time that we can sell at such price level. We make these estimates based on various factors, including but not limited to historical sales volume of the relevant advertisement time, price levels of competing TV advertisement time, estimated advertisement demand during the contract period and any potential change in the viewership of the relevant TV programmes.

For the advertisement time that we cannot sell, we can either offer it to certain clients for free as promotion, or use it to broadcast our own advertisements to promote our advertising resources and services. CCTV also has the right to sell our unused advertisement time to other media advertising operators though it has never done so since we started our cooperation with CCTV. CCTV will not refund us for any unused advertisement time.

Our contracts with TV stations generally provide that we have priority over third parties to renew our contracts with them, if certain conditions are met. See "Advertising Resources and Suppliers — Suppliers." Throughout the Track Record Period, we have had contracts with CCTV-1, CCTV-2, CCTV-4 and CCTV-9, and were able to renew all our contracts except when the relevant programmes experienced layout changes or were cancelled. In addition, we were generally able to increase the number of TV programmes on CCTV on which we purchase advertisement time, therefore we have increased the amount of CCTV advertisement time for sale year over year. We purchased advertisement time on Jiangsu TV City Channel and Shenzhen Satellite TV Channel in 2007 based on a similar business model.

We market and sell TV advertisement time along with our value-added services to our advertising clients. We believe that our experience in and knowledge of the advertising market in China enable us to provide a wide range of advertising services to both TV stations and our advertising clients and enhance the value of our advertising resources.

For TV stations, our services primarily include:

- improving the marketability of the relevant TV programmes by providing regular TV advertising market analysis;
- raising the profile and expanding the viewership of the relevant TV programmes by conducting promotion activities for TV stations, holding forums with relevant channels and publishing articles on relevant media to promote these TV programmes and channels; and
- improving the quality and popularity of relevant TV programmes by providing advice based on our extensive industry experience.

For advertising clients, our services primarily include:

- planning TV advertising campaigns;
- monitoring the broadcasting of TV advertisements;
- appraising the effectiveness of TV advertisements;
- designing and producing TV advertisements; and
- advising our clients on public relations matters.

We strive to establish and maintain close relationships with TV stations to maintain and expand the advertisement time we purchase. Advertising revenue is the major source of income for TV stations in China. As all TV stations in China are still under the control of the PRC government and many of them do not have enough marketing resources to sell their advertisement time, it is an industry norm in China for TV stations to cooperate with media advertising operators like us to sell their TV advertisement time. In addition, as media advertising operators are specialised in providing advertising services and have a deep understanding of the advertising market, they could better serve the demands of different advertising clients by offering various portfolios of advertising resources. When a TV station selects a media advertising operator to sell its TV advertisement time, it normally considers the media advertising operator’s track record, advertising client base and the range of services that it can provide to its clients. We have a long standing business cooperation with CCTV since our inception and we were the largest privately-owned underwriter of advertisement time for CCTV in 2007. In 2007, we also started business cooperation with Jiangsu TV City Channel and Shenzhen Satellite TV Channel as part of our strategy to expand the advertising resources in the Yangtze River Delta and the Pearl River Delta regions.

We leverage on our knowledge of and experience in the PRC advertising industry to maximise the marketability and value of our advertising resources. As a leading privately-owned media advertising operator in China, we conduct extensive advertising resource research and analysis in the PRC TV advertising market, and we believe we are able to provide TV stations with valuable advice on how to attract target viewers, expand viewership, and respond to changes in the advertising market. We believe that this kind of service strengthens our relationships with TV stations and helps them to expand the viewership of their programmes and more accurately target specific viewers with tailored programming.

We offer these valuable advertising resources to our clients and assist them in selecting the resources that are expected to best support the goals of their advertising campaigns. Our goal is to help our clients achieve maximum advertising impact in a cost effective manner. We conduct an internal review of each advertisement to ensure that it is in compliance with the relevant PRC advertising laws and regulations. During the advertising campaign, we typically engage an independent third party to monitor the broadcasting of the advertisements to ensure timely broadcast according to the agreement. Upon conclusion of the broadcast, we typically deliver a report to the client, which appraises the effectiveness of the advertisement.

Most of our clients provide us with the TV advertisements to be aired during the advertisement campaign. In some circumstances we also provide advertisement production services to our clients. We can either produce the advertisements ourselves or outsource the production to third parties. Our advertisement production department commenced operation in 2003. It currently has 16 team members and is able to provide a full range of high quality advertisement production services. Advertisements that we have produced in the past three years include "China Ping An Insurance's 2005 and 2006 Chinese Spring Festival Gala Brand Image Promotion," Music Arena's advertisement entitled "Underground Alley," Yuchai Machinery's advertisement entitled "Warhorse" and Shenzhen Travel's advertisement entitled "Magic." Our work has earned us the "2006 China Effie Award Bronze Prize" (2006年中國艾菲獎銅獎), the "2007 China Best Advertisement Award: Gold Award for Branding" (2007廣告人•中國案例獎品牌類金獎) and the "2007 China Best Advertisement Award: Silver Award for Originality" (2007廣告人•中國案例獎創意類銀獎), all from the China Advertising Association.

Agency Services

We also provide a range of services for our clients in connection with the CCTV bidding process. CCTV adopts a bidding process to sell certain advertisement time that is in high demand, in particular, advertisement time in relation to popular TV programmes that are broadcast during prime time on CCTV-1. The bidding is generally held on 18 November of each year. The industry practice is for the advertisers to attend such bidding process with a media advertising operator or an advertising agent who will bid for the advertisement time on the advertiser's behalf. Based on our understanding of the objectives and needs of our clients, we help them to identify and bid for specific TV programmes with audiences that match their target customers. We also help our clients to develop an advertising campaign for these advertising resources, advise them on the fair value and bidding price for the advertisement time, and help them devise a bidding strategy.

As a media advertising operator, we attend the bidding process and bid for the advertisement time on our clients' behalf. Both our clients and us are required to place a deposit with CCTV for the bidding. The amount of our deposit depends on the number of clients that we represent in the process. For each media advertising operator, CCTV generally requires it to a deposit of RMB0.6 million for each of the first two clients it represents in the bidding, and RMB1.6 million for each additional client it represents. For each bidding advertiser, CCTV generally requires it to place a deposit of RMB1.0 million. However, CCTV may reduce the amount of such deposit for repeat bidding advertisers or repeat media operators such as us. According to CCTV's bidding policy, such deposit will be returned to us when our advertising clients have completed the placement of a minimum percentage of the bid advertisement time as specified by CCTV. Such deposit could also be rolled over as deposit for the next annual bidding. Upon winning the bid, we would enter into an agreement with our advertising clients setting out a payment schedule and the parties' respective rights and obligations in relation to the bidding. We have the rights to sell the bid time on which our clients cannot or decide not to place advertisements, unless our clients cannot use the minimum percentage of the bid time as required by CCTV, in which case CCTV has the right to retain the deposit submitted by our clients and us, and demand further compensation from our clients and us if CCTV incurs additional actual loss. During the Track Record Period, no deposit placed by us in connection with the bidding has been retained by CCTV, nor has CCTV demanded any compensation from or imposed any penalties on us due to the above reasons. Our deposit held by CCTV on a rollover basis as a result of our continuous participation in the bidding process was RMB3.8 million, RMB6.6 million and RMB5.6 million as at 31 December 2005, 2006 and 2007, respectively.

In addition, CCTV provides an opportunity for winning bidders to buy additional advertisement time associated with certain other CCTV programmes designated by CCTV at a discount of 90% from their published rates, provided that the aggregate published value of such additional advertisement time does not exceed 50% of the purchase value of the bid time. We, as the representative of our clients who are winning bidders, typically receive a fee of up to 5% of the actual purchase value of such additional advertisement time purchased by our clients. In the 2008 CCTV bidding process held in November 2007, CCTV sold advertisement time valued at approximately RMB8.0 billion. In the same bidding process, we won on behalf of our clients TV advertisement time valued at approximately RMB435 million, which made us among one of the top four agencies in the CCTV bidding market in terms of the value of bid advertisement time. We believe that our participation in the bidding process complements our service to our major clients, deepens our understanding of CCTV's advertising resources, strengthens our cooperation with CCTV and promotes us as one of the leading media advertising operators in the market.

Upon special request from our clients, we also act as an agent of our clients to buy advertisement time sold by other media advertising operators. We typically charge up to 3% of the purchase value of such advertisement time as our service fee, but may waive such fee depending on our business relationship with the client.

ADVERTISING RESOURCES AND SUPPLIERS

Advertising Resources

We purchase advertising resources, predominantly TV advertisement time, from CCTV. We also purchase advertising resources from a few other advertising resource suppliers, including Jiangsu TV City Channel, Shenzhen Satellite TV Channel and the "Tourism" magazine.

We adopt a number of criteria and procedures when selecting our TV programmes and channels. We appraise the value of the TV advertisement time on these programmes and channels in terms of current and target viewership, the scope of coverage, the potential of the TV programmes and the level of demand from our clients. We consider various factors to estimate the viewership of relevant TV programmes in the coming one to two years, including their historical viewership, trends of viewers' preferences and the content and market positioning of such programmes.

Suppliers

For the three years ended 31 December 2007, our five largest suppliers of advertising resources accounted for approximately 96%, 88% and 95%, respectively, of our total purchases, and CCTV, our biggest supplier, accounted for approximately 72%, 84% and 79%, respectively, of our total purchases. None of our Directors, their respective associates and any of our Shareholders (who, to the knowledge of our Directors, own more than 5% of the issued share capital of the Company) had any interest in any of our five biggest suppliers for the three years ended 31 December 2007.

CCTV

CCTV is the largest supplier of TV advertisement time in China. As the only national free-to-air TV broadcaster, CCTV channels in aggregate captured 28.9% of China's TV viewership in 2007, according to CSM Media Research. CCTV's dominant position in TV viewership makes it attractive to advertisers and it is generally preferred over regional TV stations for nationwide advertising campaigns.

We have a long history of business relationship with CCTV dating back to 1999. The number of CCTV programmes on which we have the rights to sell advertisement time increased significantly from 31 in 2005 to 55 in 2007. For 2007, we had the rights to sell TV advertisement time for one programme on CCTV-1, one programme on CCTV-2, 31 programmes on CCTV-4 and all 22 programmes on CCTV-9. Approximately 30.0% of our CCTV advertisement time is on TV programmes broadcast during the prime time (*i.e.* from 6:00 p.m. to 10:00 p.m.). We acquired such rights through normal commercial negotiations with CCTV.

CCTV may also launch new TV programmes from time to time. With respect to the advertisement time on a newly-launched programme, CCTV normally invites major media advertising operators (including us) to negotiate the contractual terms, including purchase price. We will provide CCTV with a proposed purchase price, which is based on our internal estimate of the viewership and advertisement value of such programme. In addition to the proposed purchase price, CCTV generally also considers other factors, such as the client base of and range of services provided by the media advertising operator, and whether these clients are suitable for the new TV programme.

Our contracts with CCTV generally have a term of one year, or 18 months in the case of CCTV-9. We have priority over other parties to renew these contracts upon their expiration if certain conditions are met. The price of CCTV's advertisement time generally increases every year due to market demand and CCTV's dominant position in the market. Since our inception we have been able to renew all of our contracts with CCTV except when the relevant programmes experienced layout changes or were cancelled. We have had no material dispute during the course of our cooperation with CCTV.

We had the following advertising resources from CCTV in each of the three years ended 31 December 2007:

	2005		2006		2007	
Channel	Number of programmes	Minutes purchased	Number of programmes	Minutes purchased	Number of programmes	Minutes purchased
CCTV-1(1)	1	702	1	900	1	1,282
CCTV-2	1	520	1	367	1	259
CCTV-4	10	5,304	15	5,972	31	15,236
CCTV-9	19	13,272	23	15,927	22	15,927
Total	31	19,798	40	23,166	55	32,704

(1) The advertisements we broadcast on CCTV-1 is also broadcast on the CCTV-News channel.

Over the past three years ended 31 December 2007, we have experienced strong growth in our annual total advertisement time from our most profitable CCTV channels, CCTV-1 and CCTV-4. Due to an adjustment in the duration of the programme "China Finance Report" on CCTV-2 in August 2006, our annual total advertisement time from this channel declined in 2007 as compared to 2005 and 2006. We have had the exclusive rights to sell all of the TV advertisement time on CCTV-9 since 2005. For the year ended 31 December 2007, the amount of CCTV advertisement time accounted for 34.0% of our total advertisement time and our gross advertising service revenue derived from selling CCTV advertisement time accounted for 90.9% of our gross revenue, as CCTV advertisement time generally commands a higher price than the advertisement time on regional TV stations. We believe that our long-standing business relationship with CCTV is one of our greatest strengths.

For 2008, we have renewed all of our three contracts with CCTV which expired on 31 December 2007. We retained our rights to all the existing relevant programmes on CCTV-1, CCTV-2 and CCTV-4, and obtained exclusive rights to sell advertisement time on two additional programmes on CCTV-4. In aggregate we have obtained contractual right to sell approximately 36,479 minutes of advertisement time on CCTV. Such time does not include any advertisement time on CCTV-1 and CCTV-2 during the Beijing Olympic Period, as we had not purchased any advertisement time during such period as at the Latest Practicable Date. We may also request to purchase additional advertisement time from CCTV on the same TV programmes if we have additional demand from our advertising clients. Historically CCTV has sold us additional TV advertisement time pursuant to such requests.

To the best of the Directors' knowledge, CCTV has designated certain channels (including CCTV-1 and CCTV-2) for the broadcast of the 2008 Beijing Olympic Games. For the advertisement time on these channels during the Beijing Olympic Period, CCTV has started to sell such advertisement time to advertisers represented by advertising agencies or media advertising operators. We intend to seek to purchase such advertisement time on behalf of our clients. Although we had not purchased any advertisement time on any of the Beijing Olympic Programmes as at the Latest Practicable Date, we believe that our utilisation rate and the price at which we sell our CCTV advertisement time would be improved by the 2008 Beijing Olympic Games as there is likely to be a general increase in advertising spending due to such event.

- CCTV-1

CCTV-1 has the largest number of viewers of all the TV channels in China. Due to the broad coverage of this channel, CCTV-1 has some of the most valuable and high-demand TV advertisement time in the market. In 2007, we had the exclusive rights to sell approximately 1,282 minutes of advertisement time in relation to "Media Headline" (媒體廣場), which is a leading morning news programme. According to CSM Media Research, "Media Headline" recorded a viewership of 0.77% in 2007. We have been purchasing advertisement time on this programme since September 2004.

Our contract with CCTV in relation to the advertisement time on CCTV-1 is generally for a term of one year with monthly payment. We renewed our contract with CCTV with respect to CCTV-1 advertisement time for 2008, pursuant to which we have the exclusive rights to sell approximately 868 minutes of advertisement time in relation to "Media Headline." We are required to place a deposit upon the signing of the contract, which can be used as part of our final monthly payment under the contract. However, CCTV has the right to terminate the contract if we make any false representation to a third party that materially and adversely affects CCTV's reputation or default in performing our obligations under the contract. In addition, CCTV also has the right to terminate the contract and retain the deposit if we delay in making payment in accordance with the contract. We have priority over third parties to renew the contract upon its expiration, provided that (i) we have duly performed our obligations under the contract and our cooperation with CCTV has been amiable; (ii) the terms and conditions we offer to CCTV are not less favorable than those offered by other competitors; and (iii) we apply for such renewal three months prior to the expiration of the contract.

- CCTV-2

CCTV-2 is CCTV's economics and finance channel. It has a national coverage via satellite. In 2007, we had the rights to sell approximately 259 minutes of advertisement time in relation to "China Finance Report" (中國財經報道), a leading finance programme broadcast each Monday evening that reports and comments on the current status of and future trends in China's growing economy with a particular focus on the financial market. According to CSM Media Research, "China Finance Report" recorded a viewership of 0.57% in 2007. The viewership of both the channel and the programme has increased significantly over the period from 2005 to 2007, due to the increase in public interest in China's financial markets. We have been purchasing advertisement time on this programme since April 2004. The terms and conditions of our contract with CCTV for the advertisement time on CCTV-2 are substantially the same as those for CCTV-1. We have renewed our contract with CCTV with respect to CCTV-2 advertisement time for 2008, pursuant to which we have the rights to sell approximately 245 minutes of advertisement time on "China Finance Report."

- CCTV-4

CCTV-4 is CCTV's overseas Chinese-language channel. It is designed to keep approximately 50 million overseas Chinese up to date on news, culture and developments in China. It also has a national coverage via satellite. Its Asia version covers most of China's cities and counties. CCTV-4's offerings include breaking news, movies, educational programmes, financial reports and documentaries.

In 2007, we had the rights to sell approximately 15,236 minutes of advertisement time on 31 programmes broadcast on CCTV-4, out of which 28 programmes were exclusive. For the remaining three programmes, we had rights to sell a portion of the advertisement time on the programmes. We had the exclusive rights to sell advertisement time on four of the top ten rated TV programmes on CCTV-4 in 2007, including "Across the Strait" (海峽兩岸), "Time Together Across the Strait" (天涯共此時), "Happy Hour Around the World" (同樂五洲) and "Fate" (緣份). The terms and conditions of our contract with CCTV for the advertisement time on CCTV-4 are substantially the same as those for CCTV-1, except that the contract with CCTV-4 requires quarterly payments and contains different compensation provisions. According to CSM Media Research, CCTV-4 programmes broadcast during the prime time and non-prime time on which we sold advertisement time recorded an average viewership of 0.58% and 0.17%, respectively, in 2007. We have renewed our contract with CCTV with respect to advertisement time on CCTV-4 for 2008, covering 33 programmes with approximately 19,396 minutes of advertisement time, two programmes more than what we covered for 2007. Part of such advertisement time falls within the Beijing Olympic Period.

- CCTV-9

CCTV-9, also known as CCTV International, is CCTV's only 24-hour English-language channel. Launched on 25 September 2000, CCTV-9 is dedicated to reporting international news and breaking events, with a special focus on China, to a global audience. CCTV-9 has a national and overseas coverage via six satellites and its programmes can now be watched by approximately 45 million subscribers outside China, 24 hours a day, seven days a week.

We have the exclusive right to sell the TV advertisement time for all the programmes on CCTV-9 from 2005 to 2008. According to CSM Media Research, TV programmes on CCTV-9 recorded an average viewership of 0.01% in 2007. Such viewership did not include CCTV-9's overseas viewers. Our current contract with CCTV for the advertisement time on CCTV-9 is for a term of 18 months, from 1 July 2007 to 31 December 2008 and the contract requires four periodical payments. CCTV requires that we only place English advertisements on this channel. Apart from certain compensation provisions, most of the other terms and conditions of the contract are similar to those for CCTV-1. For 2007 and 2008, we obtained the right to sell approximately 15,927 minutes and 15,970 minutes of advertisement time on CCTV-9, respectively. Part of such advertisement time falls within the Beijing Olympic Period.

We believe there is a strong possibility that CCTV-9's viewership will increase in the coming years, as CCTV-9 is the only source of English news from CCTV and China has been attracting more attention from international viewers. Moreover, we believe that the 2008 Beijing Olympic Games and 2010 Shanghai World Expo could lead to an increase in CCTV-9's viewership, thereby improving its recognition among both foreign and domestic viewers.

Regional TV Stations

Our business in the regional TV markets is still in the development stage. We have obtained the right to sell advertisement time on Jiangsu TV City Channel and Shenzhen Satellite TV Channel since 2007. Revenue from these markets currently represents a small portion of our total revenue. We are in the process of developing a strategy in these markets and we are considering entering into additional regional TV markets to capture more business opportunities.

- Jiangsu TV City Channel

In 2007, we started our business cooperation with Jiangsu TV City Channel, an independent third party, through our participation in the bidding process held by Jiangsu TV station. The relevant contract covered the full year of 2007, pursuant to which we had the exclusive right to sell approximately 56,345 minutes of advertisement time, including approximately 34,145 minutes of infomercial time. In 2007, we sold approximately 25,319 minutes of advertisement time on Jiangsu TV City Channel.

We have renewed our contract with Jiangsu TV City Channel covering 2008. Pursuant to this contract, we have the right to sell approximately 27,450 minutes of advertisement time (including the exclusive rights with respect to 45 minutes in the day time and the non-exclusive rights with respect to 30 minutes of infomercial in the evening every day). Part of such advertisement time falls within the Beijing Olympic Period. We can sell such advertisement time to advertisers and advertising agencies but, pursuant to the agreement, we cannot unilaterally assign our rights to sell such advertisement time to other media advertising operators. We are required to place a deposit upon signing of this contract. In case we default in making full payment or unilaterally terminate the contract, such deposit will be forfeited with an additional penalty. We reduced the amount of advertisement time we purchase from Jiangsu TV City Channel as we expect that the demand for advertisement time on regional TV channels may be relatively low in 2008 compared with the demand for CCTV advertisement time due to the 2008 Beijing Olympic Games. In addition, as the regulation on infomercial activities is becoming more stringent, we expect that the sale of infomercial advertisement time, which accounted for a significant amount of advertisement time we sold on this channel in 2007, may be adversely affected. By adjusting the duration of the relevant TV programmes, Jiangsu TV City Channel can make available to us additional advertisement time for sale if we are able to generate additional demand from our clients.

- Shenzhen Satellite TV Channel

Shenzhen Satellite TV Channel is a provincial satellite TV channel with a national coverage. In December 2006, we entered into an agreement with Shenzhen Satellite TV Channel, an independent third party, pursuant to which we had the right to sell approximately 7,074 minutes of advertisement time (including the exclusive rights with respect to advertisement time on two TV programmes and 20 minutes of infomercial per day) in 2007. We are required to place a deposit which can be used as payment for advertisement time of the last two months of the contract term. We acquired such rights through normal commercial negotiation with Shenzhen Satellite TV Channel. In 2007, we sold approximately 2,187 minutes of advertisement time on Shenzhen Satellite TV Channel.

We have entered into two new contracts with Shenzhen Satellite TV Channel covering the period from 1 March 2008 to 28 February 2009 and from 1 January 2008 to 30 June 2008, respectively. We have the right to purchase advertisement time on Shenzhen Satellite TV Channel with a total value of RMB4.05 million. Part of such advertisement time may fall within the Beijing Olympic Period. The rate applicable to the purchase of advertisement time on behalf of clients will vary according to the time and programme to which the advertisement time relates, but will be at a discount to the published price of Shenzhen Satellite TV Channel for such time. In addition, we may purchase additional advertisement time on Shenzhen Satellite TV Channel to sell to our clients, although we have neither a guaranteed right nor the obligation to do so. For such additional advertisement time, we expect to charge our clients a fixed commission based on the value of advertisement time sold.

Magazine

Since 2004, we have had the exclusive rights to sell all the advertisement space in "Tourism" (旅遊), a nationwide magazine with a focus on the Chinese tourism industry. We acquired such rights from "Tourism" through normal commercial negotiation. The magazine has been in circulation since 1979 and currently has a monthly circulation of 30,000 copies, providing tourism-related information to relatively affluent readers in China. Our exclusive advertising rights cannot be transferred to a third party and will not expire until 2016.

ADVERTISING CLIENTS, SALES AND MARKETING

Advertising Clients

We focus on selling advertising resources to advertisers in fast growing industries. Many of our direct and indirect enterprise clients are well-known brands in the banking, automobile, building materials and beverage industries. The quality and coverage of our advertising resources have attracted a broad base of international and domestic advertising clients. As at the Latest Practicable Date, more than 300 direct and indirect clients have used our advertising services, with no single client accounting for more than 10% of our revenue in each of 2005, 2006 and 2007. International companies such as BMW, FedEx and Korean Air and domestic companies such as China Unicom, Industrial and Commercial Bank of China and Ping An Insurance have purchased our advertisement time. Many local government agencies, such as Dalian Bureau of the Information Industry, Sichuan Tourism Agency and Jilin Tourism Agency, have also purchased advertisement time in order to promote tourism and attract new business investments. The following is a breakdown of the industries that our direct and indirect clients represented in 2007 based on their percentage of our gross advertising service revenue:

Industry	% of Total
Tourism	36%
Trade & Conference	12%
Consumer Products	11%
Auto	9%
Health & Medicine	8%
Building Material	6%
Finance & Services	6%
Others	12%
	100%

Most of our clients purchase advertising resources directly from us for their own advertising needs. We also sell advertising resources to advertising agencies that purchase such resources on behalf of their clients. Our percentage of revenue derived from the sale of advertisement time to advertising agencies was 30%, 38% and 35%, respectively, in 2005, 2006 and 2007. We generally conduct business with advertising agencies that offer high quality value-added services and have very large and high-profile advertisers as clients, such as Aegis, OMD, Publicis and WPP.

In order to maintain our relationships with our major clients, we have adopted preferential policies for our large clients, including the rights to reserve advertising resources, complimentary advertisement time, free revision of advertisements and advertisement time offered on credit.

Sales and Execution of Advertising Contracts

We offer our clients broad and value-added advertising packages on our TV advertisement resources. Our sales are made pursuant to written contracts entered into prior to the broadcast of the relevant advertisements with commitments generally ranging from one month to one year. Pursuant to the advertising service contracts, our clients are normally required to provide us the advertising content for preliminary review and we will ask them to make revisions if we consider it not in compliance with the relevant laws and regulations. However, our advertising service contracts regularly provide that we shall not be held liable for the content and form of the advertisements. In case there is any material default by our clients, we may terminate the contracts, and in some cases, claim a certain amount of penalties. If the advertisements are not broadcast as agreed, we would need to make relevant compensations to our clients. If there are delays or mistakes in broadcasting advertisements of our clients due to the mistakes of the relevant TV channels, we usually arrange to have the advertisement broadcast at another time. Our contracts usually provide that such issues will be resolved through negotiations with our clients and the TV stations. So far, no litigation has occurred as a result of such delays or mistakes.

In addition, as a general practice in the PRC advertising industry, we often enter into advertising service contracts with our clients prior to our renewal of the contracts with CCTV to purchase the relevant advertisement time. Thus the advertising service contracts may cover future periods for which we have not yet obtained rights from CCTV to sell the advertisement time. As at 31 December 2007, we had sold in advance the advertisement time for 2008 for the amount of approximately RMB385 million. Although by contract, we may be subject to liability of up to 10% of the contract value and additional damages if our clients can prove that they suffered losses in excess of such amount, as at the Latest Practicable Date we had not experienced any claims by our clients nor had we compensated our clients due to the reason that we could not obtain the rights from CCTV to sell advertisement time covered in their contracts with us. Please see "Risk Factors—Risks Related to the Company—We often enter into advertising service contracts with our clients prior to renewing contracts with CCTV and regional TV stations to obtain the relevant advertisement time. This practice subjects us to contract liabilities if we are not able to later obtain rights to the advertisement time that we have committed to sell to our clients."

Our clients' advertisements may sometimes not be broadcast in accordance with our sales contracts due to reasons caused by the relevant TV station (including programme changes during the Beijing Olympic Period). Under our typical sales contracts with our clients relating to CCTV, we shall arrange for our clients' advertisements to be broadcast at another time, or if such arrangements cannot be made, refund all the relevant payments to our clients, but we shall not be liable for any other contractual liabilities. Under our typical sales contracts relating to Jiangsu TV City Channel, we shall arrange for our clients' advertisements to be broadcast at another time, and if such arrangements cannot be made, our clients shall be entitled to terminate the contract and demand compensation of up to 20% of the contract value and we may be liable for additional contractual liability for our clients' actual economic loss. As at the Latest Practicable Date, we had not entered into any sales contracts relating to Shenzhen Satellite TV Channel, nor have the terms of such contracts been finalised.

Under our contracts with CCTV-1 and CCTV-2, if our clients' advertisements are not broadcast at the scheduled time due to the TV channel's special programming needs, we are generally entitled to arrange for our clients' advertisements to be broadcast at another time without additional cost to us, and if such arrangements cannot be made, these channels shall refund the relevant purchase price to us. For CCTV-4 and CCTV-9, if our clients' advertisements are not broadcast at the scheduled time due to the TV channel's special programming needs (including programme changes during the Beijing Olympic Period), the TV channel will not re-schedule the broadcast or refund us the relevant purchase price, and we have in the past arranged for our clients' advertisements to be broadcast at a later date using our unsold advertisement time. For Jiangsu TV City Channel, if our clients' advertisements are not broadcast at the scheduled time due to the reasons caused by the TV channel (including programme changes during the Beijing Olympic Period), we shall be entitled to demand a refund or a compensation of up to twice of our relevant purchase price. For Shenzhen Satellite TV Channel, if our clients' advertisements are not broadcast at the scheduled time due to the TV channel's special programming needs or other reasons caused by the TV channel, we are generally entitled to arrange for our clients' advertisements to be broadcast at another time.

We have adopted sales and execution procedures to be followed in connection with the execution of our sales contracts:

Understanding Clients' Demand. Our Enterprise Branding Centre is responsible for marketing and sales to advertising clients that are enterprises and advertising agencies. Our City Branding Centre is responsible for marketing and sales to advertising clients that are primarily engaged in the tourism industry, including local government agencies that are interested in promoting particular cities as tourism destinations or attracting new business investment. A client representative from Enterprise Branding Centre or City Branding Centre initiates communications with a client to understand the nature of its products or services, target consumers and promotion objectives and introduces our advertising resources to the client.

Designing and Customising the Advertising Campaign. In response to the client's needs, our Media Research Centre, which specializes in the evaluation of the relevant media resources, will propose a campaign strategy. The campaign strategy will consider the particular industry and market of our client and the advertisement campaigns run by its competitors. A detailed advertising plan will be designed based on the proposed strategy and will be revised to the client's satisfaction.

Execution. Our client representative will, based on our client's needs and requirements, contact our Media Execution Centre to arrange for the broadcast of the advertisement. Our experts in the Media Execution Centre will conduct a preliminary review of the advertisement to be aired and then submit the advertisement to the TV station for inspection. We generally require our clients to submit advertising content at least 15 days prior to the campaign start date.

If the advertisement passes such inspection, our Media Execution Centre will, upon receipt of the client's payment, submit it to the broadcasting division of the relevant TV station for broadcasting.

If the advertisement fails to pass the inspection, our Video Centre, which specializes in dealing with visual effects and originality of advertisements, will help the client modify the advertisement to reflect the comments from the relevant TV station.

Post-execution Evaluation. After the broadcasting of the advertisement, we will provide most of our clients a report issued by an independent third party with the relevant qualifications and experience to conduct market research (including viewership research), which report contains such information as the date, time and duration of the broadcasting of the advertisement and the name of the relevant TV programme that the advertisement time is associated with. We will also provide our clients a report prepared by our Media Research Centre which confirms the execution of the agreements and appraises the effect of the advertisement. A market analysis report will also be provided to our large and established clients by our Media Research Centre on an annual basis.

Sales

Our advertising sales team is based in our main areas of operation: Shanghai, Beijing, Jilin and Jiangsu. Our sales managers have an average of 6.5 years' experience in China's advertising industry. We provide in-house education and training to our sales force on a regular basis to ensure they provide our current and prospective clients with comprehensive information about our services and relevant information regarding the advertising industry.

In setting our pricing policy, we consider the cost of advertising resources, our competitors' prices for comparable TV programmes and the relevant requirements of the TV stations. Generally, we do not extend lines of credit to new clients or small clients and our clients are generally required to pay either the full contractual price or a partial payment of 10% to 30% of the entire contractual price before their advertisement is broadcast on the TV channels. If a partial payment is made, the remaining balance is generally paid periodically, with each payment required to be made before broadcasting the relevant portion of the advertisement campaign. However, on a case-by-case basis, and subject to our Chief Executive Officer's approval, we grant credit terms to, and advance certain payments on behalf of, certain larger, more established clients with long-term relationships with us or clients with whom we have potential future business opportunities. Such credit terms are generally for up to 90 days, but may be longer in certain circumstances.

For the three years ended 31 December 2007, our revenue from our five biggest clients was RMB45.2 million, RMB56.7 million and RMB64.8 million, respectively, which accounted for approximately 19.6%, 21.5% and 17.8%, respectively, of the revenue for the corresponding year. None of our Directors, their respective associates and any of our Shareholders (who, to the knowledge of our Directors, own more than 5% of the issued share capital of the Company) has any interest in any of our five biggest clients for the three years ended 31 December 2007.

Marketing

We leverage on our strong marketing skills to maintain existing clients and attract new clients. For example, we have in the past held several large marketing events which brought together advertising resource suppliers and our advertising clients. From time to time, we may also assist in hosting anniversary events for some CCTV programmes to promote them to our clients, which help to strengthen our relationship with CCTV as well as our existing and potential clients. We run our own advertisements on our CCTV resources to promote our brand and services. Our Media Research Centre compiles the historical data of advertisement broadcast on CCTV, produces viewership rating analysis reports, and provides industry trend reports for advertisement broadcast on CCTV to our clients on an annual basis as part of our marketing efforts.

QUALITY CONTROL

We have high standards for our advertising services and have established a strict quality control system to ensure that these standards are met. In order to ensure that the content of the advertisements is true and in full compliance with applicable PRC laws and regulations, we have adopted a set of rules and procedures to examine and verify the advertisements prior to broadcasting. Immediately after we initiate communications with our client, our client representative will examine the client's business license and the relevant documents in order to identify the position of the contact person of the client. The relevant information will be duly recorded. We will start to provide advertising services to our client only after it has been verified that the particular product or service for which our client seeks to advertise falls within its business scope and that contact person has the authorisation to act for this client. We have also set up an in-house team comprising of well-trained and experienced advertisement inspectors at our Media Execution Centre. The proposed advertisements provided by our clients, including both advertisers and advertising agencies, are reviewed and verified with the relevant supporting documents by our in-house team. We will also modify the proposed advertisements, if necessary, with our clients' consent. Advertisements that pass the above inspection will be delivered to our managers at our Media Execution Centre for final review before they can be broadcast. The relevant enquiries will be made to competent advertisement regulatory authorities if we encounter any difficulties in reviewing the advertisements. After the broadcasting of the advertisement, relevant verification documents and the written opinion of our advertisement inspector and manager together with the sample advertisement will be transferred from the client representative to the archive department for filing. The Directors have confirmed that, during the Track Record Period, all the advertisements broadcast or published by our PRC subsidiaries have complied with PRC laws and regulations.

We engage an independent third party to monitor the broadcasting of the advertising campaign to ensure that our clients' advertisements are broadcast properly. Upon the completion of the broadcast, we will provide our clients with a report issued by the independent third party with the relevant qualifications and experience, which analyses the broadcasting status of the advertisement as well as a report from our Media Execution Centre that confirms to our client that the broadcast of the advertisement has taken place as agreed.

COMPETITION

The PRC advertising industry is highly fragmented and competitive. We believe that the principal competitive factors in this industry include financial resources, client base, quality of services, familiarity with the nature of advertising resources, the ability to manage such resources, and relationships with TV stations. These factors also present entry barriers to any new players in the industry.

We compete primarily with other media advertising operators with advertising resources on CCTV. Currently, there are approximately 70 media advertising operators that have the rights to sell advertisement time on CCTV. Most of them are privately-owned companies. However, some are subsidiaries of CCTV, such as CCTV Future Advertising Agency (北京未來廣告公司) and Shanghai CTV International Advertisement Co., Ltd. (上海中視國際廣告有限公司). In 2007, the top five CCTV media advertising operators (including us) purchased in aggregate advertisement time on approximately 49% of the total number of CCTV programmes. We believe that the intense competition in our sector of the advertising industry will continue in the future, in particular among companies with strong capital, large media and marketing resources, extensive sales networks and broad client base.

We also compete with advertising agencies in providing clients with value-added services, including advertisement production. However, we believe we are well-positioned to provide our advertising clients with a convenient one-stop shop service, since we have the rights to sell the advertisement time we already purchased on these resources as well as quality advertisement production capabilities.

As we diversify our advertising resource portfolio and begin to compete in the regional TV, Internet and other digital media advertising segments, we will face competition from local competitors and international competitors, in each of these industry segments.

EMPLOYEES

As at 30 April 2008, we had a total of 177 full-time employees and no part-time employees. The following table sets out the number of employees by functional area:

Position	Number of employees
Sales, marketing and brand administration	72
Legal, finance, human resources, administration and IT	48
Media research & execution	32
Creative production	16
Senior management	9
Total	177

We believe that we pay our employees salaries that are competitive in the markets in which we operate. We also pay commissions to our sales people and discretionary bonuses to our other employees, both of which are generally based on their performance.

We provide various training programmes to improve the knowledge and skills of our employees and provide promotion opportunities for capable employees. We believe that we have a good working relationship with our employees. We have not experienced any strikes or labour disputes which materially affected our business activities, nor have we experienced any difficulties in the recruitment and retention of experienced employees. Our employee turnover rate among our junior sales people is relatively high, which is typical in our industry.

As we are an advertising company, there are no particular industry-specific safety requirements under the PRC laws. During the Track Record Period, we have complied with general safety requirements under the PRC laws.

We provide medical check-ups to all of our employees. The costs of such medical check-ups are insignificant. In addition, we are required under PRC laws to make contributions to the social security funds and housing provident fund for our employees, for which we have not been in full compliance in the past. See "Social Security Funds and Housing Provident Fund" below.

Social Security Funds and Housing Provident Fund

(i) Background

PRC laws and regulations require us to make contributions to all of the social security funds for each of our employees and require each of our employees to make contributions to certain of these social security funds. We and each of our employees are also required to contribute to the housing provident fund. The amount of contributions required to be made by us and our employees to the social security funds and the housing provident fund are generally based on the salary level of each employee.

(ii) Outstanding contributions to social security funds and housing provident fund

CTV Media (Shanghai) has complied with the PRC laws relating to the social security funds and housing provident fund in all material aspects. We also obtained written confirmation from the PRC supervising authority for Jiangsu Xinqiao confirming that Jiangsu Xinqiao has paid all its requisite contributions to the social security funds. As at 31 December 2007, CTV Advertising (Beijing) has not made, or has not been able to make, certain contributions to the social security funds for its employees, which is partly due to the varying degrees of cooperation provided by its employees and the reluctance of certain employees to make contributions to their social security funds by themselves (which is required for us to make matching contributions), differences in the interpretation and implementation of regulations and policies by local authorities, and relatively high turnover rate of its employees. In addition, as at 31 December 2007, our PRC subsidiaries Jiangsu Xinqiao and CTV Advertising (Beijing) had not made any contributions to the housing provident fund for the same reasons set forth above. As at 31 December 2007, we made provisions of approximately RMB6.6 million and approximately RMB2.1 million, respectively, to cover our outstanding contributions to social security funds and housing provident fund, which we believe were adequate to cover all the outstanding contributions.

Two employees have filed complaints with the relevant local social security bureau regarding our outstanding contributions to their social security funds. We settled these two complaints in 2006 by paying the outstanding contribution as required by the relevant local social security bureau. No late fee or interest was imposed on us by the relevant local social security bureau.

We have been working with the relevant local social security bureau and housing provident fund authority to pay in full our outstanding contributions.

(iii) Legal consequences

(a) Social security funds

CTV Advertising (Beijing)'s outstanding contributions to social security funds can be classified into two categories: (1) its non-payment of any social security funds with regard to certain of our employees; and (2) its deficiency in making contributions to the social security funds with regard to certain of its employees due to the use of an incorrect basis to calculate the required amount of payment.

As advised by our PRC legal advisor, Haiwen & Partners, our payment of outstanding contributions under category (1) depends on the cooperation of our current or former employees, which includes, but is not limited to, their providing us with their identity cards and the certificate for changes in the social security relationship (if applicable), and making their respective contributions to certain social security funds. The difficulty in obtaining such information and cooperation from our former employees may make it difficult for CTV Advertising (Beijing) to pay all such outstanding contributions to the social security funds.

Our PRC legal adviser, Haiwen & Partners, has confirmed that we do not need to pay the relevant outstanding social security funds under category (2) for all the years before 2006 (excluding 2006), according to the Specific Measures on the Implementation of Beijing's Provisions on the Basic Pension Funds (關於貫徹實施《北京市基本養老保險規定》有關問題的具體辦法) (the "**Specific Measures**") issued by the Beijing Labor and Social Security Bureau on 8 February 2007.

For both categories (1) and (2), there will not be late fee or interest for the outstanding contributions to social security funds. However, according to the Specific Measures, the bases for calculating the outstanding contributions to the social security funds shall be determined by reference to the salary of the relevant employees for the relevant years multiplied by a ratio between (i) the average wages of all employees in Beijing for the year immediately preceding the payment of outstanding social security funds and (ii) the average wages of all employees in Beijing for the year immediately preceding the relevant outstanding contribution year, which ratio will be imposed retrospectively when paying outstanding security funds for both categories (1) and (2).

(b) Housing provident fund

Our PRC legal adviser, Haiwen & Partners, is of the view that, according to applicable PRC laws and regulations, employers who fail to make the registration for payment to the housing provident fund or fail to open housing provident fund accounts for their employees may be ordered to rectify the problem within a stipulated period of time. If such failure is not rectified within such period of time, the employer may be subject to a fine ranging from RMB10,000 to RMB50,000. Our PRC legal adviser, Haiwen & Partners, is not aware of any other specific provisions under PRC laws specifying the imposition of late fees or interest retrospectively for outstanding contributions to the housing provident fund.

Since January 2008, Jiangsu Xinqiao and CTV Advertising (Beijing) have made remedial contributions to the housing provident fund for their current employees. As at 31 March 2008, the total amount of outstanding contributions to be paid by Jiangsu Xinqiao to the housing provident fund was RMB4,320, which amount relates to three former employees of Jiangsu Xinqiao. CTV Advertising (Beijing) was de-registered with Beijing Administration for Industry and Commerce on 21 April 2008 and completed its deregistration procedures with its supervising social security bureau and housing provident bureau on 28 April 2008. We have consulted our PRC legal adviser, Haiwen & Partners, and have come to a view that the risk that the Company would be subject to any penalties and liabilities arising from CTV Advertising (Beijing)'s non-compliance with the relevant PRC laws in relation to the social security funds and the housing provident fund is relatively low.

Furthermore, an indemnity deed (the "**Indemnity Deed**") was entered into by and among Golden Bridge Advertising, Bain Capital, Golden Bridge Culture and the Company on 27 May 2008, whereby Golden Bridge Advertising and Bain Capital have agreed to provide indemnity to us in respect of CTV Advertising (Beijing)'s liabilities arising from its non-compliance with relevant PRC laws and regulations in relation to the social security funds and housing provident fund and Jiangsu

Xinqiao's liabilities arising from its non-compliance with the relevant PRC laws and regulations in relation to the housing provident fund.

For the measures that we have undertaken for our future compliance with applicable laws and regulations, see "— Legal Compliance and Proceedings — Measures Adopted by Our Group to Ensure Future Compliance with Applicable Laws and Regulations."

Our PRC legal advisor, Haiwen & Partners, has confirmed that, to the best of its knowledge, save as disclosed above and in the section headed "Risk Factors — Risks Relating to the Company — We failed to meet certain legal requirements in the PRC in relation to employee-related issues and in Hong Kong in relation to the Companies Ordinance in the past" regarding our failure to pay social security funds and housing provident fund for our employees, we have complied with PRC labor laws and regulations in all material aspects.

INTELLECTUAL PROPERTY RIGHTS

We use the trademarks "CTVGB", "TVGB" and "CTV 中视金桥" for the marketing and sales of our services.

As at the Latest Practicable Date, we have registered "CTVGB" and "TVGB" in the PRC. The registration periods for the trademarks "CTVGB" and "TVGB" are both from 14 August 2004 to 13 August 2014. The registration period for each trademark is renewable for 10 years. There is no limitation under PRC laws on the number of renewals. As at the Latest Practicable Date, we have also applied for the registration of the trademark "CTV 中视金桥" in the PRC.

As at the Latest Practicable Date, we have registered the trademarks "TVGB," "CTVGB" and "CTV 中视金桥" in Hong Kong. The registration periods for these trademarks are all from 17 June 2008 to 25 November 2017.

We also own our domain names cctvgb.com.cn and sinomedia.com.hk. For details in relation to our intellectual property rights, please refer to the section headed "C. Further Information About the Company's Business — 2. Intellectual Property Rights of the Group" in Appendix VII to this prospectus.

We recognise the importance of protecting and enforcing intellectual property rights. The Directors are not aware of any material infringement of our intellectual property rights during the Track Record Period. As at the Latest Practicable Date, the Directors were not aware of any pending or threatened claims against us or any of our subsidiaries relating to the infringement of any intellectual property rights owned by any third parties.

PROPERTIES AND FACILITIES

Our headquarter is located at Unit 15D, Xintian International Plaza, No. 450 Fushan Road, Pudong New District, Shanghai, PRC and occupies 395.5 square meters. The current lease for our headquarter will expire in December 2010. We also maintain offices in leased premises in Beijing, Changchun and Nanjing, with a total GFA of approximately 2,981 square meters.

Our Shanghai subsidiary, CTV Media (Shanghai), purchased a property from a property developer in Beijing with a GFA of approximately 1,085 square meters, which we intend to use as offices for our Beijing branch. CTV Media (Shanghai) has not yet obtained the relevant land use right certificate and building ownership certificate with regard to this property. According to the purchase agreement, in case due to the fault of the property developer, CTV Media (Shanghai) cannot obtain building ownership right certificate within 730 days from the date of delivery of such property which took place in June 2007, CTV Media (Shanghai) has the right to either (a) return the building to the property developer and claim refund of the purchase price plus 2% of the purchase price as compensation; or (b) retain the building and claim 1% of the purchase price as compensation. However, the property developer has mortgaged our property and its land use right to a bank, under which the bank has agreed that the property developer may pre-sale this property and that it will release the mortgage after the loan has been repaid. Therefore, CTV Media (Shanghai) may not be able to obtain our land use right certificate or property ownership certificate until the property developer repays its bank loan and the mortgage is released. Though CTV Media (Shanghai) was so informed by the property developer at the time of the purchase, the Directors were then of the view that such mortgage would not have material impact on our operation as it is a common practice in the PRC for a property developer to mortgage a property under development in order to obtain bank loans. However, if the property developer fails to repay its loan and the bank chooses to foreclose the mortgage, we may not be able to retain the property pursuant to option (b), and we may not be able to obtain a refund from the property developer from option (a), as the property developer may not have the financial resources. Should this happen, we believe we would be able to find a comparable property to lease and there would not be material adverse impact on our operation as properties are not crucial to our business operations.

In addition, for one of CTV Media (Shanghai)'s leased property in Beijing with a GFA of approximately 323 square meters, its landlord, Ms. Liu, has not yet obtained the relevant land use right certificate and building ownership certificate. As confirmed by our PRC legal adviser, due to the landlord's lack of sufficient evidence to demonstrate whether she is the legal owner or legal authorised person of the leased property, the validity of our lease agreement with the landlord is uncertain and subject to the landlord's obtaining of property title certificates. For the property leased by CTV Media (Shanghai) with a GFA of approximately 1,333 square meters, our landlord, Ms. Liu has not obtained the relevant land use right certificate. Such property is purchased by Ms. Liu from CTV Advertising (Beijing). Our PRC legal adviser, Haiwen & Partners, has confirmed that there is no legal impediment for Ms. Liu to obtain the certificate. For a lease property leased by us in Changchun with a GFA of approximately 141 square meters, our landlord has not yet obtained the relevant land use right certificate.

The lease agreement, representing the above-mentioned property with a GFA of approximately 323 square meters, has not been registered with the relevant governmental authorities due to the landlord's lack of valid land use right certificates and building ownership certificates. Four lease agreements, representing four properties in Beijing with a GFA of approximately 1,006 square meters leased by CTV Media (Shanghai), have not been registered with the relevant governmental authorities due to the lack of cooperation from the landlord. Furthermore, we are in the process of arranging for the registration of the lease agreement representing the above-mentioned property with a GFA of approximately 1,333 square meters. According to relevant PRC laws and regulations, lease agreements are required to be registered with the relevant governmental authorities. However, under such laws and regulations, registration is not required for the lease agreement to be effective. Therefore, the failure of the landlord to register and file the leases will not invalidate the lease agreements. In addition, according to the local regulations in Beijing, the lessee is not subject to any penalties for failing to complete the registration of the lease agreement.

Our Directors confirm that the leased properties have been used in accordance with the relevant lease agreements and there is no illegal use of such properties. Our PRC legal adviser also confirms that nothing has been found that is inconsistent with the Directors' confirmation.

Our PRC legal adviser, Haiwen & Partners, has confirmed that the gross floor area of those properties owned or occupied by us but the legality of use cannot be assured accounts for approximately 7.2% of the Group's total gross floor area of properties. We believe that the possibility of our being evicted from these leased properties is remote. Should this happen, we will be able to find comparable properties to lease at competitive rates and we may seek legal remedies against the counterparties. We estimate that the relocation may take four to six months. We also believe that we will be able to obtain adequate additional facilities, principally through leasing, to accommodate our expansion plans. As all of our properties are for office use only and are not crucial to the Group's operation, we believe that there is no material adverse effect on our business operation.

We are not aware of any dispute which may have a material adverse impact on our rights (either as owner or as tenant) in respect of the properties we currently occupy.

Pursuant to the Indemnity Deed, Golden Bridge Advertising and Bain Capital have agreed to indemnify us against our loss arising from properties with defective titles.

INSURANCE

We currently own or lease several properties as our offices. We are not required under PRC law to maintain and we do not maintain any property insurance for such offices. In addition, consistent with industry practise in China, we do not maintain insurance coverage for non-performance of contract for our advertising services and other risks associated with our business, nor do we have business liability, business disruption or litigation insurance. Our Directors believe that the Group's business operation has not been and will not be adversely affected due to our lack of insurance coverage. As at the Latest Practicable Date, we had not experienced any material disruption of business.

LEGAL COMPLIANCE AND PROCEEDINGS

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. As at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim that could have a material adverse effect on our Group's financial condition and results of operations, taken as a whole, and so far as our Directors were aware, no material litigation, arbitration or claim was pending or threatened by or against any member of our Group.

Our PRC legal adviser, Haiwen & Partners, has confirmed that, to the best of its knowledge, save as disclosed in "Summary — PRC Subsidiaries' Tax Issues," "Risk Factors — Risks Relating to the Company — If the relevant state authority objects to the preferential income tax rate for CTV Media (Shanghai) and/or the application of the deemed taxable income basis treatment of CTV Advertising (Beijing), CTV Media (Shanghai) and/or the Company may be subject to demand for additional tax payment from the relevant state authority. This may materially and adversely affect our financial condition and results of operations," "Risk Factors — Risks Relating to the Company — We failed to meet certain legal requirements in the PRC in relation to employee- related issues and in Hong

Kong in relation to the Companies Ordinance in the past," "Financial Information — Description of Selected Income Statement Items — Income Tax Expense," "Business — Legal Compliance and Proceedings — PRC Subsidiaries' Tax Issues," "Appendix V — Taxation," "History and Reorganisation — Reorganisation After Investment by Bain Capital," and "Business — Social Security Funds and Housing Provident Fund" in this prospectus, the operations of our PRC subsidiaries have complied with the PRC laws, including but not limited to PRC Anti-Unfair Competition Law, PRC Advertising Law and other relevant PRC tax laws and regulations, in all material respects, and all requisite permits, licences and approvals in relation to their operations have been obtained.

PRC Subsidiaries' Tax Issues

CTV Media (Shanghai)

Our Shanghai subsidiary, CTV Media (Shanghai), established in Shanghai's Pudong New District, was subject to the preferential PRC enterprise income tax rate of 15% for the year ended 31 December 2007, during which year it started generating taxable income. This preferential tax rate was determined by its direct supervising local tax authority, and CTV Media (Shanghai) has paid its income tax in accordance with this rate.

According to the Income Tax Law of the PRC for Foreign Invested Enterprises and Foreign Enterprises (中華人民共和國外商投資企業和外國企業所得稅法) and its implementation rules promulgated in 1991, foreign invested enterprises established in Shanghai's Pudong New District which are engaged in manufacturing operations could enjoy a preferential PRC enterprise income tax rate of 15%, as compared to the then standard 33% statutory rate. Although we have obtained a written confirmation issued by CTV Media (Shanghai)'s direct supervising local tax authority in relation to the application of the 15% preferential income tax rate to CTV Media (Shanghai) for the year ended 31 December 2007, our PRC legal adviser, Haiwen & Partners, is of the opinion that the application of such a preferential tax rate is inconsistent with the relevant PRC tax laws and regulations. If the relevant state authority had objected to the 15% preferential income tax rate for CTV Media (Shanghai) and the then standard statutory tax rate of 33% had been applied, our tax expense would have increased by RMB19.8 million (*i.e.* 150%) for 2007. However, Haiwen & Partners, is of the opinion that no penalty will be imposed on the Group even if there is any demand for additional tax payment from the relevant state authority. After consulting with Haiwen & Partners, our Directors are of the view that it is highly unlikely that the relevant state authority would in practice revoke such preferential income tax rate granted to CTV Media (Shanghai) by its direct supervising local tax authority. Commencing from 1 January 2008, CTV Media (Shanghai) has been subject to an income tax rate of 25% in accordance with the New Tax Law.

CTV Advertising (Beijing)

In 2005 and 2006, CTV Advertising (Beijing) was treated as a domestic entity engaged in the advertising industry. Pursuant to the notice issued by its direct supervising local tax authority, CTV Advertising (Beijing) paid income tax on a "deemed taxable income basis" for the years ended 31 December 2005 and 2006. As a result, we calculated taxable income in an amount equal to 8% of CTV Advertising (Beijing)'s gross revenue for the years ended 31 December 2005 and 2006 and recorded income tax expense at the then standard 33% statutory rate on such deemed taxable income. However, our PRC legal adviser, Haiwen & Partners, understands that the application of such a "deemed taxable income basis treatment" is inconsistent with the relevant PRC tax laws and regulations. If the "deemed taxable income basis treatment" had not been applied, our tax expense would have increased by RMB15.7 million and RMB21.2 million (*i.e.* 294% and 293%) for 2005 and 2006, respectively. Commencing from 1 January 2007, as a result of the Reorganisation, CTV Advertising (Beijing) was treated as a wholly foreign-owned enterprise for income tax purposes, and was taxed at the then standard statutory rate of 33% of its actual taxable income. On 21 April 2008, CTV Advertising (Beijing) was de-registered with the Beijing Administration for Industry and Commerce after completing all necessary tax related deregistration procedures. After consulting with Haiwen & Partners, our Directors are of the view that the risk that we would be subject to any penalties or liabilities due to the application of the "deemed taxable income basis treatment" is relatively low.

Indemnity Deed

Pursuant to the Indemnity Deed, whereby Golden Bridge Advertising and Bain Capital have agreed to indemnify us against any loss in respect of any remedial payment of taxes made by each and both of CTV Advertising (Beijing) and CTV Media (Shanghai), if supported by court decisions.

Non-Compliance with Companies Ordinance

Preparation of Accounts

Pursuant to section 122 of the Companies Ordinance, the directors of a Hong Kong company must cause the profit and loss account and balance sheet of the company to be made up and laid before the company and its shareholders at each of its annual general meetings.

Since its incorporation in 2001, the Company's then Directors have delegated the Company's secretarial and accounting matters to individuals and/or its company secretaries. Until recently, the Company did not prepare any accounts for the period from 2001 to 2006 (the "**Five Financial Years**"). In early 2008, KPMG was appointed by the Company to audit the consolidated financial accounts of our Group. Shortly after that, our then Directors were advised that the Company had failed to prepare accounts for the Five Financial Years as required under the Companies Ordinance. In response to this, our then Directors immediately took steps to arrange for the Company to appoint a qualified accounting firm in Hong Kong to prepare the accounts of the Company for the Five Financial Years. Such accounts were adopted by all members of the Company by way of written resolutions on 30 January 2008.

After the accounts and other documents were prepared, the Company applied to the High Court on 1 February 2008 for an extension of time for laying accounts before the Company in general meeting pursuant to section 122 of the Companies Ordinance. On 29 February 2008, an order was granted by the High Court, pursuant to which the period for the laying of the accounts of the Company for the Five Financial Years was extended to such period up to and including 18 February 2008.

Upon the grant of such court order and the laying of such accounts before the Company within the extended time, the Company is no longer in breach of section 122 of the Companies Ordinance.

Convening of the Annual General Meeting

Pursuant to section 111 of the Companies Ordinance, a Hong Kong company shall in each year (except for the first eighteen months from its incorporation) hold an annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it.

In late 2007, our then Directors were advised by the Company's Hong Kong legal adviser, Coudert Brothers in association with Orrick, Herrington & Sutcliffe LLP, that no valid annual general meeting had been convened since the Company's incorporation in 2001. In response to this, the Company applied to the High Court on 20 February 2008 for directions deeming written resolutions of the sole member of the Company to be the annual general meeting of the Company for each of the Five Financial Years which should have been held in 2003 to 2007 pursuant to section 111 of the Companies Ordinance. On 29 February 2008, an order was granted by the High Court, pursuant to which the general meeting of the Company by written resolutions by the sole member of the Company dated 18 February 2008 shall be deemed to be the annual general meetings of the Company which should have been held in each of the five years from 2003 to 2007. As a result of the granting of such order, the Company is no longer in breach of section 111 of the Companies Ordinance.

Accordingly, the Controlling Shareholders would not need to give an indemnity in respect of the historical non-compliance with the Companies Ordinance.

Reasons for the Non-Compliance with the Companies Ordinance

Since the incorporation of the Company on 24 October 2001 and up until the second half of 2006, the Company was a dormant company, independent from CTV Media (Beijing) which had always been the active business unit. During that period, the Company had no real operation or business and the management team of the Group comprised exclusively of PRC nationals having only a limited understanding of the relevant rules and regulations under Hong Kong laws. The Company had retained professional companies holding themselves out as providers of corporate secretarial services as the company secretary of the Company, and one of those companies was affiliated with a professional accounting firm. However, throughout the aforementioned period, the professional companies had never advised the Company the need to convene annual general meetings or to prepare the accounts. Due to the reasons above, together with unintended and inadvertent oversight, sections 111 and 122 of the Companies Ordinance were not complied with as aforesaid.

Maximum Penalty that may be imposed due to Non-Compliance of the Companies Ordinance

Non-compliance with sections 111 and 122 of the Companies Ordinance could attract maximum penalties as follows:

Section	Maximum Penalty
Section 111 of the Companies Ordinance	The company and every officer (that is, the director, manager or secretary) of the company who is in default shall be liable to a fine of HK$50,000.
Section 122 of the Companies Ordinance	The directors(s) of the company shall be liable to a fine of HK$300,000 and 12-month imprisonment.

The Company is advised by the Company's Hong Kong legal adviser, Coudert Brothers in association with Orrick, Herrington & Sutcliffe LLP, that the grant of court orders in relation to sections 111 and 122 of the Companies Ordinance may not by themselves bar criminal enforcement by the Companies Registry on possible offences arising from past default but the likelihood of its occurrence is very low given the grant of such orders by the court based on the court's acceptance of evidence submitted with the relevant applications for relief.

Measures Adopted by our Group to Ensure Future Compliance with Applicable Laws and Regulations

Our Group has taken the following measures to improve our corporate governance and internal controls to ensure compliance with various applicable rules and regulations:

(a) We engaged RSM to review our Group's internal control systems and procedures in January 2008. Based on their review and recommendations, we adopted measures and policies to improve our internal control systems. RSM performed a follow-up review in April 2008 and confirmed that all the internal control measures set out below, which represent all the major recommendations from RSM from their follow-up review, have been implemented and are effectively in place. The following summarizes their findings after their follow-up review:

(1) The Company has prepared policies and guidelines relating to principles of current management vision and value principles of the Company, employees' code of conduct, relationships with government authorities, clients and other business units and confidentiality of information. The Company has also drafted regulations on collection and distribution of securities data.

(2) The Company has amended the employees' manual which came into force on 1 January 2008. The Company has conducted training session on such employee's manual for all of its employees. The Company has also prepared written policies for all employees in respect of each individual's work position.

(3) The Company has drafted a policy on conflict of interests to provide guidelines to its employees on how to handle cases of conflict of interests.

(4) A remuneration committee has been set up and two-thirds of its members are independent non-executive Directors. The Company has also drafted the constitution of the remuneration committee which includes provisions on appointment of members, meeting procedures and power and functions of members.

(5) The Company has prepared a manual on general principles of management of enterprises to provide guidelines on compliance with Listing Rules by Directors and other staff members of the Company.

(6) The Company has confirmed that two-thirds of the members of the audit committee will be independent non-executive Directors. The constitution of the audit committee has been drafted to provide guidelines on the appointment of audit committee members, proceedings of meetings, written resolutions and powers and obligations of the audit committee.

(7) The Company has drafted a memorandum on risk management regarding assessment procedures, solution proposals and supervision of risk management-related matters.

(8) The Company has prepared a set of rules and policies relating to the preparation of financial statements. Such rules and policies cover disclosure of information in respect of the Company, Directors and Shareholders in compliance with all relevant laws and regulations, including without limitation, the Listing Rules. The Company also employed a qualified accountant in March 2008 who is familiar with the preparation of financial statements.

(9) The Company has appointed NAC PUI C.P.A. & CO to audit the financial statements of the Company for 2005, 2006 and 2007 and View Well Corporate Services Limited to handle tax filing matters. A complete financial reporting system is currently being set up which shall incorporate the financial reporting system of the Company from 2005 to present and the monthly accounts of the Company for 2008.

(10) The Company has set up an internal audit team and will continue to establish working plans and quality control functions of the internal audit team.

(11) The Company has implemented a system to ensure reconciliation of payments with connected parties.

(b) A detailed memorandum prepared by the Company's Hong Kong legal adviser, Coudert Brothers in association with Orrick, Herrington & Sutcliffe LLP, setting out the on-going regulatory requirements of our Directors after Listing has been distributed to and reviewed by our Directors. All our executive Directors have undertaken to the Company and the Sponsors that during the first three years following Listing, they will each attend at least 10 hours of training courses each year on regulatory requirements relating to directors' duties of a publicly listed company to be provided by the Company's Hong Kong legal adviser, Coudert Brothers in association with Orrick, Herrington & Sutcliffe LLP or such other reputable professional parties, bodies or associations, as may be appropriate. The training courses attended by the Directors will be disclosed in the annual report of the Company for the relevant year.

(c) The Directors and senior management of our Group have attended training sessions conducted by the Company's Hong Kong legal adviser, Coudert Brothers in association with Orrick, Herrington & Sutcliffe LLP, on the on-going obligations and duties of directors of a publicly listed company, including sessions on connected transactions, code on corporate governance, dealing in securities, disclosure of price-sensitive information, notifiable transactions and dissemination of information. In particular, the training session on continuing obligations of directors of listed companies on 25 January 2008 included specific requirements as to the timing for publication of annual reports and interim reports as well as distribution of such reports to Shareholders. The training session also covered the accounting standards according to which the annual reports and interim reports should be prepared. To comply with such accounting standards, advice on taxation matters shall normally be sought from tax experts. Accordingly, the Directors should be alerted to the Company's obligation in payment of any fees and expenses to any regulatory authorities during the course of preparation of the Company's accounts. In respect of the training session on code of corporate governance on 25 January 2008, the Directors were informed of the provisions in Appendix 14 of the Listing Rules which states that, *inter alia*, the chairman of the board of directors of a listed company should attend annual general meetings. This ensures the Board's awareness of the timing for convening the annual general meetings and the participation of Shareholders.

(d) The Company has appointed Dr. Qi Daqing, who has expertise in accounting and financial management, as an independent non-executive Director. The Company has also appointed Mr. Chan Oi Nin Derek, who has experience in financial and accounting matters and is familiar with Hong Kong tax law and filing procedures, as the Qualified Accountant. The Company will be able to draw on their experience with respect to compliance with applicable regulatory and financial reporting requirements. Please see the section headed

"Directors and Senior Management" for detailed information of Dr. Qi Daqing and Mr. Chan Oi Nin Derek.

(e) The Company has appointed as Company Secretary, Mr. Chan Oi Nin Derek, who has experience in handling listed companies compliance matters in Hong Kong and will be responsible for the day-to-day compliance matters of our Group. The Company Secretary will also be responsible for monitoring the timing for convening annual general meetings of the Company.

(f) An audit committee has been established to review the internal control systems and procedures for compliance with the requirements of the Listing Rules.

(g) The Company will appoint a compliance adviser to advise the Company on compliance matters in accordance with Rule 3A.19 of the Listing Rules.

(h) A compliance committee has been established to oversee our Group's compliance with regulatory requirements and will make recommendations to the Board on improvements of the corporate governance of our Group. The compliance committee will also be responsible for monitoring the timing of preparation of the accounts and tax reporting by members of our Group. The compliance committee will comprise Mr. Li Zongzhou, Mr. Xu Chong (also known as Xu Songzhen), and Mr. Chan Oi Nin Derek. Mr. Li Zongzhou will act as chairman of the compliance committee.

(i) The Company has set up an internal audit team whose primary responsibilities include providing internal staff training and working with an external control appraiser.

(j) The company secretarial team will be responsible for preparing and keeping proper record of minutes of Board meetings and Shareholders' meetings for the Company. The company secretarial team is familiar with the statutory requirements in relation to board meetings and Shareholders' meetings and will ensure proper compliance of all such requirements.

(k) The Company has engaged an external tax representative in Hong Kong to handle tax computation and tax return filings for the Company.

(l) The Company has arranged training courses on connected transactions for business units and finance units.

Our Controlling Shareholders

As at the date of this prospectus, Mr. Chen and Ms. Liu are the Controlling Shareholders of the Group. Details of the Controlling Shareholders' ownership interests in the Company are set out in the section headed "Substantial Shareholders" in this prospectus. Our Controlling Shareholders currently hold interests in or have control of certain businesses outside of our Group. However, all such companies, including CTV Media Investment, CTV Culture and Communication, CTV China Report Media Limited, Beijing Express On-line Advertising Company Limited, were inactive as at the Latest Practicable Date except for Golden Bridge Technology, which operates a magazine. Our Directors are of the view that as most of the companies are inactive, they do not compete with our business directly or indirectly. Further information in respect of Golden Bridge Technology is set forth below in the paragraph headed "Golden Bridge Technology."

A summary of their business interests outside the Group is as follows:

Mr. Chen's interest outside the Group

Mr. Chen's interest outside the Group is a 50% interest in Golden Bridge Technology, with its main business scope as general purpose and operation of a magazine named "China Radio Film and Television" (中國廣播影視).

Ms. Liu's interest outside the Group

Company	Percentage of Interest	Main Business Scope
1. Golden Bridge Technology	50%	General purpose(1)
2. CTV Media Investment	100%	Industry investment and management, business and financial consultation, business strategy(2)
3. CTV China Report Media Limited	100%	Programming strategy, business strategy, designs creation, exhibit shows, organisation of cultural exchanges, investment consultation, economic information consultation(3)
4. Beijing CTV Culture and Communication Company	71%	Organization of cultural festival exchanges, exhibit shows, programming strategy, information consultation, business strategy(4)
5. Beijing Express On-line Advertising Company	97%	Design, creation, representation and distribution of domestic and international advertisements; advertisement consultation, exhibit shows(5)
6. CTV Culture and Communication	100%	Design, creation, representation and distribution of advertisements; information consultation, sales of general merchandise (6)

(1) Golden Bridge Technology operates a magazine named "China Radio Film and Television" (中國廣播影視).
(2) CTV Media Investment was inactive as at the Latest Practicable Date.
(3) CTV China Report Media Limited provided programme production services during the years 2006 and 2007. It was inactive as at the Latest Practicable Date.
(4) Beijing CTV Culture and Communication Company was inactive during the Track Record Period.
(5) Beijing Express On-line Advertising Company provided advertising services for TVs on trains.
(6) CTV Culture and Communication sold advertisement time on Phoenix TV in 2005. In addition, CTV Culture and Communication sold advertisement time to advertising clients who placed advertisements on CCTV from 2005 to 2007. It also sold advertisement time to regional TV stations. As at the Latest Practicable Date, it had ceased to provide advertising services.

Independence from our Controlling Shareholders

The Directors are satisfied that we are capable of carrying on our business independently from the Controlling Shareholders after the Global Offering. This conclusion is based on, among other factors, the following:

(a) Operational independence

During the Track Record Period, we entered into certain transactions, some of which are expected to continue after the Listing. Details of these transactions are set out in the section headed "Continuing Connected Transactions" and the section headed "Related Party Transactions" in the Accountants' Report in Appendix I to this prospectus.

We have entered into three lease agreements with Ms. Liu or her associate for properties that we use as office space. The Directors do not expect to encounter any major difficulties in securing locations for our offices and are of the view that the location of offices is not crucial for an advertising company like us. Other than the above, Mr. Chen and Ms. Liu's directorship in our Group and the transactions set out in the section headed "Continuing Connected Transactions" in this prospectus, no services and facilities will be provided by the Controlling Shareholders to our Group for our operation. We entered into client contracts with our clients mainly under the name of CTV Media (Shanghai) and provide relevant advertising services by our staff. We also have established relevant departments in our Group which are responsible for our business operation. Our Directors confirm that we are able to operate independently from the Controlling Shareholders after the Listing. As at the Latest Practicable Date, there is no competing business between our Group and each of our Controlling Shareholders.

(b) Management independence

Our Board consists of eight members, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors. Mr. Chen will serve as the Chairman and executive Director of the Company and Ms. Liu will serve as the Chief Executive Officer and executive Director of the Company. As at the Latest Practicable Date, Mr. Chen holds directorship in two companies and Ms. Liu holds directorship in three companies, all of which have been controlled by Mr. Chen and/or Ms. Liu. All the businesses of these companies are non-active except the business conducted by Golden Bridge Technology as disclosed in the paragraph headed "Golden Bridge Technology" below.

In view of the above, the Directors consider that despite the dual roles held in our Group and in the companies controlled by Mr. Chen and Ms. Liu, it is expected that they will spend sufficient time in the management of our Group to fulfill their duties.

(c) Financial independence

Our Group is financially independent from the Controlling Shareholders. In the opinion of the Directors, all amounts due to or from the Controlling Shareholders and their associates (other than our Group) will be fully settled before the Listing. We believe we are capable of obtaining financing from independent third parties, if necessary, without reliance on the Controlling Shareholders. We also have our own financial staff who do not work for our Controlling Shareholders.

(d) Administrative independence

We are administratively independent from the Controlling Shareholders as we have our own office, company secretary, qualified accountant, authorised representatives and administrative personnel.

We believe our Group is capable of carrying on its business independently of our Controlling Shareholders and their associates after the Listing Date for the following reasons:

- There is no competing business between our Controlling Shareholders and between our Group and each of our Controlling Shareholders. Mr. Chen and Ms. Liu have entered into a non-competition deed ("**Non-competition Deed**") in favour of the Company. For details, please refer to the paragraph headed "Non-competition Undertakings";
- After the Listing Date, there is not expected to be any continuing connected transaction with any of the Controlling Shareholders, save for the connected transactions under the section headed "Continuing Connected Transaction"; and
- Currently PRC laws do not permit foreign investors to operate PRC magazines and we do not meet the relevant legal requirements to operate PRC magazines. The business of Golden Bridge Technology does not compete directly with our business.

Our Directors have further confirmed that there is no financial reliance on the Controlling Shareholders or their respective associates and related parties.

Golden Bridge Technology

Each of Mr. Chen and Ms. Liu holds a 50% equity interest in Golden Bridge Technology, a company that operates and manages a magazine, "China Radio Film and Television" (中國廣播影視). Golden Bridge Technology is a limited liability company that was duly incorporated under PRC law on 14 August 2002 with a registered capital of RMB6 million. As at the Latest Practicable Date, the board of directors of Golden Bridge Technology comprised three directors, namely Mr. Chen, Ms. Liu and Mr. Li Zongzhou. The revenues of Golden Bridge Technology for the three years ended 31 December 2007 were RMB20,000, RMB18,000 and RMB3,084,000, respectively.

"China Radio Film and Television," a semi-monthly periodical under the supervision of the SARFT, focuses on report of the latest development of China's radio, film and television industry. It targets readers mainly in the radio, film and television industry.

The business of the above company is not injected into our Group as part of the Reorganisation, nor will such business be acquired by us after the Reorganisation as the current PRC laws do not permit foreign investors to operate PRC magazines and magazines are not a core resource of our advertising business. The company does not compete directly with us.

Non-Competition Undertakings

(i) Directors' Non-Competition Undertakings

The Directors confirm that they have no interest in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's business. The Directors have also undertaken relevant non-competition obligations in their service contract with us, the principal non-competition terms of which are summarized as follows:

(a) Each Director will not directly or indirectly be involved in or undertake any business that directly or indirectly competes with the Group's business or undertaking, or invest or be interested in any companies or business that compete directly or indirectly with the Group's business on and subject to the non-competition terms of the service contract.

(b) The independent non-executive Directors would review the compliance with the non-competition terms the service contracts on an annual basis.

(c) Each Director would provide all information necessary for conducting annual review and the enforcement of the non-competition terms of the service contract by the independent non-executive Directors, including but not limited to, confirmations stating their equity interest and directorship in other businesses, copy of audited accounts of companies in which he/she is interested.

(d) The Group would disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the non-competition terms in the service contracts in the annual reports of the Group.

(e) Each Director would make an annual declaration on compliance with the terms of the service contract in the annual reports of the Group.

(ii) Controlling Shareholders' Non-Competition Undertakings

Each of our Controlling Shareholders has confirmed that other than their interest in our Group, none of them is engaged in, or interested in any business which, directly or indirectly, competes or may compete with our business. In accordance with the non-competition undertakings set out in the Non-competition Deed dated 27 May 2008, each of our Controlling Shareholders has undertaken to the Group that during the period commencing from the Listing Date and ending on the occurrence of the earliest of (i) the day on which our Shares cease to be listed on the Hong Kong Stock Exchange or other recognised stock exchange; (ii) the day on which the Controlling Shareholders cease to be interested in 30% or more of the entire issued share capital of the Group; or (iii) the day on which the Controlling Shareholders beneficially own or are interested in the entire issued share capital of the Group **("Restricted Period")**:

1. *Non-competition*

— In relation to Mr. Chen and Ms. Liu, they will not provide, and will procure that none of their children under the age of 18 and persons to whom the Controlling Shareholders provide financial assistance (the "**Controlled Persons**") to set up and operate business or, in relation to all the Controlling Shareholders, any companies controlled, whether directly or indirectly, by them (the "**Controlled Companies**") and will use their best endeavors to procure that none of their associates (as defined under the Listing Rules) or associated companies not controlled by them will, whether as principal or agent and whether undertaken directly or indirectly through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business in the PRC or elsewhere in the world which is or may be in competition with our core business, *i.e.* acting as an media advertising operator, including the purchasing of advertisement time, advertisement production, acting as an agent of advertisement time and other advertising related service and any other new business which the Group may undertake from time to time after the listing of our Shares (the **"Restricted Business"**).

However, such non-competition undertakings do not apply to the following activities:

(a) acquiring or holding any interests in the shares of any member of the Group; or

(b) acquiring or holding interests in the shares of a company outside the Group provided that:

(i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated sales or consolidated assets, as shown in that company's latest audited accounts; and

(ii) the total number of shares held by the Controlling Shareholders and their respective associates together does not exceed 10% of the issued shares of that class of the company in question and the Controlling Shareholders and their respective associates are not entitled to appoint a majority of the directors (including the director(s) appointed by the Company) of that company.

2. *New Opportunity*

— If Mr. Chen and Ms. Liu and/or any of the Controlled Persons and/or any of the Controlled Companies is offered or becomes aware of any business opportunity directly or indirectly to engage or become interested in a Restricted Business **("New Opportunity")**, they:

(a) shall promptly notify the Company in writing and refer such business opportunity to the Company for consideration and provide such information as may be reasonably required by the Company in order to make an informed assessment of such business opportunity; and

(b) shall not, and procure that their Controlled Persons and/or Controlled Companies shall not, invest or participate in any project or business opportunity unless such project or business opportunity shall have been rejected by the Company and the principal terms of which the Controlling Shareholders or their Controlled Persons and/or Controlled Companies invest or participate are no more favorable than those made available to the Company.

The Controlling Shareholders will be entitled to pursue the New Opportunity only if (i) the Controlling Shareholders have received a notice from us declining the New Opportunity and confirming that such New Opportunity would not constitute competition with our Restricted Business, or (ii) the Controlling Shareholders have not received such notice from us within ten business days from our receipt of the Offer Notice. Additional ten business days shall be granted by the Controlling Shareholders upon receiving a written request from our Directors asking for additional time to assess the New Opportunity. If there is a material change in the terms and conditions of the New Opportunity pursued by the Controlling Shareholders, the Controlling Shareholders will refer the New Opportunity as so revised to us in the manner as set out above.

3. Option to acquire Golden Bridge Technology

Our Controlling Shareholders have granted us, pursuant to the Non-competition Deed, an option and right of first refusal to acquire any of the business of Golden Bridge Technology, or any business to be acquired pursuant to any new opportunity, or any interest therein, on and in accordance with commercial terms which shall have been opined upon by a committee of our Board consisting only of independent non-executive Directors, after taking into account appraised values provided by qualified independent third party valuers (where applicable) and advice from independent experts as being, inter alia, normal commercial terms, in the ordinary course of business of the Company, fair and reasonable and in the interests of the Company and Shareholders as a whole.

Our Board, including our independent non-executive Directors, will take into account various factors in determining whether or not to exercise such option, including (i) the competitiveness of the target business in the relevant industry; (ii) the competitive strengths and financial position of the target business; (iii) the growth prospect of the target business; and (iv) the attractiveness of the consideration.

Under the Non-competition Deed, in the event that, during the Restricted Period, our Controlling Shareholders or any of their associates (except any members of our Group) intend to dispose of any of the business of Golden Bridge Technology, or any business to be acquired pursuant to any new opportunity, or any interest therein, the seller shall first offer to the Company the right to acquire such business or interest, and none of our Controlling Shareholders and their associates (except any members of our Group) may proceed with such disposal to any third party, unless the terms of disposal are not more favorable than those offered to the Company, following the rejection of such offer by the Company. We will also seek approval from a committee of our Board consisting exclusively of independent non-executive Directors who do not have any interest in the matter as to whether to pursue or decline such offer.

Corporate Governance Measures

The Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest between our Group, the Controlling Shareholders and the Directors, including:

- Mr. Chen and Ms. Liu have undertaken to provide an annual confirmation to us for inclusion in our annual report confirming his/her compliance with the terms of the Non-competition Deed. Mr. Chen and Ms. Liu have also undertaken to provide all information necessary for annual review by the independent non-executive Directors and to allow, subject to confidentiality restrictions imposed by third parties, the representatives of our Group and an international renowned accounting firm (where necessary) to be appointed by our Group to have access to the relevant financial and corporate records of the companies which constitute the Controlling Shareholders' associate as defined in the Listing Rules for us to determine whether the Non-competition Deed has been complied with by Mr. Chen and Ms. Liu. Such disclosure on how the Non-competition Deed was complied with and enforced is consistent with the principles of making voluntary disclosures in the corporate governance report as required under the Listing Rules.

- We will disclose decisions on matters reviewed by the independent non-executive Directors relating to the enforcement of the Non-competition Deed in our annual report or, where the Board considers it appropriate, by way of an announcement in compliance with the Listing Rules, and we will also make an annual confirmation as to compliance with Non-competition Deed in our annual report.

- Mr. Chen and Ms. Liu have further undertaken to: (a) procure all relevant information relating to the implementation of the Non-competition Deed in his/her possession and/or the possession of any of his/her associates to be provided to us; (b) allow, subject to confidentiality restrictions imposed by any third party, our representatives and those of our auditors to have access to such of their financial and corporate records as may be necessary for us to determine whether the non-competition undertakings have been complied with by Mr. Chen and Ms. Liu and his associates; and (c) provide us, within ten business days from the receipt of our written request, with a written confirmation in respect of his/her compliance and that of his/her associates with the non-competition undertakings and consent to the inclusion of such confirmation in our annual report.

- Mr. Chen and Ms. Liu have also acknowledged that we may be required by the relevant laws, regulations, rules of the Stock Exchange(s) on which we may be listed and the regulatory bodies to disclose, from time to time, information on the New Opportunity, including but not limited to disclosure in public announcements or our annual report or decisions made by us to pursue or decline such New Opportunity and have agreed to such disclosure to the extent necessary to comply with any such requirement.

- Our independent non-executive Directors will, based on the information available to them, including information and confirmation provided by or obtained from Mr. Chen and Ms. Liu as described above, review on an annual basis (i) the compliance with the terms of the Non-competition Deed; and (ii) all the decisions taken in relation to whether to exercise the option pursuant to the Non-competition Deed and whether to pursue any business opportunities which may be referred or offered to us by Mr. Chen and Ms. Liu pursuant to the Non-competition Deed.

CONTINUING CONNECTED TRANSACTIONS

We have entered into a number of transactions with certain parties, which constitute our connected persons under the Listing Rules, in our ordinary course of business.

A. Exempt Continuing Connected Transactions

After completion of the Global Offering, the following transactions will be regarded as continuing connected transactions exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules.

1. Vehicle Maintenance Agreement

Nature of Transaction

Pursuant to a Vehicle Maintenance Agreement dated 1 January 2008 entered into by the Beijing branch of CTV Media (Shanghai) and Beijing Xinchangda Vehicle Maintenance Plant (北京市鑫昌達汽車修理廠), the latter agreed to provide various types of vehicle maintenance and repair services to the Beijing branch of CTV Media (Shanghai).

Parties and relationship

Ms. Liu, being a director of the Company, constitutes a connected person of the Company under the Listing Rules. As Mr. Liu Daxin (劉達鑫) and Ms. Shang Xiaoxia (商曉霞), the nephew and sister-in-law of Ms. Liu hold 70% and 30% equity interests in Beijing Xinchangda Vehicle Maintenance Plant respectively, the Vehicle Maintenance Agreement is considered to be effectively a transaction between the Company and Mr. Liu Daxin (劉達鑫) and Ms. Shang Xiaoxia (商曉霞) (both being associates (as defined under the Listing Rules) of Ms. Liu and connected persons of the Company) and hence, would constitute a continuing connected transaction of the Company under the Listing Rules.

Pricing Basis

Such services have been and will be provided for a maintenance fee, which would be determined by factors such as the time spent on providing such services, the cost of materials and tax expense. Beijing Xinchangda Vehicle Maintenance Plant will provide a fee quotation to us for its services.

Term

The Vehicle Maintenance Agreement is for a term of three years from 1 January 2008 to 31 December 2010. The Vehicle Maintenance Agreement may be terminated by either party prior to the expiry date in events of default of the other party.

Historical figures

The aggregate annual values of the transaction under the Vehicle Maintenance Agreement were RMB75,500, RMB85,400 and RMB87,330, respectively, for the three years ended on 31 December 2007.

Annual Caps

The Directors expect the annual caps for the three years ending 31 December 2010 not to exceed RMB200,000 (equivalent to approximately HK$213,584) for each year. Such annual caps are determined with reference to the historical figures and the required fees for the maintenance of our vehicles. With the increase in the number of vehicles purchased by the Group and the number of years that the relevant vehicles have been used, we will incur more fees for the maintenance of our vehicles.

Listing Rules Implication

As each of the applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) (other than the profits ratio) with respect to the transaction contemplated under the Vehicle Maintenance Agreement is on an annual basis equal to or less than 0.1%, the transaction is exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33(3)(b) of the Listing Rules.

2. Non-Competition Deed

We have entered into a Non-Competition Deed (the "**Non-Competition Deed**") with Mr. Chen and Ms. Liu on 27 May 2008. Mr. Chen and Ms. Liu have agreed not to compete with us in our businesses and have granted us an option and a right of first refusal pursuant to the Non-Competition Deed.

The Non-Competition Deed was entered into prior to, and solely for the purpose of, the Global Offering. Further, such transaction does not involve any monetary consideration. Accordingly, the Non-Competition Deed constitutes a de minimis transaction exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

B. Non-Exempt Continuing Connected Transactions

After completion of the Global Offering, the following transactions will be regarded as continuing connected transactions exempt from independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules, but are still subject to the reporting and announcement requirements under the Listing Rules (the "**Non-Exempt Continuing Connected Transactions**").

1. Xintian Lease Agreement with CTV Culture and Communication

Nature of Transaction

Pursuant to a Xintian Lease Agreement dated 31 December 2007 entered into by CTV Media (Shanghai) and CTV Culture and Communication, the latter agreed to lease to CTV Media (Shanghai) premises with an area of 395.51 square meters situated at Xintian International Building, 450 Fushan Road, Pudong New Area, Shanghai for office use.

Parties and Relationship

Ms Liu, being a director of the Company, constitutes a connected person of the Company under the Listing Rules. As Ms. Liu holds 100% equity interests in CTV Culture and Communication, CTV Culture and Communication is an associate (as defined under the Listing Rules) of Ms Liu and is a connected person of the Company. Hence, the Xintian Lease Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

Pricing Basis

The annual rent is approximately RMB577,500 (excluding utility fees) and is payable biannually in advance.

The rent chargeable by CTV Culture and Communication is determined by reference to market rent.

Jones Lang LaSalle Sallmanns Limited, an independent valuer, has confirmed that the rent for the lease reflects the prevailing market rent for similar premises in the area and the terms of the lease are fair and reasonable to us.

Term and Termination

The Xintian Lease Agreement is for a term of three years from 1 January 2008 to 31 December 2010. A right of first refusal was granted to CTV Media (Shanghai) with respect to future sale of the premises within the term of the lease. The Xintian Lease Agreement may be terminated by either party prior to the expiry date in events of default by the other party, after giving proper notice and reasonable time for rectification. It may also be terminated by CTV Media (Shanghai) prior to the expiry date with 30 days' notice.

Historical Figures

The subject property of the Xintian Lease Agreement has been occupied by us with a nominal charge of RMB1.0 for each month during the Track Record Period. Hence, the aggregate annual value of the transaction under the Xintian Lease Agreement for each of the three years ended 31 December 2007 was nil.

Annual Caps

The Directors expect the annual caps for the three years ending 31 December 2010 not to exceed RMB577,500 (equivalent to approximately HK$616,724) for each year.

2. e-Tower Lease Agreement with Ms. Liu regarding the premises in e-Tower

Nature of Transaction

Pursuant to an e-Tower Lease Agreement dated 31 December 2007 entered into by CTV Media (Shanghai) and Ms. Liu, the latter agreed to lease to CTV Media (Shanghai) premises with an area of 322.79 square meters situated at e-Tower, 12 Guanghua Road, Chaoyang District, Beijing for office use.

Parties and Relationship

Ms Liu, being a director of the Company, constitutes a connected person of the Company under the Listing Rules. The e-Tower Lease Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

Pricing Basis

The daily rent for the first year is RMB4.8 per square meter, payable monthly in advance and subject to an upward adjustment of no more than 5% thereafter each year. A deposit equivalent to six months' rental is payable by CTV Media (Shanghai).

The rent chargeable by Ms. Liu is determined with reference to market rent.

Jones Lang LaSalle Sallmanns Limited, an independent valuer, has confirmed that the rent for the lease reflects the prevailing market rent for similar premises in the area and the terms of the lease are fair and reasonable to us.

Term and Termination

The e-Tower Lease Agreement is for a term of three years from 1 January 2008 to 31 December 2010. It may be terminated by either party prior to the expiry date with 30 days' notice.

Historical Figures

The subject property of the e-Tower Lease Agreement has been occupied by us without any charge during the Track Record Period. Hence, the aggregate annual value of the transaction under the e-Tower Lease Agreement for each of the three years ended 31 December 2007 was nil.

Annual Caps

The Directors expect the annual caps for the three years ending 31 December 2010 not to exceed RMB565,600 (equivalent to approximately HK$604,015), RMB593,900 (equivalent to approximately HK$634,238) and RMB623,500 (equivalent to approximately HK$665,848), respectively.

3. Xinzhou Lease Agreement with Ms. Liu regarding the premises in Xinzhou Commercial Building

Nature of Transaction

Pursuant to a Xinzhou Lease Agreement dated 1 February 2008 entered into by CTV Media (Shanghai) and Ms. Liu, the latter agreed to lease to CTV Media (Shanghai) premises with an area of approximately 1,330 square meters situated at Xinzhou Commercial Building, 58 Fucheng Road, Haidian District, Beijing for office use.

Parties and Relationship

Ms. Liu, being a director of the Company, constitutes a connected person of the Company under the Listing Rules. The above transaction under the Xinzhou Lease Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

Pricing Basis

The daily rent is RMB2.4 per square meter with the annual rental amounting to approximately RMB1,167,300 and is payable biannually in advance.

The rent chargeable by Ms. Liu is determined with reference to market rent.

Jones Lang LaSalle Sallmanns Limited, an independent valuer, has confirmed that the rent for the lease reflects the prevailing market rent for similar premises in the area and the terms of the lease are fair and reasonable to us.

Term and Termination

The Xinzhou Lease Agreement is for a term of one year from 1 February 2008 to 31 January 2009. It may be terminated by either party prior to the expiry date in events of default by the other party, after giving proper notice and reasonable time for rectification. It may also be terminated by CTV Media (Shanghai) prior to the expiry date with 30 days' notice.

Historical Figures

There is no historical figure for the transaction contemplated under the Xinzhou Lease Agreement as such building was owned by CTV Advertising (Beijing) and was transferred to Ms. Liu during the liquidation process of CTV Advertising (Beijing).

Annual Caps

The Directors expect the annual cap for the year ending 31 December 2008 not to exceed RMB1,167,300 (equivalent to approximately HK$1,246,583).

Listing Rules Implications

The annual consideration for such transaction is more than HK$1,000,000 and each of the applicable percentage ratios computed pursuant to Rule 14.07 of the Listing Rules on an annual basis is equal to or more than 0.1% but less than 2.5%. Therefore, the Xinzhou Lease Agreement is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

In relation to the Xintian Lease Agreement and e-Tower Lease Agreement, the annual consideration for each transaction is less than HK$1,000,000 and each of the applicable percentage ratios computed pursuant to Rule 14.07 of the Listing Rules on an annual basis is equal to or more than 0.1% but less than 2.5%. Therefore, these two leases are exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33(3)(b) of the Listing Rules.

However, pursuant to Rule 14A.27 of the Listing Rules, the Hong Kong Stock Exchange may aggregate a series of continuing connected transactions with a single connected person. As the Xintian Lease Agreement was entered into with a company wholly owned by Ms. Liu and the e-Tower Lease Agreement and Xinzhou Lease Agreement were entered into with Ms. Liu, these three transactions would be aggregated under Rule 14A.27 of the Listing Rules. As certain applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) with respect to the aggregated transaction is more than 0.1% but less than 2.5% annually, each of the Xintian, e-Tower and Xinzhou Lease Agreements is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

C. Scope of Waiver

Under the Listing Rules, transactions carried out under the relevant agreements described in items 1 to 3 in section B are considered to be non-exempt continuing connected transactions and would require compliance with the reporting and announcement requirements set out in Chapter 14A of the Listing Rules. Given their recurring nature and the fact that the respective agreements for each of these Non-Exempt Continuing Connected Transactions were entered into prior to the commencement of dealings in the Shares on the Hong Kong Stock Exchange, the Directors consider that strict compliance with the announcement requirement would be impractical and would add unnecessary administrative costs to the Company. Accordingly, the Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has agreed to grant a waiver pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement requirement set out in Chapter 14A of the Listing Rules for each of the Non-Exempt Continuing Connected Transactions.

In the event of any future amendment to the Listing Rules imposing more stringent requirements than those as at the date of this prospectus on the continuing connected transactions referred to in this section, including, but not limited to, a requirement that these transactions be made conditional on approval by independent shareholders, the Company will take immediate steps to ensure compliance with such requirement within a reasonable time.

D. Directors' Views

The Directors (including the independent non-executive Directors) consider that all of the continuing connected transactions referred to in this section have been entered into (i) on normal commercial terms: (ii) in the ordinary and usual course of the business of the Company; and (iii) on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are also of the opinion that the respective terms (including the annual caps and pricing terms) set for the Non-Exempt Continuing Connected Transactions (for which waivers are sought) are fair and reasonable as far as the business operation of the Company is concerned and in the interests of the Shareholders as a whole.

E. Opinion of Joint Sponsors

The Joint Sponsors have reviewed the relevant documents, information and historical figures provided by the Company and have participated in due diligence and discussions with the Company and its legal adviser. Based on the above, the Joint Sponsors are of the view that the Non-Exempt Continuing Connected Transactions have been entered into on normal commercial terms and in the ordinary and usual course of business of the Company and that the terms (including the annual caps and pricing terms) of the Non-Exempt Continuing Connected Transactions are fair and reasonable and in the interests of the Shareholders as a whole.

F. Previous transactions with related parties

We entered into various related party transactions during the Track Record Period which are contained the section headed "Related Party Transactions" in the Accountants' Report in Appendix I to this prospectus. Our Directors confirmed that these transactions will be discontinued after listing of the Shares on the Stock Exchange, except for the continuing transactions set out in this section. Any connected transactions shall be conducted in compliance with the applicable provisions of the Listing Rules.

DIRECTORS

Our Board of Directors is responsible and has general powers for the management and conduct of our business. The table below shows certain information in respect of members of the Board of Directors of the Company:

Name	Age	Position
Chen Xin (陳新)	41	Chairman and Executive Director
Liu Jinlan (劉矜蘭)	39	Chief Executive Officer and Executive Director
Li Zongzhou (李宗洲)	41	General Accountant and Executive Director
Zhu Jia (竺稼)	45	Non-executive Director
Huang Jingsheng (黃晶生)	50	Non-executive Director
Ding Junjie (丁俊杰)	44	Independent Non-executive Director
Qi Daqing (齊大慶)	44	Independent Non-executive Director
Chen Tianqiao (陳天橋)	35	Independent Non-executive Director

Executive Directors

Mr. Chen Xin (陳新) has been our executive Director since November 2006. He was appointed as our Chairman in December 2007. He is primarily responsible for the strategic development, finance and overall management of the Group. Mr. Chen has nearly 20 years of experience in the media industry. He was previously a reporter for the overseas service department and the Australian branch of Xinhua News Agency. He was also a director of the economic news office, central news office and news distribution office of the overseas service department of Xinhua News Agency from 1988 to 2004. He is also the standing vice-president of the Magazine Publishing House, which publishes the periodical "China Radio Film and Television" (中國廣播影視), under the supervision of SARFT. Mr. Chen received his Bachelor of Science degree in Biology and Genetics from Fudan University in 1986, completed a Master's course in International News from Fudan University in 1988 and received an EMBA degree from the Cheung Kong Graduate School of Business (長江商學院) in 2006. Mr. Chen is the husband of Ms. Liu, our Chief Executive Officer and executive Director.

Ms. Liu Jinlan (劉矜蘭) has been our Chief Executive Officer since she founded the Group in 1999. She has served as a Director since 24 October 2001. She is primarily responsible for the management of the overall business operation and customer development. Ms. Liu previously worked at CCTV as a news broadcaster, a reporter and then a director from 1995 to 1998. Since she founded our Group, she was instrumental in designing and executing advertising campaigns which have influenced the TV media industry, for which she was jointly recognised as one of the "Top Ten Female Advertising Professionals in China" (中國十大最具風采女性廣告人) by CCTV, Advertising School of the Communication University of China (中國傳媒大學廣告學院), "Advertising Guidance" (廣告導報) and "Business" magazine (經營者雜誌) in 2006. Ms. Liu graduated from the Beijing Broadcast College with a certificate in Linguistics, and received an EMBA degree from the Cheung Kong Graduate School of Business in 2006. Ms. Liu is the wife of Mr. Chen, our Chairman and executive Director.

Mr. Li Zongzhou (李宗洲) joined the Group in 2000 as financial supervisor and has been our general accountant since 2007. He was appointed as a Director in November 2006. Mr. Li is primarily responsible for the supervision of the financial management and control of the Group. He was previously the chief accountant and head of the financial department of Dunhua Forest Bureau from

1987 to 2000. Mr. Li received his Bachelor of Arts degree in Economics from Remin University in 1990. Mr. Li is the husband of Ms. Liu's niece.

NON-EXECUTIVE DIRECTORS

Mr. Zhu Jia (竺稼) has been our non-executive Director since November 2006. He is currently also a managing director of Bain Capital LLC. Prior to joining Bain Capital LLC in 2006, Mr. Zhu was an investment banker at Morgan Stanley and Chief Executive Officer of its China business. While at Morgan Stanley, Mr. Zhu was involved in a broad range of cross border merger and acquisition and international financing transactions of PRC companies. Mr. Zhu received a Bachelor of Arts degree from Zhengzhou University in 1982, a Master of Arts degree from Nanjing University in 1984 and a Juris Doctorate from Cornell Law School in 1992.

Mr. Huang Jingsheng (黃晶生) has been our non-executive Director since November 2006. Currently, he is a Managing Director of Bain Capital, LLC. Prior to joining Bain Capital LLC in 2005, Mr. Huang was a Managing Director China at SOFTBANK Asia Infrastructure Fund (SAIF). Mr. Huang received an MBA degree from Harvard Business School, Master of Arts degree from Stanford University and a Bachelor of Arts degree from Beijing Foreign Studies University.

Mr. Huang currently holds directorships in the following publicly listed companies:

Company	Listing Exchange
Gemdale Co., Ltd.	Shanghai Stock Exchange
Shanda Interactive Entertainment Limited	NASDAQ

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ding Junjie (丁俊杰) has been our independent non-executive Director since May 2008. Mr. Ding has about 20 years of experience in the media and advertisement industry. He is a faculty member of the Communication University of China (中國傳媒大學) (formerly known as the Beijing Broadcasting Institute (北京廣播學院)) and has served as the deputy head of the Advertising Teaching and Research Office, the deputy head of the Advertising Department, and the vice dean of the News and Communication School (新聞傳播學院). Currently, he also serves as a vice principal of the Communication University of China, a director of the Asia Media Research Centre (亞洲傳媒研究中心) and the Academic Committee of the Cultural Creative Industry Research Centre (文化創意產業研究中心學術委員會), a vice president of the Chinese Association for History of Journalism and Mass Communication (中國新聞史學會), and the deputy officer of the China Advertising Association of Commerce (中國商務廣告協會). Mr. Ding is also an editor of various periodicals, such as the International Advertising (國際廣告) and the Annual Book of Chinese Advertising Works (中國廣告作品年鑒). Mr. Ding received a Bachelor of Arts degree in Journalism in 1987 and a Ph.D. degree in communication in 2003, both from the Communication University of China.

Dr. Qi Daqing (齊大慶) has been our independent non-executive Director since May 2008. He taught as an assistant professor and then an associate professor in accounting at the Chinese University of Hong Kong between 1996 and 2002. Dr. Qi joined the Cheung Kong Graduate School of Business in

July 2002 where he currently serves as a professor of Accounting and associate dean. He also serves as an independent director and a member of the audit committee of Sohu.com Ltd. ("**Sohu**"), Focus Media Holding, Ltd. and Honghua Group Limited, and an independent director of China Vanke Co., Ltd. Dr. Qi obtained a Bachelor of Science degree in biological physics in 1985 and a Bachelor of Arts degree in international mass communication in 1987 both from Fudan University in Shanghai. He received an MBA degree from the University of Hawaii at Manoa in 1992 and then a Ph.D. degree in accounting from the Michigan State University in 1996.

Dr. Qi currently holds directorships in the following publicly listed companies:

Company	Listing Exchange
Sohu.com Ltd.	NASDAQ
Focus Media Holding, Ltd.	NASDAQ
Honghua Group Limited	Hong Kong Stock Exchange
China Vanke Co., Ltd.	Shenzhen Stock Exchange

Through his roles as an independent director in various companies and as a result of his overall professional experience, Dr. Qi has obtained expertise in accounting and financial management. In addition to lectures and presentations in accounting issues at various professional settings, he has authored research papers on accounting, financial reporting, capital market and other related topics that are published in Leading academic journals. Dr. Qi is experienced in reviewing and analysing financial statements of public companies.

Each NASDAQ-listed company must have at least one member on its audit committee who is considered to be a "financial expert" as defined under applicable rules of NASDAQ and the United States securities laws. Dr. Qi serves on the audit committee of Sohu and according to filings made by Sohu with the United States Securities and Exchange Commission, he is considered by Sohu to be a financial expert under the relevant rules of the United States Securities and Exchange Commission and the NASDAQ. According to the audit committee charter of Sohu, the duties of the audit committee members, such as Dr. Qi, include reviewing the internal audit function for performance, sufficiency, and effectiveness; overseeing the work of the outside auditors; meeting with management and the outside auditors to discuss financial reporting principles and policies and internal audit controls and procedures; and reviewing Sohu's annual and quarterly financial statements and all internal control reports and other material reports on financial information, including management certifications as required by the United States Sarbanes-Oxley Act.

Mr. Chen Tianqiao (陳天橋) has been our independent non-executive Director since May 2008. Mr. Chen is one of the co-founders of Shanghai Shanda Networking Co., Ltd and has served as its Chairman of the board of directors and its Chief Executive Officer since December 1999. He has been the Chairman and Chief Executive Officer of NASDAQ-listed Shanda Interactive Entertainment Limited since 2003. Prior to establishing Shanghai Shanda Networking Co., Ltd, Mr. Chen served as the vice director of the office of the president of Kinghing Trust & Investment Co., Ltd. from 1998 to 1999. From 1994 to 1998, he served in various management positions with Shanghai Lujiazui Group. Mr. Chen holds a Bachelor of Arts degree in Economics from Fudan University. Mr. Chen has been a director of Actoz Soft Co., Ltd since 2 February 2005.

Mr. Chen currently holds directorships in the following publicly listed companies:

Company	Listing Exchange
Shanda Interactive Entertainment Limited	NASDAQ
Actoz Soft. Ltd	Korean Securities Dealers Automated Quotations (KOSDAQ)

SENIOR MANAGEMENT

Name	Age	Position
Mr. Xu Chong (徐翀) (also known as Xu Songzhen (徐嵩鎮))	32	Chief Financial Officer
Mr. Liu Xuming (劉旭明)	40	Senior Vice President
Ms. Jin Lanxiang (金蘭香)	29	Vice President of Sales
Mr. Cui Rui (崔銳)	34	Vice President of Research and Marketing
Mr. Chan Oi Nin Derek (陳凱年)	40	Qualified Accountant and Company Secretary

Mr. Xu Chong (徐翀) (also known as Xu Songzhen (徐嵩鎮)) has been our Chief Financial Officer since he joined the Group in May 2004, except that he worked at Cazenove from March 2006 to July 2007. Mr. Xu is in charge of the Group's capital operations, financial management and mergers and acquisitions. He also leads the Group's financial management system and internal control processes. Mr. Xu was in the investment banking business from 2000 to 2004 and from 2006 to 2007, and at various times held investment banking positions such as analyst and associate of BOCI's (BOC International) investment banking department and vice-president of Cazenove's corporate finance department. During that time, he completed many projects for several PRC enterprises focusing on initial public offerings, re-financings, merger and acquisitions and private placements. He has obtained a Bachelor of Law degree from Nanjing University in 1998 and a Master of Law degree from Renmin University in 2001.

Mr. Liu Xuming (劉旭明) has been our Senior Vice President in charge of our daily operations since 2005. He joined the Company in November 1999. Mr. Liu has 10 years of experience in TV media operation and management, advertisement design and market development, and has a strong understanding of the positioning, designing and operation of TV programmes. He was the president of Dunhua Cable TV Station in Jilin Province from 1997 to 1999. Mr. Liu received an MBA degree from California University of Management and Sciences in 2003.

Ms. Jin Lanxiang (金蘭香) has been our Vice President in charge of sales since April 2008. She joined the Group in 2001, and was the general manager of our City Branding Centre in 2006 and 2007. Ms. Jin majored in finance at Beijing Construction University from 1996 to 1999.

Mr. Cui Rui (崔銳) has been our Vice President in charge of research and marketing since April 2008. Mr. Cui joined the Group in March 2003. Mr. Cui has 10 years of experience in the advertising industry, and is familiar with media operations. Between 1999 and 2002, he worked for Beijing Great Dragon Advertising Co., Ltd. (北京大道巨龍廣告有限公司) as a media manager. From 2002 to 2003, he was the operating manager of Asia Digital Interactive Media Ltd. (亞洲互動廣告傳播有限公司). Mr Cui received a Bachelor of Arts degree in Advertising from Communication University of China in 2005.

Mr. Chan Oi Nin Derek (陳凱年) was appointed as our Qualified Accountant and Company Secretary in May 2008. Mr. Chan has extensive experience in accounting and auditing and was the financial controller and qualified accountant of TCL Multimedia Technology Holdings Limited before joining us. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan received a Bachelor of Science degree from the Chinese University of Hong Kong in 1989 and an MBA degree from Monash University in 1995.

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Chan Oi Nin Derek (陳凱年). Details of the qualification and experience of Mr. Chan Oi Nin Derek are set out in the subsection headed "Senior Management" in this section.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong including that normally at least two of the issuer's executive Directors must be ordinarily resident in Hong Kong. Currently, none of our executive Directors ordinarily resides in Hong Kong. Since our principal operations are located outside Hong Kong, we do not and, for the foreseeable future, will not have a significant management presence in Hong Kong. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules subject to the conditions that among other things, we maintain the following arrangements to maintain effective communication between us and the Hong Kong Stock Exchange.

We have appointed two authorised representatives, namely Mr. Chen, our Chairman and an executive Director, who ordinarily resides in the PRC, and Mr. Chan Oi Nin Derek, our Qualified Accountant and Company Secretary, who ordinarily resides in Hong Kong, who will act at all times as our principal channel of communication with the Hong Kong Stock Exchange. Mr. Chan Oi Nin Derek will be readily contactable in Hong Kong by telephone, facsimile and e-mail to deal promptly with inquiries from the Hong Kong Stock Exchange and Mr. Chen will also be readily contactable in Beijing by telephone, facsimile and e-mail.

Each of our authorised representatives has access to our Board of Directors and senior management at all times. Mr. Chen will be able to visit Hong Kong within a reasonable period of notice to meet with the Hong Kong Stock Exchange if required. Each of our Directors (including the independent non-executive Directors), through the authorised representatives, will be readily contactable by telephone, facsimile or e-mail, and each of them holds a valid travel document, and will make themselves available in Hong Kong if required to meet with the Hong Kong Stock Exchange at reasonable notice.

Further, we will appoint Cazenove as our compliance adviser upon Listing in compliance with Rule 3A.19 of the Listing Rules.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The aggregate amounts of compensation (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) which were paid to our Directors for the three years ended 31 December 2007 was approximately RMB463,000, RMB397,000 and RMB2,707,000, respectively.

The aggregate amount of compensation (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) which we paid to our five highest paid individuals for the three years ended 31 December 2007 was RMB951,000, RMB917,000 and RMB977,000, respectively.

Except as disclosed above, no other payments have been made or payable by any member of the Group to our Directors in each of the three years ended 31 December 2007. We have not paid any remuneration to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in each of the three years ended 31 December 2007. No compensation was paid to, or receivable by, the Directors or past Directors for the loss of office as director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. Further, none of our Directors had waived any remuneration during the same period. Further information about the service contracts entered into between the Company and the Directors is set out in the section headed "Further Information about the Directors" in Appendix VII to this prospectus.

Under the arrangements currently in force and save for the annual salary in the amount of HK$100,000 which is payable to each of the independent non-executive Directors for the year ending 31 December 2008, the Directors do not have any compensation (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) for the year ending 31 December 2008. Under the arrangements currently in force and for the year ending 31 December 2008, we estimate that no remuneration will be paid to any proposed Directors as an inducement to join us or to any Directors or the five highest paid individuals as a compensation for loss of office; no compensation will be paid to, or receivable by, the Directors or past Directors for the loss of office as director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group; further, none of our Directors will waive any remuneration during the same period.

PRE-IPO SCHEME AND POST-IPO SCHEME

We have adopted the Pre-IPO Scheme and the Post-IPO Scheme, two share option schemes to provide further incentives to our Directors, management and employees. Under the Pre-IPO Scheme, certain persons have been granted a total of 18,560,000 options prior to the Listing Date. As at the Latest Practicable Date, our outstanding options under the Pre-IPO scheme was 17,920,000 options (including 4,464,000 options granted to our senior management named under the subsection headed "Senior Management" in this section). We will not grant any options under the Pre-IPO Scheme after the Listing Date. On 27 May 2008, our Board has approved our Post-IPO Scheme, under which the maximum number of Shares in respect of which options may be granted to eligible participants from time to time shall not be more than 10% of the issued Shares of the Company immediately after Listing. The detailed descriptions of the Pre-IPO Scheme and the Post-IPO Scheme are set out in the sections headed "Pre-IPO Scheme" and "Post-IPO Scheme" in Appendix VII to this prospectus. The following is a summary of the principal terms.

Pre-IPO Scheme

The participants of the Pre-IPO Scheme are:

(a) any employee of the Company or any of its subsidiaries;

(b) any director of the Company or any of its subsidiaries (including non-executive Directors and independent non-executive Directors); and

(c) any consultant, advisor, distributor, contractor, customer, supplier or business partner of the Company or any of its subsidiaries.

Exercise price of the Pre-IPO Option is RMB1.56 per Share. The consideration for the acceptance of the Pre-IPO Option is RMB0.1 per Pre-IPO Option.

Generally, a Pre-IPO Option Holder may exercise a maximum of 25% of the total number of Pre-IPO Options granted after the elapse of 365 days from the acceptance of the Pre-IPO Options; subsequently, for every full year of continuous service with the Company, the Pre-IPO Option Holder may exercise a maximum of another 25% of the total number of Pre-IPO Options granted. The Pre-IPO Options can only be exercised once every calendar year by a Pre-IPO Option Holder.

As an exception to the above, the Chief Executive Officer and Chief Financial Officer of the Company may exercise a maximum of 50% of the total number of Pre-IPO Options granted after the elapse of 365 days from the acceptance of the Pre-IPO Options; subsequently, for every full year of continuous service with the Company, the Chief Executive Officer and Chief Financial Officer may exercise a maximum of another 25% of the total number of Pre-IPO Options granted which can only be exercised once in every calendar year.

In any case, the Pre-IPO Option Holder cannot exercise Pre-IPO Options within six months of the Listing Date.

The work performance and results of a Pre-IPO Option Holder of Pre-IPO Options must satisfy the requirements of his position and the administrative provisions of the Company and the interests of the Company must be tallied with before the Pre-IPO Option Holder may exercise all or part of the Pre-IPO Options each time. The Board of Directors has the right to adjust or even cancel a Pre-IPO Option Holder's Pre-IPO Options at its own discretion.

Our outstanding options issued under the Pre-IPO Scheme represent approximately 3.2% of the Company's enlarged issued share capital as at the Listing Date (assuming that the Over-allotment Option is not exercised). No further options will be granted under the Pre-IPO Scheme after the Listing Date.

Post-IPO Scheme

The participants of the Post-IPO Scheme are:

(a) any executive director of, manager of, or other full-time employee of any member of the Group;

(b) a non-executive director (whether independent or not) of any member of the Group; or

(c) any person approved by the Board or shareholders of the Company.

The exercise price of the options to be granted under the Post-IPO Scheme shall be determined by the Board and notified to an eligible person at the time of offer of the option and shall be the highest of the following (subject to any adjustments made as described in paragraph 11 in the paragraph headed "Post-IPO Scheme" in Appendix VII "Statutory and General Information" in this prospectus):

(a) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date, which must be a trading day, of the written offer of the option (the "**Grant Date**");

(b) the average closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five Trading Day immediately preceding the Grant Date; or

(c) the nominal value of the Shares.

No performance targets are to be achieved before an option can be exercised except as otherwise imposed by the Board and stated in the relevant offer letter. An option may be exercised in accordance with the terms of the Post-IPO Scheme at any time during a period to be notified by the Board to each grantee (subject to any vesting schedule, if applicable).

BOARD COMMITTEES

Audit Committee

The Company established an audit committee in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee include making recommendation to the Board on the appointment and removal of external auditor, reviewing the financial statements and overseeing our financial reporting, and reviewing our internal control procedures. At present, the audit committee of the Company consists of three members, Mr. Ding Junjie, Dr. Qi Daqing and Mr. Huang Jingsheng. Dr. Qi Daqing is the chairman of the audit committee.

Remuneration Committee

The Company established a remuneration committee with written terms of reference. The primary duties of the remuneration committee include making recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, reviewing performance based remuneration, and ensuring that none of our Directors determine their own remuneration. The remuneration committee consists of three members, Mr. Chen, Mr. Ding Junjie and Mr. Chen Tianqiao. Mr. Chen is the chairman of the remuneration committee.

Compliance Committee

We have established a compliance committee comprising Mr. Li Zongzhou, Mr. Xu Chong (also known as Xu Songzhen), and Mr. Chan Oi Nin Derek. The compliance committee is chaired by Mr. Li Zongzhou, an executive Director. Representatives from our internal legal department and our external legal advisers will be invited to attend the meetings to ensure that we are in full compliance with all applicable laws and regulations upon the Listing. We will have our first compliance committee meeting within one month after the Listing and will hold meetings subsequently on a quarterly basis.

COMPLIANCE ADVISER

The Company has appointed Cazenove as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise the Company in the following circumstances:

1. before the publication of any regulatory announcement, circular or financial report;
2. where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

3. where the Company proposes to use the proceeds of the initial public offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of the Company deviate from any forecast, estimate, or other information in this prospectus; and

4. where the Hong Kong Stock Exchange makes an inquiry of the Company under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date or until the appointment is terminated pursuant to the compliance advisor agreement between the Company and the compliance adviser.

SUBSTANTIAL SHAREHOLDERS

Each of the following persons will, upon Listing (without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option or Shares which may be issued pursuant to the exercise of any options which have been granted under the Pre-IPO Scheme), have an interest or short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding
Golden Bridge Culture[(1)]	Beneficial Owner	205,484,513	36.9%
Bain Capital[(2)]	Beneficial Owner	117,624,579	21.1%

(1) Upon Listing, Golden Bridge Culture will become a wholly-owned subsidiary of Golden Bridge Advertising, which is wholly owned by CLH Holding Limited. CLH Holding Limited is wholly-owned by Equity Trustee Limited as trustee of the CLH Trust, a discretionary trust set up by Mr. Chen and Ms. Liu for the benefit of Mr. Chen, Ms. Liu and charitable organizations approved and registered under the Ministry of Civil Affairs of the PRC.

(2) Bain Capital is wholly owned by Bain Holding, which is in turn wholly owned by Bain Capital Fund IX, L.P., BCIP Associates III, LLC and BCIP Associates III-B, LLC.

Save as disclosed herein, the Directors are not aware of any person who will, upon Listing, have an interest or short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

The following is a description of the authorised and issued share capital of the Company in issue and to be issued as fully paid or credited as fully paid immediately before and after the completion of the Global Offering:

Authorised share capital:

	Nominal value of the Shares
	HK$
1,800,000,000 Shares	562,500

Shares issued and to be issued as fully paid or credited as fully paid immediately before and after the completion of the Global Offering assuming the Over-allotment Option is not exercised at all:

		Nominal value of the Shares	Approximate percentage of issued share capital
(Shares)		HK$	(%)
432,022,400	Shares in issue as at the date of this prospectus	135,007	77.5
125,460,000	Shares to be issued under the Global Offering	39,206	22.5
557,482,400	Total	174,213	100.0

Shares issued and to be issued as fully paid or credited as fully paid immediately before and after the completion of the Global Offering assuming the Over-allotment Option is exercised in full:

		Nominal value of the Shares	Approximate percentage of issued share capital
(Shares)		HK$	(%)
432,022,400	Shares in issue as at the date of this prospectus	135,007	75.0
144,279,000	Shares to be issued under the Global Offering and the Over-allotment Option	45,087	25.0
576,301,400	Total	180,094	100.0

Assumptions

The above tables assume that the Global Offering become unconditional and will be completed in accordance with the relevant terms and conditions. It takes no account of (a) any Shares which may be issued pursuant to the exercise of any option granted under the Pre-IPO Scheme and the Post-IPO Scheme; (b) any Shares which may be allotted and issued under the general mandate given to the Directors for the issue and allotment of Shares (see the section headed "Share Capital — General Mandate to Issue Shares" in this prospectus); or (c) any Shares which may be repurchased by the Company pursuant to the general mandate given to the Directors for the repurchase of Shares (see the section headed "Share Capital — General Mandate to Repurchase Shares" in this prospectus).

Ranking

The Offer Shares are ordinary shares in the share capital of the Company and will rank *pari passu* in all respects with all Shares in issue or to be issued as set out in the above table, and will qualify and rank in full for all dividends or other distributions declared, made or paid after the date of this prospectus.

Pre-IPO Scheme and Post-IPO Scheme

We have conditionally adopted the Pre-IPO Scheme and the Post-IPO Scheme. Under the Pre-IPO Scheme, certain persons have been granted options prior to the Listing Date to subscribe for Shares. The principal terms of the Pre-IPO Scheme, particulars of the options and the Post-IPO Scheme are set out in the sections headed "Pre-IPO Scheme" and "Post-IPO Scheme" in Appendix VII to this prospectus.

General Mandate to Issue Shares

Subject to the fulfillment of the conditions set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or the exercise of any subscription rights under the Pre-IPO Scheme and the Post-IPO Scheme or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by the Shareholders) with an aggregate nominal value of not more than the sum of:

(i) 20% of the aggregate nominal value of the share capital of the Company in issue immediately following the completion of the Global Offering (excluding any Shares which may fall to be issued pursuant to the Over-allotment Option); and

(ii) the aggregate nominal value of share capital of the Company repurchased by the Company (if any) under the general mandate to repurchase Shares referred to below.

This mandate will expire at the earliest of:

(i) the conclusion of the Company's next annual general meeting;

(ii) the expiration of the period within which the Company is required by law or the Articles of Association to hold its next annual general meeting; or

(iii) when varied, revoked or renewed by an ordinary resolution of the Company's Shareholders in a general meeting.

For further details of this general mandate, see the paragraph headed "Written resolutions of the Shareholders passed on 27 May 2008" in Appendix VII to this prospectus.

General Mandate to Repurchase Shares

Subject to the fulfillment of the conditions set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus, our Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal amount of the share capital of the Company in issue or to be issued immediately following completion of the Global Offering (excluding any Shares which may fall to be issued upon the exercise of the Over-allotment Option).

This mandate only relates to repurchases made on the Hong Kong Stock Exchange, or any other approved stock exchange(s) on which the Shares are listed (and which is recognised by the SFC and the Hong Kong Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed "Repurchase by the Company of its Own Shares" in Appendix VII to this prospectus.

This mandate will expire at the earliest of:

(i) the conclusion of the Company's next annual general meeting; or

(ii) the expiration of the period within which the Company is required by law or Articles of Association to hold its next annual general meeting; or

(iii) when varied, revoked or renewed by an ordinary resolution of the Company's Shareholders in a general meeting.

For further details of this repurchase mandate, see the paragraph headed "Written resolutions of all the Shareholders passed on 27 May 2008" in Appendix VII to this prospectus.

You should read the following discussion and analysis of our Group's business, financial condition and results of operations together with the consolidated financial statements of our Group as at and for each of the years ended 31 December 2005, 2006 and 2007 and the accompanying notes included in the Accountants' Report set out in "Appendix I — Accountants' Report" of this prospectus and other financial information appearing elsewhere in this prospectus. The Group's financial statements have been prepared in accordance with IFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions, including the United States. The following discussion and analysis contains forward-looking statements and information that involve substantial risks and uncertainties. Our future results could differ materially from those stated in any forward-looking statements and forward-looking information contained in this section and this prospectus. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a leading privately-owned media advertising operator in China that focuses on providing nationwide TV advertising coverage for our clients, including advertisers and advertising agencies. We have obtained rights from CCTV, China's largest TV advertisement time supplier, to sell advertisement time on certain of their TV programmes to our clients. According to "International Advertising" (國際廣告) magazine, we were the largest privately-owned underwriter and the overall second largest underwriter of TV advertisement time for CCTV in 2007. We have a long-standing business cooperation with CCTV dating back to our inception in 1999. In addition, we have obtained right to sell TV advertisement time on Jiangsu TV City Channel and Shenzhen Satellite TV Channel since 2007, as well as the exclusive right to sell all the advertisement space in "Tourism" (旅遊), a nationally distributed magazine, since 2004.

We provide a wide range of value-added services to both TV stations and our advertising clients. For TV stations, we provide regular advertising market analysis to improve the marketability of their TV programmes and conduct promotion activities for their TV programmes to raise their profiles and expand their viewership. For our advertising clients, we provide campaign planning, advertisement broadcast monitoring and appraisal and content production services to increase the effectiveness of their TV advertising campaigns.

Our business has grown substantially during the Track Record Period. The number of CCTV programmes on which we sold advertisement time increased from 31 in 2005 to 55 in 2007, of which 51 were exclusive, meaning that all the advertisement time available on these 51 programmes could only be sold by us. We obtain such exclusive rights through entering into one-year or 18-month contracts, and we typically have priority in renewing these contracts upon their expiration, provided that certain conditions are satisfied. For 2008, we have renewed contracts with regard to all such CCTV programmes, and have obtained exclusive rights to sell advertisement time on two additional CCTV programmes. The amount of CCTV advertisement time that we sold increased from approximately 4,518 minutes in 2005 to approximately 10,450 minutes in 2007. In addition, we sold approximately 25,319 minutes of advertisement time on Jiangsu TV City Channel and approximately 2,187 minutes of advertisement time on Shenzhen Satellite TV Channel in 2007. For the three years ended 31 December 2007, our revenue increased from RMB230.1 million in 2005 to RMB263.7 million in 2006 and to RMB364.7 million in 2007, representing a CAGR of 25.9%.

In addition, we typically enter into advertising service contracts with our clients prior to the broadcast of their advertisements. As at 31 December 2007, we had sold in advance the advertisement time for 2008 for the amount of approximately RMB385 million.

2008 Beijing Olympic Games

With respect to advertisement time during the Beijing Olympic Period, as at 30 April 2008 we had purchased 1,722 minutes on CCTV (comprising 937 minutes on CCTV-4 and 785 minutes on CCTV-9), 1,350 minutes on Jiangsu TV City Channel and none on Shenzhen Satellite TV Channel, among which we had sold 115 minutes on CCTV (comprising 84 minutes on CCTV-4 and 31 minutes on CCTV-9), 108 minutes on Jiangsu TV City Channel and none on Shenzhen Satellite TV Channel. The aggregate value of such sold advertisement time totalled approximately RMB3.1 million. To the best knowledge of our Directors after making enquiries with CCTV, Jiangsu TV City Channel and Shenzhen Satellite TV Channel, our purchased advertisement time on CCTV-4, CCTV-9, Jiangsu TV City Channel and Shenzhen Satellite TV Channel (including during the Beijing Olympic Period) should not be affected by the 2008 Beijing Olympic Games.

Although we had sold advertisement time during the Beijing Olympic Period, we had not purchased or sold any advertisement time on any of the Beijing Olympic Programmes as at the Latest Practicable Date. To the best knowledge of our Directors, CCTV has designated certain channels (including CCTV-1 and CCTV-2) for the broadcast of the Beijing Olympic Programmes and has started to sell such advertisement time to advertisers represented by advertising agencies or media advertising operators. We intend to seek to purchase such advertisement time on behalf of our clients.

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The Company was incorporated in Hong Kong on 24 October 2001 as a limited liability company under the name of "China Report Media Limited" under the Companies Ordinance Chapter 32 of Hong Kong. The Company was renamed "CTV Golden Bridge International Advertising (Hong Kong) Limited" on 20 May 2005 and "SinoMedia Holding Limited" on 8 November 2007. The Company did not carry out any business since the date of its incorporation until it acquired the equity interests in CTV Advertising (Beijing) in September 2006. Our history can be traced back to 7 January 1999 when Beijing Dongfang Yuanjing Advertising Co., Ltd. (北京東方遠景廣告有限公司), the predecessor of the Company's former substantial subsidiary, CTV Advertising (Beijing), was incorporated as a limited liability company in the PRC.

Our consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements include the results of the companies now comprising the Group for the Track Record Period as if the current group structure had been in existence and remained unchanged throughout all periods referred to in the financial statements. The consolidated balance sheets of the Group as of 31 December 2005, 2006 and 2007 have been prepared to present the state of affairs of the companies now comprising the Group as at the respective dates as if the current group structure had been in existence since 1 January 2004. Because the ultimate controlling equity holders which control the companies now comprising the Group are the same before and after the Reorganisation, the financial statements have been prepared as a reorganisation of business under common control. Accordingly, the relevant assets and liabilities of the companies comprising the Group are included in the financial information of the Group from the date when the entities first came under the control of the Controlling Shareholders, using the existing book values from the ultimate controlling equity holders' perspective. All material intra-group transactions and balances have been eliminated on consolidation.

FACTORS AFFECTING THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our business, financial position and results of operations have been and will continue to be affected by a number of factors, including but not limited to those factors discussed below, many of which are beyond our control.

Demand for Advertising Services in China

The demand for advertising services in China is subject to a variety of factors, including but not limited to, changes in the general economic conditions in China, growth in gross domestic product and per capita profit, and levels of consumer spending. Strong economic growth and increases in personal disposable income would have a strong, positive impact on the level of advertising spending, while an economic downturn would have the negative impact. The Chinese economy during the Track Record Period has been strong, resulting in a significant growth in the demand for advertising services that contributed to the growth of our revenue over the Track Record Period. In addition, certain special events, such as the upcoming 2008 Beijing Olympic Games, the 2010 World Expo in Shanghai and other special cultural and sporting events, are expected to have a positive impact on advertising spending in China. We believe that both domestic and foreign advertisers will seek to increase their marketing activities and advertisement budgets in China to take advantage of such special events. We believe that the increases in marketing activities and advertising spending are expected to result in not only demand for the specific event-related programmes, but also for other popular advertising resources in China, and therefore are likely to have a positive impact on the overall utilisation rate and the price of the advertising resources we sell on CCTV. CCTV has started to sell advertisement time on Beijing Olympic Programmes to advertisers represented by advertising agencies or media advertising operators, and we intend to seek to purchase such advertisement time on behalf of our clients.

Amount of Advertisement Time Purchased for Sale to Our Clients

Our business and prospects are subject to our ability to retain and grow, on commercially reasonable terms, TV advertisement time purchased for sale to our clients. As we rely on and expect to continue to rely on CCTV to provide us with a substantial majority of our advertisement time, we must continue to maintain and grow our good working relationship with CCTV. In 2005, 2006 and 2007, 86.2%, 95.1% and 90.9%, respectively, of our gross revenue were generated from the sale of advertisement time purchased from CCTV to our clients. Our annual advertising resources from CCTV have increased significantly during the Track Record Period. We purchased approximately 19,798, 23,166 and 32,704 minutes in 2005, 2006 and 2007, respectively. We believe our strong and long standing relationship with CCTV, which began in 1999, and our focus on and experience with nationwide brand image campaigns position us well to retain existing advertisement time and gain additional advertisement time from CCTV. We have currently contracted to purchase approximately 36,479 minutes of advertisement time from CCTV for 2008. Such minutes do not include advertisement time on any Beijing Olympic Programmes, as CCTV has reserved the right to sell such advertisement time during the Beijing Olympic Period. There is a possibility that CCTV may sell the advertisement time on the Beijing Olympic Programmes through advertising agencies or media advertising operators like us, and in which case we intend to seek to purchase such advertisement time. In addition, we have in the past requested and CCTV have sold to us additional advertisement time in response to our clients' specific request. We expect to be able to continue to make such requests in the future.

We plan to explore opportunities to increase our advertisement time on CCTV by obtaining exclusive rights to sell advertisement time on new TV programmes that CCTV may launch in the future or by taking over the rights to sell advertisement time on existing programmes from our competitors. A variety of factors may impact our ability to retain existing advertisement time and gain additional TV advertisement time from CCTV. Our competitors may offer more attractive terms to CCTV; CCTV may significantly change its advertising policies, including selling advertisement time directly to advertisers; CCTV may conduct more open or other forms of auctions for its advertisement time or CCTV may allocate more of its advertising resources to other media operators, including CCTV's subsidiaries, which compete with us. For selected operating data relating to our advertising services on CCTV channels, see "— Selected Consolidated Financial Data."

In addition, we plan to sell more advertisement time for regional TV stations and our revenue growth will be affected by our ability to enter into new geographic areas and procure additional advertisement time for sale from regional TV stations, either directly or through potential acquisitions. For example, we began to sell advertisement time on Jiangsu TV City Channel and Shenzhen Satellite TV Channel in 2007. In 2007, we purchased 56,345 minutes of advertisement time for sale on Jiangsu TV City Channel and purchased 7,074 minutes of advertisement time for sale on Shenzhen Satellite TV Channel. We have acquired from Jiangsu TV City Channel the exclusive rights to sell 27,450 minutes of advertisement time for 2008. In addition, Jiangsu TV City Channel will make available additional advertisement time for sale to us in the event that we are able to generate additional demand from our clients. We have entered into two new contracts with Shenzhen Satellite TV Channel covering the period from 1 March 2008 to 28 February 2009 and from 1 January 2008 to 30 June 2008, respectively. Pursuant to these contracts, we have the right to purchase advertisement time with a total value of RMB4.05 million. For details, please refer to the section headed "Business — Advertising Resources and Suppliers — Suppliers — Regional TV stations" in this prospectus. For selected operating data relating to our advertising services on Jiangsu TV City Channel and Shenzhen Satellite TV Channel, see "— Selected Consolidated Financial Data."

Increases in the advertisement time purchased for sale on regional TV stations would allow us to offer alternative and diverse advertising resources to our clients to meet their diverse advertising needs. We intend to leverage on our advertising client base and our management experience to encourage clients to use our advertising resources on such regional TV channels in order to increase the revenue from and utilisation rates of these new advertising resources. In addition, we intend to hire additional personnel for our sales team in order to provide better and more focused professional services to our regional TV clients.

Utilisation Rate

Our revenue and gross margin depend in part on our utilisation rates. Utilisation rate, which is the total amount of advertisement time sold as a percentage of our total advertisement time purchased, is dependent on a variety of factors, including the level of competition in the advertising industry, prices charged for advertisement time and the actual and perceived value of our value-added services. Our ability to sell purchased advertisement time is also impacted by the popularity of the TV programmes we obtain from TV stations.

Our utilisation rate varies from channel to channel and from programme to programme. Generally, our ability to sell advertisement time to our clients for new channels, new programmes and new geographic markets requires some time to develop and our utilisation rates for such new advertisement time are generally lower in the earlier periods. For example, our overall utilisation rate for CCTV channels was materially affected by the relatively low utilisation rate for CCTV-9 due to its relatively short history and its all English language broadcasting. However, we have been able to increase the utilisation rate for our CCTV-9 related advertisement time year-over-year since we began purchasing and selling advertisement time on CCTV-9 in 2005 due to the establishment of our CCTV-9 promotion and sales centre. We believe there is a strong potential that CCTV-9's viewership will further increase in the future, as CCTV-9 is CCTV's only English language. We believe that the popularity of CCTV-9 will continue to be driven by increased worldwide interest and focus on China as a result of China's rapid economic expansion and trade as well as special events such as the 2008 Beijing Olympic Games and 2010 Shanghai World Expo.

In addition, the utilisation rate of our new channels and programmes may be significantly different from the utilisation rate of our existing programmes and channels. As a result, our overall utilisation rate is significantly affected by the utilisation rate of any new advertisement time we add, and the percentage of such new advertisement time of our total advertisement time.

Pricing

The primary factors that determine the price for our advertisement time include the availability and attractiveness of the advertisement time purchased for sale, date and time of broadcast, frequency of broadcast, viewership demographics and profile, the perceived effectiveness by our clients of their advertising campaigns on advertisement time purchased from us, the level of general competition in the marketplace and the overall demand for advertisement time.

Prices we charge may also be impacted by the availability and market preference for alternative sources of advertisement, including print, Internet and other media, which may be less expensive than TV advertisement time that we offer and which may be more attractive to advertisers in times of economic downturn.

Our ability to charge our clients at rates favorable to us will also depend on our ability to continue to meet the needs of our clients by providing quality services that include innovative advertising and marketing ideas while providing optimal broadcast time for our clients' advertising needs on a variety of TV channels. We must also continue to anticipate and respond to consumer tastes and preferences for advertising, which tend to change quickly and frequently, in order to provide quality and value-added services to our clients.

Costs in Procuring Advertisement Time

We rely on and expect to continue to rely on CCTV for a significant portion of our advertisement time purchased for sale to our clients. CCTV has a dominant position in the PRC market for TV advertisement time and therefore has very strong pricing power. CCTV has historically increased prices of its advertisement time for the same programmes each year, and is expected to continue to do so in the future. Our financial performance will be affected by how much CCTV decides to increase its prices and whether our clients are willing to accept such increase in costs. The latter is in turn dependent on the overall market demand for advertisement time and its perceived cost-adjusted effectiveness compared to other competing TV programmes or other advertising media.

Seasonal Effects of Advertisement Spending

TV advertisement spending in China typically shows strong seasonal fluctuation, with higher customer demand and more advertising spending occurring in the second half of each calendar year, as many customers expand their advertising campaigns and increase advertising spending in the second half of each year to meet year-end sales targets. In addition, we believe that advertising spending is higher in the second half of each calendar year as many advertisers tend to have a conservative approach toward spending their annual advertising budget by withholding spending in the first half of the year in order to preserve their flexibility in the second half of the year, after analysing overall economic activity, consumer spending and sentiment and their financial performance, among other factors. As a result of such higher spending in the second half of each year, the prices we can charge to our customers for advertisement time and our utilisation rate, following the general industry trend, are generally higher in the second half of each calendar year. We record TV advertisement revenue in proportion to the percentage of the total advertisement broadcast completed at the reporting date. As a result, we generally record higher revenue in the second half of each year compared to the first half. In 2007, for example, we generated 43.1% of our revenue in the first half of the year and 56.9% in the second half of the year. Our cost of services, on the other hand, which consists primarily of the cost to purchase TV advertisement time from various TV stations, is generally recorded ratably over the entire contract period, which is typically for one year. As a result, we generally record higher gross profit and gross margin in the second half of each year.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial statement data, including selected consolidated income statement and consolidated balance sheet data, have been derived from our audited consolidated income statements and balance sheets as at and for the years ended 31 December 2005, 2006 and 2007. Other than the financial information that has been extracted from the Accountants' Report, which is included in Appendix I to this prospectus, all financial information included in this prospectus has been extracted or derived from our unaudited management's accounts or other internal records.

	For the year ended 31 December					
	2005		2006		2007	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(in thousands of RMB, except for percentages)					
Revenue[1]	230,124	100.0%	263,657	100.0%	364,702	100.0%
Cost of services	(161,330)	(70.1)	(155,203)	(58.9)	(237,857)	(65.2)
Gross profit	68,794	29.9	108,454	41.1	126,845	34.8
Other income	134	0.1	—	—	36	0.0
Selling and marketing expenses	(6,485)	(2.8)	(14,438)	(5.4)	(16,532)	(4.5)
General and administrative expenses[2]	(32,149)	(14.0)	(19,236)	(7.3)	(30,719)	(8.4)
Profit from operations	30,294	13.2	74,780	28.4	79,630	21.9
Finance income	173	0.1	837	0.3	3,045	0.8
Finance expenses related to convertible redeemable preference shares	—	—	(6,667)	(2.5)	(26,453)	(7.3)
Other finance expenses	(303)	(0.2)	(398)	(0.2)	(200)	(0.0)
Profit before tax	30,164	13.1	68,552	26.0	56,022	15.4
Income tax expense	(5,324)	(2.3)	(7,233)	(2.7)	(13,247)	(3.7)
Profit for the year	24,840	10.8	61,319	23.3	42,775	11.7
Attributable to:						
Equity holders of the Company	26,641	11.6	61,319	23.3	42,316	11.6
Minority interests	(1,801)	(0.8)	—	—	459	0.1
Profit for the year before the impact of finance expenses related to convertible redeemable preference shares	24,840	10.8%	67,986	25.8%	69,228	19.0%

	As at 31 December		
	2005	2006	2007
	(in thousands of RMB)		
Cash and cash equivalents	17,399	311,269	352,061
Trade and other receivables	80,227	97,636	97,258
Receivables due from related parties	39,678	57,463	28,255
Total current assets	137,304	466,524	488,615
Total non-current assets	25,891	23,831	51,534
Total assets	163,195	490,355	540,149
Total current liabilities	54,484	170,241	150,528
Total non-current liabilities	1,425	265,423	—
Total liabilities	55,909	435,664	150,528
Total equity	107,286	54,691	389,621
Total equity and liabilities	163,195	490,355	540,149

	For the year ended 31 December		
	2005	2006	2007
Operating data relating to our advertising services on CCTV channels:			
Channels(3)	CCTV-1(4), CCTV-2, CCTV-4, CCTV-9	CCTV-1(4), CCTV-2, CCTV-4, CCTV-9	CCTV-1(4), CCTV-2, CCTV-4, CCTV-9
Number of programmes	31	40	55
Minutes purchased	19,798	23,166	32,704
Minutes sold	4,518	5,525	10,450
Utilisation rate(5)	22.8%	23.8%	32.0%

	For the year ended 31 December 2007		
	Minutes purchased	Minutes sold	Utilisation rate
Operating data relating to our advertising services on Regional TV channels:			
Jiangsu TV City Channel	56,345	25,319	44.9%(6)
Shenzhen Satellite TV Channel	7,074	2,187	30.9%
Total	63,419	27,506	43.4%

(1) Revenue for each year is net of applicable sales taxes and surcharges.
(2) Includes share-based compensation expenses in 2007 in the amount of RMB4.9 million.
(3) Represents CCTV channels on which we purchased TV advertisement time in the relevant year.
(4) The advertisements we broadcast on CCTV-1 are also broadcast on the same programmes on the CCTV-News channel.
(5) Our overall utilisation rate was affected by the relative low utilisation rate of CCTV-9 during the Track Record Period, which was 4.5%, 7.8% and 11.9%, respectively, in 2005, 2006 and 2007, due to CCTV-9's relatively short history and its all English language broadcasting. Our utilisation rate for CCTV channels excluding CCTV-9 was 60.0%, 59.1% and 51.0%, respectively, in 2005, 2006 and 2007.
(6) Jiangsu TV City Channel had relatively high utilisation rates because we sold a high proportion of infomercial programmes on this channel. Each infomercial programme typically lasts between 10 and 30 minutes, which is longer in duration than a typical advertisement.

DESCRIPTION OF SELECTED INCOME STATEMENT ITEMS

Revenue

The following table sets forth our gross revenue and revenue, which is gross revenue less applicable sales taxes and surcharges, the components of gross revenue and their respective percentage of our revenue for the years indicated:

	For the year ended 31 December					
	2005		2006		2007	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(in thousands of RMB, except percentages)					
Advertising service						
CCTV	205,456	89.3%	261,474	99.2%	344,850	94.6%
Regional TV	—	—	—	—	22,990	6.3
Magazines	115	0.0	213	0.1	150	0.0
Others[(1)]	25,125	10.9	5,275	2.0	5,772	1.6
Gross advertising service revenue	230,696	100.2	266,962	101.3	373,762	102.5
Agency service	6,698	2.9	3,574	1.4	5,530	1.5
Others[(2)]	937	0.5	4,468	1.6	30	0.0
Gross revenue	238,331	103.6	275,004	104.3	379,322	104.0
Sales taxes and surcharges	(8,207)	(3.6)	(11,347)	(4.3)	(14,620)	(4.0)
Revenue	230,124	100.0%	263,657	100.0%	364,702	100.0%

(1) "Others" principally includes gross revenue derived from the seatback print advertising resources for Air China and various special TV projects we undertake, from time to time, in conjunction with CCTV, such as the feature program introducing the Mekong river in Southeast Asia, the cross-strait knowledge competition between college students from the PRC and Taiwan and the national comedy sketch contests. Gross revenue from our sale of advertising resources on Phoenix TV, which only occurred in 2005 in the amount of RMB11.2 million, is also included in others.

(2) "Others" principally includes gross revenue of RMB3.8 million in 2006 for advertisement campaign planning services provided to one of our clients and gross revenue from various miscellaneous services.

Advertising service revenue. Advertising service revenue is primarily derived from the sale of TV advertisement time to advertisers and advertising agencies on various TV channels and to a lesser extent from the sale of advertising resources in magazines. Advertising service revenue is recognised as our services are completed, which means that at a reporting date, we recognise a corresponding portion of the total client advertising contract value based on the portion of the total advertisement time broadcast at such reporting date. The amount of advertisement actually broadcast at each reporting date is evidenced by a report issued by an independent third party. A substantial majority of our advertising service revenue during the Track Record Period was derived from our sale of TV advertisement time purchased from CCTV. For more information on our business relationship with CCTV, see "Business — Advertising Resources and Suppliers — Suppliers — CCTV." Although we began to sell advertisement time on Jiangsu TV City Channel and Shenzhen Satellite TV Channel in 2007, and we plan to continue to expand our advertisement time offerings from these and other regional channels, CCTV-related revenue are expected to remain a substantial majority of our advertising service revenue for the foreseeable future. Advertising service revenue also includes revenue from the provision of certain value-added services, such as the production of advertisement content in connection with the sale of TV advertisement time.

Agency service revenue. We generate agency service revenue in connection with CCTV's annual bidding process for the advertisement time for certain of their more popular TV programmes. CCTV provides an opportunity for winning bidders to buy additional advertisement time at a 90% discount from CCTV's published rates on programmes designated by CCTV, the aggregate published value of which cannot exceed 50% of the value of the purchased time for each month. This purchase must occur through the winner bidder's representative, such as us, for which we typically receive up to 5% of the actual purchase value as our commission. For more information on the CCTV annual bidding process, see "Business — Our Business — Agency services." We also generate agency service revenue when we act as an agent for our clients in purchasing advertisement time from other TV media operators, for which we typically receive commissions of up to 3% of the purchase value of such advertisement time.

Other revenue. Other revenue consists of planning and consulting services provided to our clients on a case-by-case basis for promotion, advertising, press and marketing advice. We do not expect revenue from such services to be a material part of our business, as we do not market or promote such services, but provide them on an ad-hoc basis at the request of our clients.

*Sales taxes and surcharge*s. Sales taxes and surcharges consist of business tax and other surcharges payable to various local government tax authorities. Each of our revenue components is subject to a sales tax and surcharge levied on a percentage of gross revenue attributable to such revenue, except for advertising service revenue, which is levied net of cost of services related to such revenue. The applicable percentage varies depending on the location of the source of our revenue and generally ranges from 8.5% to 9.55%.

Cost of Services and Gross Profit

The following table sets forth our cost of services and gross profit for the years indicated:

	For the year ended 31 December					
	2005		2006		2007	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(in thousands of RMB, except percentages)					
Advertising service						
CCTV	113,024	49.1%	144,471	54.8%	196,250	53.8%
Regional TV	—	—	—	—	35,867	9.8
Magazines	600	0.3	600	0.2	600	0.2
Others[(1)]	47,611	20.7	7,732	3.0	5,140	1.4
Total advertising service cost	161,235	70.1	152,803	58.0	237,857	65.2
Agency service	—	—	—	—	—	—
Others[(2)]	95	0.0	2,400	0.9	0.0	0.0
Total cost of services	161,330	70.1	155,203	58.9	237,857	65.2
Gross profit	68,794	29.9%	108,454	41.1%	126,845	34.8%

(1) "Others" principally includes the cost of services attributable to the seatback print advertising resource for Air China and various special TV projects we undertake, from time to time, in conjunction with CCTV from time to time, such as the feature program introducing the Mekong river in Southeast Asia, the cross-strait knowledge competition between college students from the PRC and Taiwan and the national comedy sketch contests. Our cost of services attributable to the sale of advertising resources on Phoenix TV, which only occurred in 2005, is also included in others.

(2) "Others" principally includes our cost of services attributable to advertisement campaign planning service we provided to a third party and other cost of services attributable to various miscellaneous services we provide to our clients.

Advertising service cost represented 70.1%, 58.0% and 65.2% of our revenue in 2005, 2006 and 2007, respectively, and constituted a substantial portion of our total cost of services. Our advertising service cost consists primarily of the cost of purchasing advertisement time from various TV stations, which to date has primarily been from CCTV and to a lesser extent from regional TV stations such as Jiangsu TV City Channel and Shenzhen Satellite TV Channel. Our advertising service cost also includes costs related to the provision of value-added services, such as the production of advertisement content. Our CCTV-related advertising service cost as a percentage of CCTV-related gross advertising revenue, was 55.0%, 55.3% and 56.9% in 2005, 2006 and 2007, respectively.

In 2005, 2006 and 2007, our gross profit, which is equal to our revenue less cost of services, was RMB68.8 million, RMB108.5 million and RMB126.8 million, respectively. Our gross margin, which is equal to gross profit divided by revenue, was 29.9%, 41.1% and 34.8% in 2005, 2006 and 2007, respectively. Gross margin for our CCTV-related advertising service has been stable during the Track Record Period. In 2007, we began selling advertisement time for regional TV channels and we incurred a gross loss of RMB12.9 million, as we were in the early stages of developing such business and it takes time to increase the utilisation rate and selling price on such channels. We plan to apply our industry experience and marketing ability to promote these new advertising resources to our clients to improve our gross margin.

Other Income

During the Track Record Period, other income primarily consists of a write-off of other payables in agreement with a third party and government grants provided to us for the purchase of our office space in Pudong New District in Shanghai. These grants were part of the local government initiative to encourage the development of business in the district. We have no further obligations in connection with our receipt of these government grants. Such grants were given for the period from 8 February 2003 to 10 November 2005 and were recognised as other income on a systematic basis over the useful life of the purchased property, and we do not expect such government grants in the future.

Selling and Marketing Expenses

Our selling and marketing expenses consist of sales and marketing personnel costs, promotion and marketing expenses, travel expenses and other sales and marketing related expenses.

General and Administrative Expenses

Our general and administration expenses consist principally of personnel expenses, which include share-based compensation expenses, professional fees, impairment losses on property, plant and equipment, depreciation and amortisation expenses, impairment losses on bad and doubtful accounts, office supplies, entertainment, meeting and conference expenses and travel expenses as well as certain property and vehicle taxes and stamp duty.

Finance Income and Expenses

Finance income represents income from interest earned on our cash and cash equivalents, which are generally held as deposits in HK dollars, Renminbi and U.S. dollars, changes in fair value of financial liabilities through profit or loss and foreign currency gains that are recognised in profit and loss. Finance expenses represent interest due and payable on our borrowings, net of interest capitalised. Finance expenses also include finance expenses related to changes in fair value of derivative components of convertible redeemable preference shares, transaction costs for financial instruments at fair value through profit and loss and interest expenses on convertible redeemable preference shares, all of which relate to our convertible redeemable preference shares issued to Bain Capital. As a result, we recognised a finance expense not related to our operations of RMB6.7 million in 2006 and RMB26.5 million in 2007. Since the convertible redeemable preference shares were converted to ordinary shares on 31 December 2007, we do not expect to incur such finance expenses going forward.

Income Tax Expense

We did not make any provision for income taxes in Hong Kong, as we did not earn any income subject to Hong Kong profits tax during the Track Record Period.

CTV Media (Shanghai) was subject to a 15% preferential income tax rate for 2007 as determined by its direct supervising local tax authority. See "Business — Legal Compliance and Proceedings — PRC Subsidiaries' Tax Issues." Our PRC legal adviser, Haiwen & Partners, is of the opinion that the application of such a preferential tax rate is inconsistent with the relevant PRC tax laws and regulations. However, Haiwen & Partners is also of the opinion that no penalty will be imposed on the Group even if there is any demand for additional tax payment from the relevant state authority. After consulting with Haiwen & Partners, our Directors are of the view that it is highly unlikely that the relevant state authority would in practice revoke such preferential income tax rate granted to CTV Media (Shanghai) by its direct supervising local tax authority. Therefore, no provision has been made in relation to the difference between the preferential tax rate of 15% and the then standard statutory tax rate of 33%, nor has any provision been made with respect to any potential penalties in that regard. As a result of the above and the loss incurred in Jiangsu Xinqiao, our Group's effective tax rate was 23.6% in 2007.

In 2005 and 2006, our main operating company, CTV Advertising (Beijing), paid income tax on a "deemed taxable income basis" as determined by its direct supervising local tax authority. See "Business — Legal Compliance and Proceedings — PRC Subsidiaries' Tax Issues." As a result, the effective tax rate for CTV Advertising (Beijing) in 2005 and 2006 was 16.3% and 9.6%, respectively, which resulted in an overall effective tax rate for the Group of 17.7% and 10.6% in 2005 and 2006, respectively. Our PRC legal adviser, Haiwen & Partners, understands the application of such "deemed taxable income basis treatment" is inconsistent with the relevant PRC tax laws and regulations. On 21 April 2008, CTV Advertising (Beijing) was de-registered with the Beijing Administration for Industry and Commerce after completing all necessary tax related deregistration procedures. After consulting with Haiwen & Partners, our Directors are of the view that the risk that the Company would be subject to any penalties or liabilities as a result of the application of the "deemed taxable income basis treatment" for calculation of income taxes is relatively low. Therefore, no provision was made with regard to any possible demand for additional tax payment from the relevant state authority. For the year ended 31 December 2007, CTV Advertising (Beijing) was taxed at the then standard statutory rate of 33% of its actual taxable income. However, as a result of management's strategic decision to conduct most of its operations through CTV Media (Shanghai) in early 2007, CTV Advertising (Beijing) incurred a loss in 2007, and therefore did not recognise any taxable income for such year.

We paid income taxes in the amount of RMB1.3 million, RMB2.9 million and RMB17.2 million in 2005, 2006 and 2007 respectively, while our tax provision was RMB5.3 million, RMB7.2 million and RMB16.5 million, respectively, for the relevant years. The tax provision was greater than the tax payment in 2005 and 2006 due to the cut-off adjustments on revenue and cost of services, which were made to correct the cut-off error in recognition of the revenue and cost of services in the management's accounting books. The Group paid in full the outstanding tax in relation to the adjustments in March 2008. Our Directors are of the view that the Group has made adequate tax provisions during the Track Record Period, the balances of which have been disclosed in the Accountants' Report included in Appendix I to this prospectus.

CTV Media (Shanghai) and Jiangsu Xinqiao are subject to the 25% uniform tax rate from 1 January 2008.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, contingent liabilities, and revenue and expenses during the Track Record Period. Our significant accounting policies are critical in understanding our financial condition and results of operations and a summary of such policies are set forth in Section C of Note 1 to the Accountants' Report included in Appendix I of this prospectus. Our management evaluates the use of estimates on an ongoing basis based on historical experience and other assumptions it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities, in particular of the value of our financial instruments as it relates to compound financial instruments, share-based payment transactions, valuation of property, plant and equipment and the subsequent depreciation of such assets and the impairment of assets. The following sections discuss the accounting policies applied in preparing our financial statements that our management believes are critical not only because they are important to the fair and accurate presentation of our financial position and results of operations, but also because the application and interpretation of these policies require both judgments and estimates of matters that are inherently uncertain and unknown. As a result, actual results may differ materially from our estimates.

Compound Financial Instruments

Compound financial instruments comprise convertible redeemable preference shares that are redeemable on a specific date or at the option of the holders, and can be converted to ordinary shares at the option of the holders. Such compound financial instruments consist of a host liability component, an equity component and an embedded derivative which is not closely related to the host contract. An embedded derivative is a financial liability unless it will be settled only by the issuer exchanging a fixed amount of other financial asset for a fixed number of its own equity instruments. The embedded derivative component is recognised initially at fair value, which is measured using the binomial option pricing model. The host liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the host liability component and the embedded derivative. Any directly attributable transaction costs are allocated to the host liability component, equity component and embedded derivative in proportion to their initial carrying amounts.

Subsequent to initial recognition, the embedded derivative with liability feature is measured at the fair value. The host liability component of compound financial instruments is measured at amortised cost using the effective interest method, unless it is designated as being at fair value through profit or loss. The equity component of compound financial instruments, is not re-measured subsequent to initial recognition.

In determining the fair value of compound financial instruments, considerable judgment is required to interpret market data used in the valuation techniques. Valuation inputs include share price and expected volatility, as well as the maturity date and the risk-free interest rate. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Share-based Payment Transactions

The fair value of employee share options is measured using a binomial model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average, historic volatility adjusted basis for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service conditions attached to the transactions are not taken into account in determining fair value.

Impairment Loss for Bad and Doubtful Debts

We make estimates for impairment losses for bad and doubtful debts resulting from the inability of our customers to make the required payments. We base the estimates on the aging of our trade and loan receivable balance, customer credit-worthiness, and historical write-off experience. If the financial condition of our customers were to deteriorate, actual write-offs would be higher than estimated. If historical patterns were to change in future periods, we would need to make an adjustment to our estimates prospectively.

Impairment Loss for Property, Plant and Equipment

If circumstances indicate that the net book value of a property or equipment may not be recoverable, the asset may be considered "impaired," and an impairment loss may be recognised in accordance with the accounting policy for impairment of property and equipment as described in Section C Note 1(i)(ii) of our consolidated financial statements of our group set out in "Appendix I — Accountants' Report" of this prospectus. The carrying amounts of property and equipment are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When management has determined that such a decline has occurred, the carrying amount of such assets is reduced to the estimate of the recoverable amount. The recoverable amount is the greater of the net selling price and the value in use. In determining the value in use, expected cash flows to be generated by the asset are discounted to their present value, which requires significant judgment relating to level of selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of selling price and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of such impairment in future periods.

Useful Lives of Property, Plant and Equipment

Management determines the estimated useful lives of and related depreciation charges for its property, plant and equipment. This estimate is based on historical experience of the actual useful lives of assets of similar nature and functions. Such determination, based on prior historical experience may change significantly in future periods as a result of significant technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended 31 December 2007 Compared to Year Ended 31 December 2006

Revenue

Our revenue increased by RMB101.0 million, or 38.3%, from RMB263.7 million for the year ended 31 December 2006 to RMB364.7 million for the year ended 31 December 2007, principally due to increased advertising service revenue. Gross advertising service revenue increased by RMB106.8 million, or 40.0%, from RMB267.0 million for the year ended 31 December 2006 to RMB373.8 million for the year ended 31 December 2007.

The increase in advertising service revenue was primarily due to our purchasing more TV advertisement time from CCTV-1 and CCTV-4 and selling such advertisement time to our clients. Gross advertising service revenue attributable to advertisement time sold for CCTV channels and programmes accounted for 95.1% and 90.9% of our gross revenue in the year ended 31 December 2006 and 31 December 2007, respectively. Such gross revenue increased by RMB83.4 million, or 31.9%, from RMB261.5 million for the year ended 31 December 2006 to RMB344.9 million for the year ended 31 December 2007. Advertisement time purchased from CCTV increased from 23,166 minutes for the year ended 31 December 2006 to 32,704 minutes for the year ended 31 December 2007. The total CCTV advertisement time sold increased from 5,525 minutes to 10,450 minutes, resulting in an increase in utilisation rate from 23.8% for the year ended 31 December 2006 to 32.0% for the year ended 31 December 2007 for CCTV. This increase in overall CCTV utilisation rate is due to increases in the utilisation rates in most of our CCTV channels, in particular, the utilisation rate for

CCTV-9, which increased from 7.8% to 11.9%. Utilisation rate for CCTV channels excluding CCTV-9 decreased from 59.1% in 2006 to 51.0% in 2007, primarily due to a significant increase in advertisement time purchased for sale on CCTV-4, which had a lower utilisation rate than that on CCTV-1 and CCTV-2.

The increase in advertising service revenue was also due to our purchase and sale of TV advertisement time for Jiangsu TV City Channel and Shenzhen Satellite TV Channel, both of which we began purchasing in the beginning of 2007. Gross advertising service revenue attributable to advertisement time sold for Jiangsu TV City Channel and Shenzhen Satellite TV Channel amounted to RMB23.0 million, which accounted for 6.1% of our gross revenue, for the year ended 31 December 2007. We purchased 63,419 minutes on these two channels, of which we sold 27,506 minutes, for the year ended 31 December 2007. Our utilisation rate was 44.9% for Jiangsu TV City Channel and 30.9% for Shenzhen Satellite TV Channel in 2007.

Our gross agency service revenue increased from RMB3.6 million for the year ended 31 December 2006 to RMB5.5 million for the year ended 31 December 2007, while our other gross revenue decreased from RMB4.5 million for the year ended 31 December 2006 to approximately RMB30,000 for the year ended 31 December 2007.

Cost of services

Our cost of services increased by RMB82.7 million, or 53.3%, from RMB155.2 million for the year ended 31 December 2006 to RMB237.9 million for the year ended 31 December 2007, primarily due to increased advertising service cost from our purchasing more TV advertisement time from CCTV channels and regional TV channels for the year ended 31 December 2007 compared to the year ended 31 December 2006. Advertising service cost, which represented 98.5% and 100.0% of our total cost of services for the years ended 31 December 2006 and 2007, respectively, increased by RMB85.1 million, or 55.7%, from RMB152.8 million for the year ended 31 December 2006 to RMB237.9 million for the year ended 31 December 2007.

Our advertising service cost related to CCTV represented 93.1% and 82.5% of our total cost of services for the years ended 31 December 2006 and 31 December 2007, respectively. Our cost related to the purchase of CCTV advertisement time increased by RMB56.3 million, or 43.7%, from RMB128.9 million in 2006 to RMB185.2 million in 2007, primarily due to our purchasing more CCTV advertisement time in 2007, and to a lesser extent, due to an increase in the average per minute cost of the purchased advertisement time in both years. The average cost for CCTV advertisement time was RMB5,664 per minute in 2007 compared with RMB5,562 per minute in 2006. Advertising service cost related to our purchase of advertisement time from Jiangsu TV City Channel and Shenzhen Satellite TV Channel represented 15.1% of our total cost of services for the year ended 31 December 2007. Such cost was RMB35.9 million for the year ended 31 December 2007 and nil for the year ended 31 December 2006.

Gross profit and gross margin

Our gross profit increased by RMB18.3 million, or 16.9%, from RMB108.5 million for the year ended 31 December 2006 to RMB126.8 million for the year ended 31 December 2007, primarily as a result of increased revenue from advertising service over the period. Our gross margin decreased to 34.8% for the year ended 31 December 2007 from 41.1% for the year ended 31 December 2006, as advertising service cost increased at a faster pace than advertising service revenue over the period, primarily as a result of our purchasing advertisement time for Jiangsu TV City Channel and Shenzhen Satellite TV Channel. Excluding revenue and cost of services relating to Jiangsu TV City Channel and Shenzhen Satellite TV Channel, our gross margin was stable, which was 40.9% for the year ended 31 December 2007 and 41.1% for the year ended 31 December 2006. We began purchasing TV advertisement time from the two regional TV channels in the beginning of 2007 and revenue and gross margin for new channels and programmes are lower during the early stages as our clients begin to assess the strength and efficacy of advertising on such new advertising outlets.

Other income

Our other income increased from nil for the year ended 31 December 2006 to approximately RMB36,000 for the year ended 31 December 2007, primarily as a result of our writing off of other payables in agreement with the counterparty.

Selling and marketing expenses

Our selling and marketing expenses increased by RMB2.1 million, or 14.6%, from RMB14.4 million for the year ended 31 December 2006 to RMB16.5 million for the year ended 31 December 2007, primarily due to increases in personnel expenses, promotion and marketing expenses and travel expenses, which were generally in line with the increase in the volume of our business in 2007 as compared with 2006.

General and administration expenses

Our general and administration expenses increased by RMB11.5 million, or 59.9%, from RMB19.2 million for the year ended 31 December 2006 to RMB30.7 million for the year ended 31 December 2007. General and administration expenses increased primarily as a result of increased personnel expenses, to a lesser extent entertainment expenses, travel expenses and expenses on office supplies. Personnel expenses increased primarily as a result of an increased number of personnel for general and administrative functions, and general pay increases for all employees. We also incurred a share-based compensation with an estimated fair value of RMB4.9 million due to the adoption of the Pre-IPO Scheme in 2007. Increases in entertainment expenses and travel expenses were due to a greater number of client business development activities, meetings and receptions as a result of general increase in our business. Meetings related to commencement of the Global Offering in 2007 and participation in conventions and industry conferences, such as the China 4A Association, in 2007 as compared to 2006. The increase in our general and administration expenses was partially offset by the decrease in our auditor's remuneration from RMB818,000 in 2006 to RMB255,000 in 2007 as a result of CTV Advertising (Beijing)'s engagement of our auditor to perform additional non-statutory audit of its consolidated financial statements in order to give the Directors a more thorough view of the 2006 financial year. These additional non-statutory audit procedures resulted in a cost of RMB682,500 in 2006.

Finance income and finance expenses

Our finance income increased from approximately RMB837,000 for the year ended 31 December 2006 to RMB3.0 million for the year ended 31 December 2007, primarily due to an increase in interest income from bank deposit. Cash and cash equivalents was RMB311.3 million as at 31 December 2006 compared to RMB352.1 million as at 31 December 2007 as a result of increased cash from operations over the period and as a result of funding received from Bain Capital in November 2006 in connection with our issuance of convertible redeemable preference shares.

Our finance expenses increased by RMB19.6 million from approximately RMB7.1 million for the year ended 31 December 2006 to RMB26.7 million for the year ended 31 December 2007, primarily due to an increase in changes of fair value of the derivative component of our convertible redeemable preference shares of RMB2.5 million and interest expenses attributable to such securities of RMB19.6 million, partially offset by a decrease in transaction cost for financial instruments at fair value through profit or loss of RMB2.4 million, which occured in connection with the Bain Capital investment. Since the convertible redeemable preference shares were converted to ordinary shares on 31 December 2007, we do not expect to incur finance expenses in connection with such shares going forward.

Income tax expense

Our income tax expense increased by approximately RMB6.0 million, or 83.3%, from RMB7.2 million for the year ended 31 December 2006 to RMB13.2 million for the year ended 31 December 2007, in spite of decreased profit before taxation over the period, primarily as a result of different taxation methods used in these two periods for CTV Advertising (Beijing) and also as a result of the management's strategic decision in 2007 to conduct a majority of our operations in China through CTV Media (Shanghai). CTV Advertising (Beijing) was subject to a 33% income tax rate on its deemed taxable income, which was 8% of its gross revenue for the year ended 31 December 2006, and was subject to a 33% tax rate on its actual taxable income beginning on 1 January 2007. CTV Advertising (Beijing) incurred a loss for the year ended 31 December 2007, and therefore did not recognise any taxable income for such year. CTV Media (Shanghai) was taxed on a 15% income tax rate on its actual taxable income for the year ended 31 December 2007. See "—Description of Selected Income Statement Items—Income Tax Expense."

Profit for the year

As a result of the foregoing, our profit decreased by RMB18.5 million, or 30.2%, from RMB61.3 million for the year ended 31 December 2006 to RMB42.8 million for the year ended 31 December 2007. Without taking into account non-cash finance expenses related to the convertible redeemable preference shares issued to Bain Capital, our profit increased by RMB1.2 million from RMB68.0 million for the year ended 31 December 2006 to RMB69.2 million for the year ended 31 December 2007.

Profit for the year attributable to equity holders and minority interests

Our profit for the year attributable to equity holders decreased by RMB19.0 million, or 31.0%, from RMB61.3 million for the year ended 31 December 2006 to RMB42.3 million for the year ended 31 December 2007 as a result of our reduced profit for the year ended 31 December 2007 compared to the year ended 31 December 2006.

We had no minority interest in 2006 and approximately RMB459,000 in 2007. Our minority interest in 2007 related to the 0.6% equity interest in CTV Media (Shanghai) held by CTV Culture and Communication. As CTV Media (Shanghai) did not carry on any business and had no taxable income for any year prior to 2007, there was no minority interest from CTV Media (Shanghai) in 2006.

Year Ended 31 December 2006 Compared to Year Ended 31 December 2005

Revenue

Our revenue increased by RMB33.6 million, or 14.6%, from RMB230.1 million for the year ended 31 December 2005 to RMB263.7 million for the year ended 31 December 2006, primarily due to increased advertising service revenue. Gross advertising service revenue increased by RMB36.3 million, or 15.7%, from RMB230.7 million for the year ended 31 December 2005 to RMB267.0 million for the year ended 31 December 2006.

Our increase in advertising service revenue was primarily due to our purchasing more advertisement time from CCTV and our selling such advertisement time to our clients in 2006 and an increase in our utilisation rate in 2006 compared with 2005. Gross advertising service revenue attributable to advertisement time sold for CCTV channels accounted for 86.2% and 95.1% of our gross revenue in the year ended 31 December 2005 and 31 December 2006, respectively. Such gross revenue increased by RMB56.0 million, or 27.3%, from RMB205.0 million for the year ended 31 December 2005 to RMB261.5 million for the year ended 31 December 2006. TV advertisement time purchased from CCTV-1, CCTV-4 and CCTV-9 all increased in 2006 as compared to 2005. The total advertisement time we purchased from CCTV increased from 19,798 minutes in 2005 to 23,166 minutes in 2006. The total CCTV advertisement time sold increased from 4,518 minutes in 2005 to 5,525 minutes in 2006, resulting in an increased utilisation rate from 22.8% in 2005 to 23.8% in 2006. The utilisation rate for CCTV-9 increased from 4.5% in 2005 to 7.8% in 2006, and the utilisation rate for CCTV channels excluding CCTV-9 decreased from 60.0% in 2005 to 59.1% in 2006. Revenue from our value-added services, in particular the production of advertising content, also contributed to the increase in our advertising service revenue. Advertising service revenue from CCTV increased by RMB56.0 million from RMB205.5 million in 2005 to RMB261.5 million in 2006.

Our increase in advertising service revenue from CCTV was offset by a decrease in advertising service revenue from our purchase and sale of advertisement time on Phoenix TV. We recorded gross revenue of RMB11.2 million for the year ended 31 December 2005 from the sale of advertisement time on Phoenix TV and recorded no such revenue for the year ended 31 December 2006 as we decided not to renew our contract with them upon its expiration at the end of 2005. Excluding gross revenue related to Phoenix TV, our gross revenue increased by RMB47.5 million, from RMB219.5 million in 2005 to RMB267.0 million in 2006.

Our gross agency service revenue decreased by RMB3.1 million, while our other gross revenue increased by RMB3.5 million from 2005 to 2006.

Cost of services

Our cost of services decreased by RMB6.1 million, or 3.8%, from RMB161.3 million for the year ended 31 December 2005 to RMB155.2 million for the year ended 31 December 2006, in spite of increased cost of services related to advertising service for our CCTV-related business, primarily as a result of our incurrence of a cost of RMB37.0 million for our purchase of advertisement time from Phoenix TV, which we undertook in 2005 in an effort to diversify our revenue sources. We did not renew our business contract with Phoenix TV upon its expiration at the end of 2005. Excluding the cost of services related to Phoenix TV in 2005, our cost of services increased by RMB30.9 million, from RMB124.3 million in 2005 to RMB155.2 million in 2006. Our cost related to the purchase of CCTV advertisement time increased by RMB22.9 million, or 21.6%, from RMB106.0 million in 2005 to RMB128.9 million in 2006, primarily due to our purchase of more CCTV advertisement time in 2006. The average cost for CCTV advertisement time was RMB5,562 per minute in 2006 compared with RMB5,356 per minute in 2005.

Gross profit and gross margin

As a result of the foregoing, our gross profit increased by RMB39.7 million, or 57.7%, from RMB68.8 million for the year ended 31 December 2005 to RMB108.5 million for the year ended 31 December 2006. Our gross profit margin increased to 41.1% in 2006 from 29.9% in 2005 primarily due to the negative impact on our gross margin in 2005 from Phoenix TV, for which we incurred a gross loss of RMB25.8 million. Excluding the impact from Phoenix TV, our gross margin was 43.2% in 2005. Our losses from our purchase of advertisement time from Phoenix TV were due to competition and other commercial issues with Phoenix TV, as a result of which CTV Culture and Communication incurred a net loss of RMB18.0 million in 2005. As our commercial objectives were not met, we did not renew our contract with Phoenix TV upon its expiration at the end of 2005.

Other income

Our other income decreased from approximately RMB134,000 for the year ended 31 December 2005 to nil for the year ended 31 December 2006. The RMB134,000 of other income in 2005 related to government grants we received in connection with our purchase of office space in Shanghai for our then Shanghai subsidiary, which are recognised as other income ratably over the useful life of the purchased property.

Selling and marketing expenses

Our selling and marketing expenses increased by RMB7.9 million, or 121.5% from RMB6.5 million for the year ended 31 December 2005 to RMB14.4 million for the year ended 31 December 2006. Such increase was primarily due to increases in personnel expenses and promotion and marketing expenses. The increase in personnel expenses was due to reorganisation of the sales team and introduction of new senior-level sales managers, while the increase in promotion and marketing expenses was due to increases in our business that resulted in the increased expenses relating to consulting, market research, sales advisory, and customer tracking and maintenance services.

General and administration expenses

Our general and administration expenses decreased by RMB12.9 million, or 40.2%, from RMB32.1 million for the year ended 31 December 2005 to RMB19.2 million for the year ended 31 December 2006, primarily as a result of a decrease in impairment losses on bad and doubtful accounts. We recognised impairment losses on bad and doubtful accounts of RMB1.4 million in 2006 compared with RMB14.1 million in 2005, primarily due to the establishment of our client credit extension policy at the end of 2005.

Finance income and finance expenses

Our finance income increased by approximately RMB664,000 from approximately RMB173,000 for the year ended 31 December 2005 to approximately RMB837,000 for the year ended 31 December 2006, primarily due to an increase in interest income from bank deposits as a result of funding received in November 2006 from Bain Capital and from cash from operations. Cash and cash equivalents were RMB17.4 million at 31 December 2005, compared to RMB311.3 million at 31 December 2006.

Finance expenses increased by RMB6.8 million from approximately RMB303,000 for the year ended 31 December 2005 to RMB7.1 million for the year ended 31 December 2006, primarily due to an increase in the fair value of the derivative component of our convertible redeemable preference shares of RMB1.8 million, an increase in the transaction cost for the financial instruments at fair value through profit or loss of RMB2.4 million and an increase in the interest expense on the convertible redeemable preference shares of RMB2.5 million, all due to our issuing such convertible redeemable preference shares to Bain Capital in late 2006.

Income tax expense

Our income tax expense increased by RMB1.9 million, or 35.8%, from RMB5.3 million for the year ended 31 December 2005 to RMB7.2 million for the year ended 31 December 2006, primarily as a result of an increase in gross revenue derived from CTV Advertising (Beijing) in 2005 as compared to 2006. CTV Advertising (Beijing) was our principal operating entity in both years, and it was taxed based on the 33% tax rate applicable to its deemed taxable income, which is 8% of its gross revenue. See "—Description of Selected Income Statement Items—Income Tax Expense."

Profit for the year

As a result of the foregoing, our profit increased by RMB36.5 million, or 147.2%, from RMB24.8 million for the year ended 31 December 2005 to RMB61.3 million for the year ended 31 December 2006. Excluding the non-cash finance expenses related to the convertible redeemable preference shares issued to Bain Capital, our profit increased by RMB43.2 million, or 174.2%, from RMB24.8 million for the year ended 31 December 2005 to RMB68.0 million for the year ended 31 December 2006.

Profit for the year attributable to equity holders and minority interests

Our profit for the year attributable to equity holders increased by RMB34.7 million, or 130.5%, from RMB26.6 million for the year ended 31 December 2005 to RMB61.3 million for the year ended 31 December 2006 as a result of our increased profit for the year in 2006 compared to 2005.

Minority interests for the year ended 31 December 2005 was a loss of RMB1.8 million, which related to the 10% equity interest in CTV Culture and Communication held by Mr. Yan Tiehua and Ms. Liu Menglan. CTV Advertising (Beijing) had owned 90% equity interest in CTV Culture and Communication before 10 November 2005 when the 90% equity interest was transferred to CTV Media Investment. Minority interest for the year ended 31 December 2006 was nil.

Selected Consolidated Semi-annual Results of Operations

The following table sets forth our consolidated results of operations for each of the four six-month periods ended 31 December 2007. We believe such consolidated semi-annual results of operations may be useful for investors to understand the most recent trends of our business and operations and the seasonality of our business. We have prepared the unaudited historical semi-annual results of operations on the same basis as the audited consolidated financial statements set forth in the accountants' report included in Appendix I to this Prospectus. However, the financial information provided below have not been audited and you are cautioned to not place undue reliance on such information. You should read the consolidated semi-annual results of operations together with our audited consolidated financial statements and the related notes included in the accountants' report in Appendix I to this Prospectus.

	Six months ended			
	30 June 2006	**31 December 2006**	**30 June 2007**	**31 December 2007**
	(in thousands of RMB)			
Consolidated income statement data:				
Revenue(1)	104,723	158,934	157,114	207,588
Cost of services	(72,012)	(83,191)	(118,938)	(118,919)
Gross profit	32,711	75,743	38,176	88,669
Other income	—	—	36	—
Selling and marketing expenses	(4,295)	(10,143)	(7,179)	(9,353)
General and administrative expenses(2)	(6,686)	(12,550)	(12,461)	(18,258)
Profit from operations	21,730	53,050	18,572	61,058
Finance income	165	672	1,693	1,586
Finance expenses related to convertible redeemable preference shares(3)	—	(6,667)	(14,397)	(12,056)
Other finance expenses	(86)	(312)	(434)	—
Profit before tax	21,809	46,743	5,434	50,588
Income tax expense	(2,848)	(4,385)	(3,482)	(9,765)
Profit for the period	18,961	42,358	1,952	40,823
Attributable to:				
Equity holders of the Company	18,961	42,358	2,081	40,235
Minority interests	—	—	(129)	588

(1) Revenue for each period is net of applicable sales taxes and surcharges.

(2) Includes share-based compensation expenses in 2007 in the amount of RMB4.9 million.

(3) Represents finance expenses related to our convertible redeemable preference shares for the six-month periods ended 31 December 2006, 30 June 2007 and 31 December 2007.

LIQUIDITY AND CAPITAL RESOURCES

We currently fund our operations primarily with cash from operating activities and equity contributions from Shareholders. Our cash requirements relate primarily to:

- our working capital requirements to fund the purchase of TV advertisement time from TV stations, salaries and benefits for our employees and other operating expenses; and
- our capital expenditures for the purchase and decoration of new office buildings, purchase of equipment of advertisements and for the potential acquisition of companies as part of our expansion strategy.

The following table is a summary of our consolidated cash flow statements for the periods indicated:

	Year ended 31 December		
	2005	2006	2007
	(in thousands of RMB)		
Cash and cash equivalents at beginning of the year	53,534	17,399	311,269
Net cash generated from (used in) operating activities	(1,974)	115,098	110,042
Net cash used in investing activities	(26,598)	(16,218)	(14,292)
Net cash generated from (used in) financing activities	(8,047)	196,382	(50,463)
Net increase (decrease) in cash and cash equivalents	(36,619)	295,262	45,287
Cash and cash equivalents at end of the year	17,399	311,269	352,061

Cash Flow from Operating Activities

For the year ended 31 December 2007, we had net cash inflow from operating activities of RMB110.0 million, primarily due to our operating cash flows before movements in working capital of RMB87.0 million, an increase in trade and other payables of RMB33.6 million and a decrease in trade and other receivables of RMB6.6 million, partially offset by income tax paid of RMB17.2 million. Our increase in trade and other payables is primarily due to delayed billing by CCTV and increased advance payments from our clients. As we gain market recognition, we were able to request more advance payments from our clients. Our increase in advertisement time sold also contributed to the increase in advance payments from our clients. Our decrease in trade and other receivables is primarily due to the improvement of our collection efforts.

For the year ended 31 December 2006, we had net cash inflow from operating activities of RMB115.1 million, primarily due to our operating cash flows before movements in working capital of RMB77.6 million and an increase in trade and other payables of RMB58.0 million, partially offset by an increase in trade and other receivables of RMB17.5 million. Our significant increase in trade and other payables is primarily due to delayed billing by CCTV and increased advance payments from our clients. Our increase in trade and other receivables is primarily due to our increase in business volume.

For the year ended 31 December 2005, we had net cash outflow from operating activities of RMB2.0 million, primarily due to an increase in trade and other receivables of RMB56.4 million, partially offset by operating cash flows before movements in working capital of RMB33.4 million and an increase in trade and other payables of RMB22.6 million. Our significant increase in trade and other receivables is primarily due to our increase in extending credit terms to our clients. We started to review our credit extension practice at the end of 2005, and established our credit extension policy to better manage our trade and other receivables. Our increase in trade and other payables is primarily due to an increase in advance payments received from our clients as a result of increased advertisement time sold.

Cash Flow from Investing Activities

For the year ended 31 December 2007, we recorded net cash outflows in investing activities of RMB14.3 million, which was primarily due to the purchase of new office space and vehicles of RMB45.0 million in the same period and loans and cash advances to related parties of RMB54.2 million, partially offset by repayment of RMB81.2 million from related parties and interest received on our cash and cash equivalents generated from our operations and cash received in connection with our issuance of convertible redeemable preference shares in November 2006.

For the year ended 31 December 2006, we recorded net cash outflows in investing activities of RMB16.2 million, primarily due to cash advances and loans made to related parties of RMB18.5 million.

For the year ended 31 December 2005, we recorded net cash outflows in investing activities of RMB26.6 million, primarily due to cash advances and loans made to related parties of RMB25.1 million.

Cash Flow from Financing Activities

For the year ended 31 December 2007, we recorded net cash outflows from financing activities of RMB50.5 million, which was due to our payment of RMB49.1 million for a deemed distribution to Golden Bridge Culture controlled by the Controlling Shareholders in connection with our acquisition of CTV Advertising (Beijing) in September 2006 that we paid in January 2007.

For the year ended 31 December 2006, we recorded net cash inflows from financing activities of RMB196.4 million, which was primarily due to the issuance of our redeemable convertible preferred shares to Bain Capital of RMB197.8 million.

For the year ended 31 December 2005, we recorded net cash outflows in financing activities of RMB8.0 million, which was primarily due to the repayment of borrowings of RMB3.9 million and dividends paid of RMB5.0 million, which was partially offset by proceeds from new borrowings of RMB2.5 million.

CONTRACTUAL COMMITMENTS AND OBLIGATIONS

The following table sets forth the aggregate amounts, as at 31 December 2007, of our future contractual obligations on a consolidated basis:

	Payment due			
	Within 1 year	Within 1-5 Years	After 5 Years	Total
	(in thousands of RMB)			
Contractual obligations				
Office lease commitments	550	—	—	550
Contractual commitments[1]	27,601	2,400	2,250	32,251
Total.	28,151	2,400	2,250	32,801

(1) For the purchase of advertisement time from suppliers of advertising resources.

We fund our contractual obligations primarily from cash generated from operations and financing through our equity holders.

CAPITAL EXPENDITURES

We incur capital expenditures for various items, including for the purchase of buildings for use as our office space and for the purchase of production and office-related equipment. Our capital expenditures were RMB1.7 million, RMB788,000 and RMB45.0 million in 2005, 2006 and 2007, respectively. Our significant increase in capital expenditure in 2007 was due to the purchase of our office building in Beijing. We fund our capital expenditures from cash from operations and through equity financings.

NET CURRENT ASSETS

The following sets forth our net current assets at each of the balance sheet date during the Track Record Period:

	As at 31 December		
	2005	2006	2007
	(in thousands of RMB)		
Current assets			
Trade and other receivables	80,227	97,636	97,258
Receivables due from related parties	39,678	57,463	28,255
Cash and cash equivalents	17,399	311,269	352,061
Assets classified as held-for-sale(1)	—	156	11,041
Total current assets	137,304	466,524	488,615
Current liabilities			
Short-term borrowings and current portion of long-term borrowings	1,382	1,166	—
Trade and other payables	42,243	103,119	136,725
Payables due to related parties	1,693	52,286	958
Income tax payables	9,166	13,546	12,845
Liabilities classified as held-for-sale	—	124	—
Total current liabilities	54,484	170,241	150,528
Net current assets	82,820	296,283	338,087

(1) Part of Beijing Haidian District CTV Management Training Centre is presented as a disposal group held for sale following the commitment of the Group management to sell the disposal group on 30 November 2006 due to the strategic decision to place greater focus on the Group's key competencies, being the provider of advertising services. Only part of the assets and liabilities thereof were sold to independent third parties while others, such as cash and cash equivalents and certain operating assets, were retained within the Group in connection with the liquidation completed on 31 January 2007. Beijing Haidian District CTV Management Training Centre incurred a loss of approximately RMB785,000 and approximately RMB181,000 in 2005 and 2006, respectively. The balance at 31 December 2007 represented certain of the assets of CTV Advertising (Beijing)'s property, plant and equipment which we planned to sell following the liquidation of CTV Advertising (Beijing).

Our net current assets improved during the year from 31 December 2005 to 31 December 2006. We had net current assets of RMB296.3 million as at 31 December 2006, compared to net current assets of RMB82.8 million as at 31 December 2005. This improvement was primarily due to an increase in our cash and cash equivalents of RMB311.3 million due to the issuance of convertible redeemable preference shares to Bain Capital and cash generated from operating activities. We also had RMB97.6 million of trade and other receivables due to our business expansion, as well as RMB57.5 million of receivables due from related parties. This was partially offset by an increase in trade and other payables of RMB103.1 million and payables due to related parties of RMB52.3 million during the same period.

Our net current assets increased by 14.1% during the period from 31 December 2006 to 31 December 2007. We recorded net current assets of RMB338.1 million as at 31 December 2007, compared to a net current assets of RMB296.3 million as at 31 December 2006. This increase was primarily due to a decrease in payables due to related parties of RMB51.3 million, an increase in cash and cash equivalents of RMB40.8 million due to cash generated from operating activities and an increase in assets classified as held-for-sale of RMB10.9 million, partially offset by an increase in trade and other payables of RMB33.6 million and a decrease in receivables due from related parties of RMB29.2 million.

As at the close of business on 30 April 2008, which is the latest practicable date for the purpose of this statement, our net current assets were RMB281.1 million.

TRADE AND OTHER RECEIVABLES ANALYSIS

Our current credit extension policy was formulated at the end of 2005, when we began to review credit granted to our clients on a more formal basis and made certain provisions for bad debt. Generally, we do not extend lines of credit to new clients or small clients and our clients are generally required to pay either the full contract price or place a deposit of 10% to 30% of the entire contract price before their advertisements are broadcast on the TV channels. Our clients are required to pay the remaining balance periodically as their advertisement are broadcast. In accordance with the contractual payment terms, before any portion of the advertisement is broadcast, such portion should generally be fully paid. However, on a case-by-case basis, and subject to our Chief Executive Officer's prior approval, we grant credit terms to, and advance certain payments on behalf of, certain larger, more established clients with long-term relationships with us or clients with whom we have potential future business opportunities with. Such credit terms are generally for up to 90 days, but may be longer, in certain circumstances.

The following table sets out the aging analysis of our trade receivables for the Track Record Period:

	As at 31 December		
	2005	2006	2007
	(in thousands of RMB)		
Aging analysis of trade receivables			
Within 90 days	25,659	28,544	14,752
Over 90 days	29,049	37,503	25,298
Total	54,708	66,047	40,050

Our trade receivables increased from RMB54.7 million as at 31 December 2005 to RMB66.0 million as at 31 December 2006 primarily due to bad debts carried over from 2005 in the amount of RMB11.5 million and our extension of credit terms to certain major clients based on our credit extension policy. Our account receivables as at 31 December 2007 decreased to RMB40.0 million primarily due to the write-off of bad debts incurred in 2005 and 2006 in the amount of RMB12.9 million and the effort of our management team in improving collection. 63% of our trade receivables as at 31 December 2007 was over 90 days as a result of our extension of credit term of more than 90 days to certain major clients. We grant such extension in order for us to maintain long-term relationships with our clients. Given our experience that such major clients generally honour their payment obligations, the Directors are of the view that our provision for impairment on trade receivables are sufficient. Our provisions for bad and doubtful debts are recorded in profit or loss and were RMB14.1 million, RMB1.4 million and nil in 2005, 2006 and 2007, respectively. In order to improve collection rates, we have assigned specific personnel to conduct regular communication with the clients and send them collection notices, and for certain large clients, our management may visit the clients in person and call them as necessary to request their payments. As at 31 March 2008, RMB16.3 million of the RMB40.1 million account receivables as at 31 December 2007 has been collected.

The following table sets out our average trade receivables turnover days for the Track Record Period:

	Year ended 31 December		
	2005	2006	2007
Average trade receivables turnover days(1)	49	80	51

(1) Average trade receivables turnover days are equal to the average trade receivables divided by revenue and multiplied by the number of days in the relevant period.

The increase in the average trade receivables turnover days for the year ended 31 December 2006 compared with the year ended 31 December 2005 was predominantly due to a delay in payments from certain customers.

The decrease in the average trade receivables turnover days for the year ended 31 December 2007 compared with the year ended 31 December 2006 was predominantly due to our management's successful efforts to improve collection rates.

The following table sets out our other receivables for the Track Record Period:

	As at 31 December		
	2005	2006	2007
	(in thousands of RMB)		
Other receivables			
Prepayments to media suppliers	21,325	19,683	28,285
Deposits(1)	13,519	20,101	13,150
Advances to employees	2,425	4,439	1,545
Listing fee	—	—	5,121
Others(2)	232	295	9,107
	37,501	44,518	57,208

(1) Deposits mainly consist of the deposits placed with media advertising resource suppliers for the purchase of advertisement time.

(2) Others mainly represent the receivables due from an independent third party for the sale of certain production equipment and the prepayment of service fee to third party broadcast monitoring service providers in 2007.

TRADE AND OTHER PAYABLES ANALYSIS

Our trade and other payables primarily relate to the purchase of advertisement time from CCTV and other TV stations and advanced payments received from our clients and are non-interest-bearing. Except for the payments for advertisement resources on CCTV- 4 and CCTV-9, which are made on a quarterly basis, we are generally required to pay advertising resource suppliers on a monthly basis. Our suppliers generally do not extend to us credit terms but our experience to date has been that many of our suppliers often delay billing to us. However, they have no obligation to do so and no assurance can be given that they will continue to do so in the future.

The following table sets out the aging analysis of our trade payables for the Track Record Period:

	As at 31 December		
	2005	2006	2007
	(in thousands of RMB)		
Aging analysis of trade payables			
Within 90 days	1,230	24,339	38,817
91 to 180 days	—	—	—
181 days to 360 days	—	—	3,310
Over 361 days	—	—	—
Total	1,230	24,339	42,127

The following table sets out our average trade payables turnover days for the Track Record Period:

	Year ended 31 December		
	2005	2006	2007
Average trade payables turnover days(1)	3	30	51

(1) Average trade payables turnover days are equal to the average trade payables divided by cost of services and multiplied by the number of days in the relevant period.

The increase in the average trade payables turnover days in 2006 and 2007 was primarily due to delayed billing by CCTV.

The following table sets out our other payables for the Track Record Period:

	As at 31 December		
	2005	2006	2007
	(in thousands of RMB)		
Advances from customers(1)	27,577	59,179	78,626
Welfare expenses payables	399	105	55
Other compulsory payables(2)	2,854	3,483	2,365
Other tax payables(3)	4,897	5,763	3,883
Other payables and accrued charges(4)	5,286	10,250	9,669
Total other payables	41,013	78,780	94,598

(1) Advances from customers represent the down-payments received from customers, which are expected to be recovered within one year.
(2) Other compulsory payables mainly include the Cultural Industry Development Fee (文化事業建設費) paid to the local tax authority.
(3) Other tax payables include business taxes payable and surcharges payable.
(4) Other payables and accrued charges mainly include the provisions for social security funds.

INDEBTEDNESS

At the close of business on 30 April 2008, which is the latest practicable date for the purpose of this indebtedness statement, we did not have any outstanding loan, capital issued or agreed to be issued, borrowings or other similar indebtedness, overdrafts, liabilities under acceptances or acceptance credits, or hire purchase commitments, debentures, mortgages, charges, banking facilities, guarantees or finance leases. As at 31 December 2007, we did not have any utilised or unutilised banking facilities. The following table sets forth our short- and long-term bank loans as at the dates indicated:

	As at 31 December		
	2005	2006	2007
	(in thousands of RMB)		
Short-term bank loans(1)	1,382	1,166	—
Long-term bank loans(2)	1,425	259	—
Total	2,807	1,425	—

(1) Includes secured short-term bank loans and the current portion of secured long-term bank loans.
(2) Includes secured long-term bank loans less the current portion of secured long-term bank loans.

The Directors have confirmed that there has not been any material change in the indebtedness since 30 April 2008.

Our gearing ratios, which equal to our indebtedness divided by our total equity, were 0.03, 0.03 and nil in 2005, 2006 and 2007, respectively. Such gearing ratios have been low and stable during the Track Record Period primarily due to our low level of borrowings.

WORKING CAPITAL

During the Track Record Period, our Group has been financed principally by cash flow generated from operations and financing from equity holders. We consider that the working capital requirements for our Group’s own operations during the Track Record Period were mainly for the purchase of advertising resources from CCTV and other suppliers and for salary expenses and benefits for our employees, marketing and sales promotion and other expenses. Our operations do not require any significant capital expenditures as the most important aspect of our business consists of sales and marketing activities.

We consider that the most significant working capital requirements for the Group’s operations after the Listing Date would be for the purchase of advertising resources from CCTV and other advertising resources suppliers and for paying salaries and benefits for our employees, marketing and sales expenses and other expenses.

Taking into account the above and the financial resources available to us, including internally generated funds and the estimated net proceeds from the Global Offering, the Directors are of the opinion that we have sufficient working capital to meet our present requirements for at least the next twelve months from the date of this prospectus.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at 31 December 2007, we did not have any material off-balance sheet arrangements.

CONTINGENT LIABILITIES

We may be involved in legal proceedings and litigation in the ordinary course of business. As at 31 December 2007, we did not have any material contingent liabilities.

PROFIT FORECAST

Our Directors believe that, in the absence of unforeseen circumstances and on the basis and assumptions as set out in "Appendix III — Profit Forecast," our Group's profit attributable to equity holders for the year ending 31 December 2008 is expected to be not less than RMB120.0 million. On the basis of the prospective financial information and the weighted average number of Shares expected to be issued and outstanding during the current financial year ending 31 December 2008, the forecast earnings per Share on a weighted average basis for the year ending 31 December 2008 is expected to be not less than HK$0.270.

On a pro forma fully diluted basis and on the assumption that our Group had been listed since 1 January 2008 and a total of 565,216,470 Shares were issued during the entire year, the forecast earnings per Share for the year ending 31 December 2008 is expected to be not less than HK$0.236, representing a price/earnings multiple of 11.1 times and 14.7 times if the Offer Price is HK$2.63 per Share and HK$3.48 per Share, respectively. The 565,216,470 total number of Shares includes the 557,482,400 Shares assumed to be issued following the Global Offering (before exercise of the Over-allotment Option) and the 7,734,070 Shares assumed to be issued pursuant to the exercise of the outstanding options under the Pre-IPO Scheme.

The profit forecast includes forecast earnings in respect of advertisement time on CCTV-4, CCTV-9, Jiangsu TV City Channel and Shenzhen Satellite TV Channel during the Beijing Olympic Period, which our Group has either purchased or expects to purchase (this accounts for approximately 3.5% of the total turnover forecast for 2008). However, we currently forecast no earnings in respect of any advertisement time on CCTV-1 and CCTV-2 during the Beijing Olympic Period as we had not purchased any advertisement time on these channels during such period as at the Latest Practicable Date. We also forecast no earnings in respect of advertisement time on any of the Beijing Olympic Programmes.

The texts of letters from the reporting accountants of our Group, and from the Joint Sponsors in respect of the profit forecast are set out in "Appendix III — Profit Forecast."

DISTRIBUTABLE RESERVES

As at 31 December 2007, the Company had no reserves available for distribution to Shareholders.

DIVIDEND POLICY

Our Board recommends the payment of dividends, if any, and which is subject to Shareholder approval. In 2005, CTV Advertisement (Beijing) declared and paid a dividend of RMB5 million to its then shareholders, representing 13.5% of its profit attributable to equity holders for 2004. In 2008, we declared and paid a dividend of HK$100 million (equivalent to approximately RMB93.6 million), representing approximately 72.7% of our undistributed profit as at 31 December 2007. The Controlling Shareholders used part of the dividends we paid in 2008 to make a loan to CTV Culture and Communication for it to repay its loan owed to CTV Media (Shanghai).

Our Board currently intends to recommend an annual cash dividend of up to 20% of the net profit available for distribution in the foreseeable future. However, our Board decides whether to pay any dividend and the timing and the amount of any dividends based on a number of considerations, including:

- our operation results and cash flows;
- our future prospects;
- general business conditions;
- our capital requirements and surplus;
- any contractual restrictions on the payment of dividends by us or our subsidiaries to our Shareholders;
- tax considerations;
- possible effects on our creditworthiness;
- statutory and regulatory restrictions; and
- any other factors the Board may deem relevant.

Under the Companies Ordinance and our Articles of Association, all of our Shareholders have equal rights to dividends and distributions, and we can pay dividends out of our share premium account, provided that on the proposed dividend payment date, we are able to pay our debts when they fall due in the ordinary course of business.

As we are a holding company, our ability to pay dividends will substantially depend upon the amount of dividends and distributions we receive from CTV Media (Shanghai), our PRC subsidiary. Pursuant to PRC laws and regulations, CTV Media (Shanghai) may only pay dividends or other distributions to the Company if it has recovered accumulated losses, if any, from previous years and after paying taxes and making contributions to certain reserve funds at a certain percentage of distributable profit as decided by its board of directors. Undistributed profits from previous years may be distributed along with the profits of the current year.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date for the purpose of this statement, there are no circumstances which would give rise to a disclosure requirement under Rules 13.11 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, save for the dividend declared in 2008 as disclosed under the sub-sections headed "Dividend Policy" in "Summary" and "Financial Information" sections, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2007 and there has been no event since 31 December 2007 that would materially affect the information shown in the accountants' report set out in Appendix I to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets was prepared in accordance with Rule 4.29 of the Listing Rules and is for illustration purposes only. It may not give a true picture of the net tangible assets of our Group following the Global Offering. The following unaudited pro forma adjusted net tangible assets is set out below to illustrate the effect of the Global Offering on the net tangible assets of our Group as at 31 December 2007 and adjusted as described below.

	Audited consolidated net tangible assets attributable to equity holders of the Group as at 31 December 2007(1)	Add: Estimated net proceeds from the Global Offering(2)(5)	Unaudited pro forma adjusted net tangible assets as at 31 December 2007(5)	Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Group as at 31 December 2007 per Share(4)(5)	
	RMB'000	RMB'000	RMB'000	RMB	HK$
Based on an Offer Price of HK$2.63 per Share	385,425	224,741	610,166	1.09	1.21
Based on an Offer Price of HK$3.48 per Share	385,425	316,699	702,124	1.26	1.40

(1) The consolidated net tangible assets attributable to our equity holders as of 31 December 2007 is derived from the Accountants' Report set out in Appendix I to the prospectus, which is based on the audited consolidated net assets attributable to our shareholders as of 31 December 2007 of RMB388,693 thousand with an adjustment of deferred tax assets of RMB3,268 thousand as of 31 December 2007.

(2) The estimated net proceeds, from the Global Offering are based on the offer price of HK$2.63 per Share and HK$3.48 per Share and the assumption that there are 125,460,000 newly issued Shares in the Global Offering (assuming the Over-allotment Option is not exercised), after deduction of the underwriting fees and other related expenses payable by the Company and the incentive fee the Company may pay to the Joint Global Coordinators.

(3) The unaudited pro forma adjusted net tangible assets do not take into account the effect of the net profit for the period from and including 1 January 2008 to the date immediately preceding the date of the Global Offering.

(4) The unaudited pro forma adjusted net tangible assets value per Share is arrived at after the adjustments referred to in note 1 above and on the basis that 557,482,400 Shares are issued and outstanding following the completion of the Global Offering and that the Over-allotment Option and any options which have been granted or may be granted under the Pre-IPO Scheme and the Post-IPO Scheme are not exercised. If the Over-allotment Option is exercised, these per Share values will increase.

(5) The translation of HK dollar into Renminbi has been made at the rate of HK$1.00 to RMB0.89833, the PBOC rate on 30 April 2008. No representation is made that the HK dollar amounts have been, could have been or could be converted to RMB, or vice versa, at that rate, or at any other rate or at all.

QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISKS

Interest Rate Risk

As at Latest Practicable Date, we have no interest-bearing borrowings. Our exposure to changes in interest rates is mainly attributable to our interest-bearing assets, including cash and cash equivalents. See footnote 26 to our consolidated financial statements included in Appendix I — "Accountants' Report." Our other financial assets and liabilities are not subject to any material interest rate risk.

Foreign Currency Risk

Substantially all our revenues and expenses are denominated in Renminbi. We have not had any material foreign exchange gains or losses. Although in general, our exposure to foreign risks should be limited, the value of your investment in our Shares will be affected by the foreign exchange rate between Hong Kong dollars and Renminbi because the value of our business is effectively denominated in Renminbi, while the Shares will be traded in Hong Kong dollars. Furthermore, a decline in the value of the Renminbi could reduce the Hong Kong dollar equivalent of the value of the earnings and dividends from, and our investments in, our subsidiaries and PRC-incorporated affiliates in the PRC.

Credit Risk

The carrying amount of trade receivables and cash included in the consolidated financial statements represent our maximum exposure to credit risk in relation to our financial assets. As we deposit our cash in large commercial banks in China, we consider the credit risk associated with our cash is minimal. We have no other financial assets that carry significant exposure to credit risk. We have no significant concentrations of credit risk.

Liquidity Risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. Our Group does not have any significant exposure to liquidity risk as our Group was in a net current asset position as at 31 December 2005, 2006 and 2007.

Inflation Risk

According to the China Statistical Bureau, China's overall national inflation rate, as represented by the general consumer price index, was approximately 1.8%, 1.5% and 4.8% in 2005, 2006 and 2007, respectively. We cannot assure you that the inflation rate in China will decrease or increase in the future. We cannot predict the impact that a sustained increase in inflation will have on our business, financial conditions, results of operations or prospects.

RELATED PARTY TRANSACTIONS

For a description of the related party transactions, see footnote 24 of the Accountants' Report in Appendix I to this prospectus. Saved and except for the office rental between CTV Media (Shanghai) and CTV Culture and Communication, such related party transactions will be discontinued before the Listing.

The previous advances made by us during the Track Record Period, as confirmed by our PRC legal adviser, constitute inter-enterprise loans and are not in compliance with the General Rules on Loan (貸款通則). Since the advances made by us did not bear any interest, our PRC legal adviser has confirmed that the principal of the loan is protected under PRC law and there is no penalty for having made such advances. The advances made by us took place at an early stage of our business history and were made mainly for the working capital needs of the companies within the Group. All of the loans were approved by the general manager's meeting of the Company, which included all our directors at such time, and relevant documents have been properly executed for such loans. Such lending has been suspended and will not continue after the listing. To ensure that such advances and loans are not made in the future, we have held training sessions attended by all of our Directors and senior management conducted by our legal adviser on the illegality of such inter-group loan advances, and engaged RSM to carry out an assessment on our internal control systems and procedures to enhance our internal controls.

FUTURE PLANS

See the section headed "Business — Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS[1]

We estimate that we will receive net proceeds from the Global Offering ranging from approximately HK$250 million (equivalent to approximately RMB225 million) (assuming an Offer Price of HK$2.63 per Share, the lower end of the estimated Offer Price range) to HK$353 million (equivalent to approximately RMB317 million) (assuming an Offer Price of HK$3.48 per Share, the higher end of the estimated Offer Price range), after deducting the underwriting commissions (including any incentive fees that may be paid to the Joint Bookrunners) and estimated expenses payable by us in relation to the Global Offering and assuming the Over-allotment Option is not exercised.

Assuming we receive the estimated net proceeds as described above, we intend to allocate:

- approximately 70% of net proceeds (approximately HK$175 million (equivalent to approximately RMB157 million) to HK$247 million (equivalent to approximately RMB222 million)) for strategic acquisitions of businesses that could enhance or complement our existing businesses, including:
  - TV media advertising operators in China that engage in business cooperation with CCTV;
  - media operators that offer products and services in digital media to facilitate our entry into those markets; and
  - TV advertising operators with proven track records and well-established cooperative relationships with regional TV stations;
- approximately 20% of net proceeds (approximately HK$50 million (equivalent to approximately RMB45 million) to HK$71 million (equivalent to approximately RMB63 million)) to acquire more advertising resources from CCTV, other regional TV stations and digital media; and
- the remaining approximately 10% of net proceeds (approximately HK$25 million (equivalent to approximately RMB22 million) to HK$35 million (equivalent to approximately RMB32 million) for working capital and other general corporate purposes.

In the event that the Over-allotment Option is exercised in full, we will receive additional net proceeds ranging from approximately HK$48 million (equivalent to approximately RMB43 million) (assuming an Offer Price of HK$2.63 per Share) to HK$63 million (equivalent to approximately RMB56 million) (assuming an Offer Price of HK$3.48 per Share). The amount and usage of any additional net proceeds will be pro-rated accordingly. As at the date of this prospectus, we have not identified any acquisition targets.

(1) The translation of Hong Kong dollar into Renminbi has been made at the rate of HK$1.00 to RMB0.89833, the PBOC rate on 30 April 2008.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be deposited with banks or other financial institutions or held in other treasury instruments.

We estimate that the net proceeds of the Global Offering to the Selling Shareholder will range from approximately HK$35 million (equivalent to approximately RMB32 million) (assuming an Offer Price of HK$2.63 per Share) to HK$47 million (equivalent to approximately RMB42 million) (assuming an Offer Price of HK$3.48 per Share), after deducting the underwriting commissions (including any incentive fees that may be paid to the Joint Bookrunners) and certain expenses payable by the Selling Shareholder in relation to the Global Offering and assuming the Over-allotment Option is not exercised. In the event that the Over-allotment Option is exercised in full, the Selling Shareholder will receive additional net proceeds ranging from approximately HK$5 million (equivalent to approximately RMB5 million) (assuming an Offer Price of HK$2.63 per Share) to HK$7 million (equivalent to approximately RMB6 million) (assuming an Offer Price of HK$3.48 per Share). We will not receive any of the net proceeds from the sale of the Shares by the Selling Shareholder. Bain Capital will not receive any of the net proceeds from the sale of the Offer Shares by the Selling Shareholder, since it will no longer have any interest in the Selling Shareholder after the completion of the Bain Conversion which will take place immediately before Listing.

HONG KONG UNDERWRITERS

Joint Global Coordinators

Morgan Stanley Asia Limited
Cazenove Asia Limited

Joint Lead Managers

Morgan Stanley Asia Limited
Cazenove Asia Limited

Co-Managers

CCB International Capital Limited
China Everbright Securities (HK) Limited
First Shanghai Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters), us and the Selling Shareholder, the Global Offering will not proceed.

The Global Offering comprises the Hong Kong Public Offering of initially 13,940,000 Hong Kong Offer Shares and the International Offering of initially 125,460,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure and Condition of the Global Offering" as well as to the Over-allotment Option in the case of the International Offering. The 13,940,000 initial Hong Kong Offer Shares are offered by us, and the 125,460,000 initial International Offer Shares include 111,520,000 Offer Shares Offered by us and 13,940,000 Offer Shares offered by the Selling Shareholder.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit an offering of the Hong Kong Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

Australia

No prospectus or other disclosure document has been lodged with, or registered by, the Australian Securities and Investments Commission ("**ASIC**") in relation to the Global Offering. This prospectus does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) (the "**Corporations Act**") and does not purport to include the information required for a prospectus or other disclosure document under the Corporations Act.

Any offer in Australia of the Offer Shares under this prospectus may only be made to persons (the "**Exempt Investors**") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the Offer Shares without disclosure to investors under Chapter 6D of the Corporations Act.

The Offer Shares applied for by Exempt Investors in Australia must not be offered for sale in Australia for 12 months from the date of issue under the Global Offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act or is made where the body issued the relevant securities with disclosure under Chapter 6D of the Corporations Act. Any person acquiring Shares must observe such Australian on-sale restrictions.

Canada

The Offer Shares may not be offered, sold or distributed, directly or indirectly, in any province or territory of Canada or to, or for the benefit of, any resident of any province or territory of Canada, except pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer, sale or distributed is made, and only by a dealer duly registered under the applicable securities laws of that province or territory in circumstances where no exemption from the applicable registered dealer requirements is available.

China

This prospectus does not constitute a public offer of the Offer Shares, whether by way of sale or subscription, in China. The Offer Shares are not being offered and may not be offered or sold directly or indirectly in China to or for the benefit of, legal or natural persons of China.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), the Offer Shares have not and will not be offered to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of the Offer Shares to the public may be made in that Relevant Member State at any time:

(i) to legal entities which are authorised or regulated to operate in the financial markets or, if not authorised or regulated, whose corporate purpose is solely to invest in securities;

(ii) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than €43,000,000, and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual consolidated accounts;

(iii) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives of the Underwriters; or

(iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive.

Each subscriber for or purchaser of the Offer Shares described in this prospectus located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of the above, the expression an "offer of Offer Shares to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe the Offer Shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Japan

The Offer Shares have not been and will not be registered under the Securities and Exchange Law of Japan (the "**Securities and Exchange Law**"). None of the Offer Shares may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law, and otherwise (ii) in compliance with the Securities and Exchange Law or any other applicable requirements of Japanese law. As used in this paragraph, a "resident of Japan" means any person residing in Japan, any corporation or other entity organised under the laws of Japan.

Singapore

Each International Underwriter has acknowledged that this prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the International Underwriter has represented and agreed that it has not offered or sold any Offer Shares or caused the Offer Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell the Offer Shares or cause the Offer Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Note:

Where the Offer Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 except:

   (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

   (2) where no consideration is or will be given for the transfer; or

   (3) where the transfer is by operation of law.

United Arab Emirates

The Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the United Arab Emirates, except (i) in compliance with all applicable laws and regulations of the United Arab Emirates, and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the United Arab Emirates. The information contained in this offering circular does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and is addressed only to persons who are sophisticated investors.

United Kingdom

This prospectus and any other material in relation to the Shares is only being distributed to and is only directed at persons (i) who are outside the United Kingdom and (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, (the "Order") or (iii) persons falling within Article 49(2)(a) to (d) of the Order ("high net worth companies, unincorporated associations etc."). Any investment activity to which this prospectus relates is only available to and will only be engaged in with such persons and persons who do not fall within (i), (ii) or (iii) above should not rely on or act upon this communication.

Each of the International Underwriters has represented, warranted and agreed that it has:

(a) only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, or the FSMA) received by it in connection with the issue or sale of any Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the company; and

(b) complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

United States

The Offer Shares have not been registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The International Underwriters propose to place Offer Shares outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, or another exemption from registration under the U.S. Securities Act, and in accordance with applicable law. Certain of the International Underwriters propose to place Offer Shares, through their respective U.S. selling agents, only to QIBs in the United States in reliance on Rule 144A or another exemption from registration under the U.S. Securities Act. Any offer or sale of Offer Shares in the United States will be made by broker-dealers who are registered as such under the U.S. Exchange Act.

Until the expiration of 40 days after the later of the commencement of the Global Offering and the date of the closing of the Global Offering, an offer or sale of Offer Shares within the United States by a dealer, whether or not participating in the Global Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, such requirements or in accordance with Rule 144A under the U.S. Securities Act.

The Offer Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Global Offering or the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense in the United States.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Shares in issue and the Shares to be offered as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement (including the Joint Global Coordinators (on behalf of the Hong Kong Underwriters), the Company and the Selling Shareholder agreeing upon the Offer Price), the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the Listing Date:

(A) there develops, occurs, exists or comes into force:

(i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, the Cayman Islands, Singapore or the European Union (or any member thereof); or

(ii) any change or development involving a prospective change or development, or any event or series of events likely to result in or represent any change or development involving a prospective change or development, in the local, national, regional or international financial, political, military, industrial, economic, fiscal, currency, market, exchange control or regulatory conditions or any monetary or trading settlement system (including but not limited to a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or the Renminbi is linked to any foreign currency or currencies) in or affecting Hong Kong, the PRC, the Cayman Islands, the United States, Singapore or the European Union (or any member thereof); or

(iii) a disruption or any general moratorium on commercial banking activities or foreign exchange trading or securities settlement, or payment or clearance services or procedures in or affecting Hong Kong (imposed by the Financial Secretary and/or the Hong Kong Monetary Authority or otherwise), New York (imposed at Federal or New York State level or otherwise), London, the PRC, the Cayman Islands, Singapore or the European Union (or any member thereof); or

(iv) any change or development in the conditions of local, national or international equity securities or other financial markets; or

(v) the imposition of any moratorium, suspension or restriction on trading in shares or securities generally on or by the Hong Kong Stock Exchange, the New York Stock Exchange the NASDAQ National Market, the London Stock Exchange or the Shanghai Stock Exchange or minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any regulatory or governmental authority; or

(vi) any change or development involving a prospective change in, or the implementation of any taxation, exchange control, currency exchange rates or foreign investment regulations in Hong Kong, the PRC, the Cayman Islands, the United States, Singapore or the European Union (or any member thereof); or

(vii) any adverse change or prospective adverse change in the earnings, results of operations, business, business prospects, financial or trading position, conditions or prospects (financial or otherwise) of the Company or any member of the Group (including any litigation or claim of material importance being threatened or instigated against us or any member of the Group); or

(viii) any event or series of events in the nature of force majeure, including, without limitation, acts of government, labour disputes, strikes, lock-outs, riots, public disorder, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism, outbreak of diseases or epidemics including, but not limited to, SARS and H5N1 and such related/mutated forms or accident or interruption or delay in transportation, economic sanction and any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis; or

(ix) any change or prospective change in, or a materialisation of, any of the risks set out in the section headed "Risk Factors" of this prospectus; or

(x) any director of the Company being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; the chairman or chief executive officer of the Company vacating his or her office in circumstances where the operations of the Group may be adversely affected; the commencement by any regulatory or political body or organisation of any action against a director of the Company or an announcement by any regulatory or political body or organisation that it intends to take any such action, which, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(a) is or may be or is likely to be materially adverse to or materially and prejudicially affect the business, financial or other condition or prospects of the

Company or the Group as a whole or, in the case of paragraph (vi) above, to any present or prospective shareholder of the Company in his/its capacity as such; or

(b) has or might have or is likely to have a material adverse effect on the success of the Hong Kong Public Offering or the Global Offering or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares and/or make it impracticable or inadvisable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or

(c) makes it inadvisable, impracticable or inexpedient to proceed with the Hong Kong Public Offering or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or

(B) there comes to the notice of the Joint Global Coordinators or any of the Hong Kong Underwriters any matter or event showing any of the Warranties or undertakings given by the Warrantors under the Hong Kong Underwriting Agreement or the International Underwriting Agreement to be untrue, incorrect, inaccurate or misleading in any respect when given or repeated; or

(C) there comes to the notice of the Joint Global Coordinators or any of the Hong Kong Underwriters any breach on the part of the Company or the Selling Shareholder of any of the provisions of the Hong Kong Underwriting Agreement or the International Underwriting Agreement which has or may have a material adverse effect on the Group or is material in the context of the Global Offering; or

(D) there comes to the notice of the Joint Global Coordinators or any of the Hong Kong Underwriters that any matter which would, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute an omission therefrom which is material in the context of the Global Offering; or

(E) there comes to the notice of the Joint Global Coordinators that any statement contained in this prospectus, the Application Forms, the formal notice and any announcements in the agreed form issued by the Company in connection with the Hong Kong Public Offering and Global Offering (including any supplement or amendment thereto) has become or is discovered to be untrue, incorrect, inaccurate or misleading in any material respect; or

(F) there comes to the notice of the Joint Global Coordinators that any event, act or omission which gives or is reasonably likely to give rise to any liability of a material nature of the Company pursuant to the indemnity provisions under the Hong Kong Underwriting Agreement; or

(G) approval by the Listing Committee of the Hong Kong Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the date of approval of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(H) a valid demand by any creditor for repayment or payment of any indebtedness of the Company or any member of the Group or in respect of which the Company or any member of the Group is liable prior to its stated maturity which would have a material adverse effect on the Group as a whole; or

(I) a petition is presented for the winding-up or liquidation of the Company or any member of the Group or the Company or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of the Company or any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Company or any member of the Group or anything analogous thereto occurs in respect of the Company or any member of the Group.

Undertakings

Pursuant to Rule 10.08 of the Listing Rules, except pursuant to the Global Offering, the Over-Allotment Option or the Post-IPO Scheme, at any time during the period of six months from the Listing Date, the Company will not, without the prior consent of the Hong Kong Stock Exchange and unless in compliance with the requirements of the Listing Rules, allot or issue or agree to allot or issue any Shares or other securities of the Company (including warrants or other convertible securities) or grant or agree to grant any options, rights, interests or encumbrances over any Shares or other securities of the Company or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence of ownership of any Shares or offer to or agree to do any of the foregoing or have any intention to do so.

We have undertaken to each of the Joint Global Coordinators, the Joint Sponsors, and the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or the Pre-IPO Scheme and the Post-IPO Scheme, the Company will not, and will cause each member of the Group not to, without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, at any time from the date of the Hong Kong Underwriting Agreement until the expiry of six months from the Listing Date offer, allot, issue, sell, lend, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, or repurchase any of the share capital or other securities of the Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or any interest therein), or enter into any swap, derivative, repurchase, lending, pledge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of share capital or such other securities, in cash or otherwise, or publicly disclose that we will or may enter into any of the foregoing transactions, or effect any purchase of Shares, or agree to do so, which may reduce the holding of Shares, of persons who count as members of the "public" for the purposes of the Listing Rules below 25% of the Company's issued share capital.

In the event of an issue or disposal of any Shares or interest in the Company as described above within six months after the date falling six months after the date on which dealings of the Shares on the Hong Kong Stock Exchange commence, we will ensure that any such issue or disposal will not create a disorderly or false market for the Shares.

Further, each of the Selling Shareholder and the Controlling Shareholders has undertaken to each of us, the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that save as otherwise already disclosed in this prospectus it will not and will procure that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it will, without the prior written consent of the Joint Global Coordinators and unless in compliance with the requirements of the Listing Rules:

i. during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of the Company or any interest therein held by it (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of the Company or any interest therein) or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so;

ii. during the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of the Company or any interest therein held by it (including but not limited to any securities that are convertible into or exercisable or exchangeable for or that represent the right to receive, any such share capital or other securities of the Company or any interest therein) or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so if, immediately following such transaction, it would cease to be a controlling shareholder of the Company (as defined in the Listing Rules); and

iii. in the event of a disposal by it of any of the share capital of the Company or any interest therein during the Second Six-month Period it will take all steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of the Company.

Bain Capital has also undertaken to each of us, the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that it will not and will procure that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it will, without the prior written consent of the Joint Global Coordinators and unless in compliance with the requirements of the Listing Rules during the First Six-month Period, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of the Company or any interest therein held by it (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of the Company or any interest therein) or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so.

Pursuant to Listing Rule 10.07(1), each of the Selling Shareholder and the Controlling Shareholders has undertaken that it shall not without the prior written consent of the Hong Kong Stock Exchange and unless in compliance with the requirements of the Listing Rules:

i. during the First Six-month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and

ii. during the Second Six-month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of the Company (as defined in the Listing Rules).

Each of the Selling Shareholder and the Controlling Shareholders has further undertaken to each of us, the Joint Global Coordinators, the Joint Sponsors, each of the Hong Kong Underwriters and the Hong Kong Stock Exchange, that it will, within the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us, the Joint Global Coordinators and the Joint Sponsors of:

i. any pledges or charges of any Shares or other securities of the Company beneficially owned by it and the number of such Shares or other securities so pledged or charged and the purpose for which such pledge or charge is to be created; and

ii. any indications received by it, either verbal or written, from any pledgee or chargee of any Shares or other securities of the Company pledged or charged that such Shares or other securities of the Company so pledged or charged will be disposed of.

We will also inform the Hong Kong Stock Exchange as soon as we have been informed of the above matters (if any) by any of the Selling Shareholder and the Controlling Shareholders and disclose such matters by way of announcement which is published in the newspapers as soon as possible after being so informed by any of the Selling Shareholder and Controlling Shareholders.

We and the Selling Shareholder have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us or the Selling Shareholder of the Hong Kong Underwriting Agreement.

Commissions and Expenses

The Hong Kong Underwriters will receive an underwriting commission of 3.0% on the Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission. The International Underwriters will receive an underwriting commission of 3.0% on the Offer Price of the International Offer Shares initially offered under the International Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we and the Selling Shareholder will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Global Coordinators and the relevant International Underwriters (but not the Hong Kong Underwriters). In addition, we and the Selling Shareholder may pay to the Joint Bookrunners a discretionary incentive fee of up to 1.0% on the Offer Price of the Offer Shares.

The aggregate of (i) commissions and incentive fees, SFC transaction levy and the Hong Kong Stock Exchange trading fee (which are payable by us and the Selling Shareholder in the same proportion as the proceeds of the Global Offering are allocated), (ii) listing fees, legal and other professional fees and printing and other expenses relating to the Global Offering (which are payable by us), and (iii) stamp duty (which is payable by the Selling Shareholder), are estimated to amount to approximately HK$75.2 million in total, assuming an Offer Price of HK$3.06, which is the mid-point of the indicative offer price range.

Hong Kong Underwriters' Interests in the Company

Except for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in the company or the right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in the Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

Buyers of Offer Shares sold by the Underwriters may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offer Price.

Sponsors' Independence

Each of Morgan Stanley and Cazenove satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we, the Selling Shareholder and the Controlling Shareholders will enter into the International Underwriting Agreement with the

International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, the International Underwriters would severally agree to purchase Offer Shares being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

We and the Selling Shareholder are expected to grant to the International Underwriters, the Over-allotment Option which is exercisable by the Joint Global Coordinators, from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to 18,819,000 additional Offer Shares and the Selling Shareholder to sell up to 2,091,000 additional Offer Shares, in aggregate up to 20,910,000 additional Offer Shares representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to cover over-allocations in the International Offering, if any, among others. The Joint Global Coordinators may exercise the option in full, or from time to time in part with the same proportion of additional Offer Shares from us and the Selling Shareholder.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of 13,940,000 Hong Kong Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the paragraph headed "The Hong Kong Public Offering;" and

(ii) the International Offering of an aggregate of 125,460,000 International Offer Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A under the U.S. Securities Act.

The 13,940,000 initial Hong Kong Offer Shares are offered by us, and the 125,460,000 initial International Offer Shares include 111,520,000 Offer Shares Offered by us and 13,940,000 Offer Shares offered by the Selling Shareholder.

Morgan Stanley Asia Limited and Cazenove Asia Limited are the Joint Global Coordinators, Joint Bookrunners, Joint Sponsors and Joint Lead Managers of the Global Offering.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares, but may not do both.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering 13,940,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "Conditions of the Hong Kong Public Offering" below.

Allocation

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided equally into two pools for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) up to the total value of pool B. Investors should be aware that the allocation ratios for applications in pool A and applications in pool B may be different. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 6,970,000 Offer Shares, being the number of Hong Kong Offer Shares initially available under each pool, will be rejected.

Reallocation

The allocation of the Offer Shares between (i) the Hong Kong Public Offering and (ii) the International Offering is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 41,820,000 Offer Shares (in the case of (i)), 55,760,000 Offer Shares (in the case of (ii)) and 69,700,000 Offer Shares (in the case of (iii)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$3.48 per Offer Share in addition to the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "Pricing and Allocation" below, is less than the maximum price of HK$3.48 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares Initially Offered

The International Offering consists initially of 125,460,000 Offer Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering. The International Offering is subject to the Hong Kong Public Offering becoming unconditional. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the International Offer Shares will represent approximately 22.5% of the Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and its Shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

OVER-ALLOTMENT AND STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, Morgan Stanley, as stabilizing manager, or its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the commencement of trading in the Shares on the Hong Kong Stock Exchange. Such transactions may be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on Morgan Stanley, its affiliates or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of Morgan Stanley, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period.

Morgan Stanley, its affiliates or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period:

(i) purchase, or agree to purchase, any of the Offer Shares or offer or attempt to do so for the sole purpose of preventing or minimizing any reduction in the market price of the Offer Shares;

(ii) in connection with any action described in paragraph (i) above;

(A) (1) over-allot the Offer Shares; or

(2) sell or agree to sell the Offer Shares so as to establish a short position in them, for the sole purpose of preventing or minimizing any reduction in the market price of the Offer Shares;

(B) exercise the Over-allotment Option and purchase or subscribe for or agree to purchase or subscribe for the Offer Shares in order to close out any position established under paragraph (A) above;

(C) sell or agree to sell any of the Offer Shares acquired by it in the course of the stabilizing action referred to in paragraphs (i) above in order to liquidate any position that has been established by such action; or

(D) offer or attempt to do anything as described in paragraphs (ii)(A)(2), (ii)(B) or (ii)(C) above.

Morgan Stanley, its affiliates, or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Offer Shares, and there is no certainty as to the extent to which and the time period for which it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by Morgan Stanley, its affiliates or any person acting for each of them and selling in the open market, which may include a decline in the market price of the Offer Shares.

Stabilization cannot be used to support the price of the Offer Shares for longer than the stabilization period, which begins on the day on which trading of the Offer Shares commences on the Hong Kong Stock Exchange and expires on the thirtieth day after the last day for lodging of applications under the Hong Kong Public Offering. The stabilization period is expected to expire on 30 July 2008. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore their market price, could fall.

Any stabilizing action taken by Morgan Stanley, its affiliates, or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilization period. Stabilizing bids or market purchases effected in the course of the stabilization action may be made at any price at or below the Offer Price and can therefore be done at a price below the price the investor has paid in acquiring the Offer Shares.

In connection with the Global Offering, the Joint Global Coordinators may over-allot up to and not more than an aggregate of 20,910,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option or by Morgan Stanley, its affiliates, or any person acting for it making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, Morgan Stanley may choose to borrow, whether on its own or through its affiliates, up to 20,910,000 Shares from Golden Bridge Culture pursuant to the Stock Borrowing Agreement, or acquire Shares from other sources, including exercising the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1) of the Listing Rules provided that the requirements set out in Rule 10.07(3) are complied with:

(a) the Stock Borrowing Agreement will only be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

(b) the maximum number of Shares to be borrowed from Golden Bridge Culture will be limited to the maximum number of new Shares which may be issued upon full exercise of the Over-allotment Option;

(c) the same number of Shares so borrowed from Golden Bridge Culture will be returned to Golden Bridge Culture or its nominees (as the case may be) no later than three Business Days following the earlier of (i) the last day on which the Over-allotment Option may be exercised; and (ii) the date on which the Over-allotment Option is exercised in full;

(d) the borrowing of Shares pursuant to the Stock Borrowing Agreement will be effected in compliance with applicable provisions of the Listing Rules, laws and other regulatory requirements; and

(e) no payments will be made to Golden Bridge Culture in relation to the Stock Borrowing Agreement.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Wednesday, 2 July 2008, and in any event on or before Monday, 7 July 2008 by agreement between the Joint Global Coordinators (on behalf of the Underwriters), the Company and the Selling Shareholder and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price per Offer Share under the Hong Kong Public Offering will be based on the Hong Kong dollar price per Offer Share under the International Offering, as determined by the Joint Global Coordinators, on behalf of the Underwriters, the Company and the Selling Shareholder. The Offer Price per Offer Share under the Hong Kong Public Offering will be fixed at the Hong Kong dollar amount which, when increased by the 1% brokerage, 0.004% SFC transaction levy and 0.005% the Hong Kong Stock Exchange trading fee payable thereon, is (subject to any necessary rounding) effectively equivalent to the Hong Kong dollar price per Offer Share under the International Offering. The SFC transaction levy and the Hong Kong Stock Exchange trading fee otherwise payable by investors in the International Offering on Offer Shares purchased by them will be paid by us.

The Offer Price will not be more than HK$3.48 per Offer Share and is expected to be not less than HK$2.63 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.**

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the bookbuilding process, and with the consent of the Company and the Selling Shareholder, reduce the number of Offer Shares offered in the Global Offering and/or the indicative offer price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised offer price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters), the Company and the Selling Shareholder, will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the profit forecast for the year ending 31 December 2008 and the Global Offering statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. **Applicants under the Hong Kong Public Offering should note that in no circumstances can applications be withdrawn once submitted, even if the number of Offer Shares being offered under the Global Offering and/or the offer price range is so reduced.** In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with the Company, the Selling Shareholder and the Joint Global Coordinators, will under no circumstances be set outside the offer price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Global Coordinators may at its discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised). The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Monday, 7 July 2008 in the manner set out in the section headed "How to Apply for the Hong Kong Offer Shares — Publication of Results."

The net proceeds from the Global Offering accruing to us (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering, assuming that the Over-allotment Option is not exercised), are estimated to be approximately HK$250 million assuming an Offer Price of HK$2.63 per Offer Share, or approximately HK$353 million assuming an Offer Price of HK$3.48 per Offer Share (or if the Over-allotment Option is exercised in full, approximately HK$298 million assuming an Offer Price of HK$2.36 per Offer Share, or approximately HK$415 million assuming an Offer Price of HK$3.48 per Offer Share).

The net proceeds from the Global Offering accruing to the Selling Shareholder (after deduction of underwriting fees and estimated expenses payable by the Selling Shareholder in relation to the Global Offering, assuming that the Over-allotment Option is not exercised), are estimated to be approximately HK$35 million assuming an Offer Price of HK$2.63 per Offer Share, or approximately HK$47 million assuming an Offer Price of HK$3.48 per Offer Share (or if the Over-allotment Option is exercised in full, approximately HK$40 million assuming an Offer Price of HK$2.63 per Offer Share, or approximately HK$54 million assuming an Offer Price of HK$3.48 per Offer Share).

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(i) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Shares in issue and the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment), Shares which may fall to be issued on the exercise of options granted under the Pre-IPO Scheme and options which may be granted the Post-IPO Scheme; and (ii) the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and

(iii) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of the Underwriters) on or before Monday, 7 July 2008, the Global Offering will not proceed.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for the Hong Kong Offer Shares — Despatch/Collection of share certificates and refund cheques." In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Grounds for termination" has not been exercised.

I. METHODS OF APPLYING FOR THE HONG KONG OFFER SHARES

There are three ways to make an application for the Hong Kong Offer Shares. You may apply for the Hong Kong Offer Shares by either (i) using a **WHITE** or **YELLOW** Application Form; (ii) applying online through the designated website of the **White Form eIPO** Service Provider (**www.eipo.com.hk**), referred herein as the "**White Form eIPO service**," or (iii) by giving **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying using a **WHITE** or **YELLOW** Application Form or applying online through **White Form eIPO service** or by giving **electronic application instructions** to HKSCC.

II. WHO CAN APPLY FOR HONG KONG OFFER SHARES

You can apply for the Hong Kong Offer Shares available for subscription by the public on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are not a U.S. person (as defined in Regulation S);
- are outside the United States; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service (**www.eipo.com.hk**), in addition to the above you must also:

- have a valid Hong Kong identity card number, and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the application form must be signed by a duly authorised officer, who must state his or her representative capacity.

If an application is made by a person duly authorised under a valid power of attorney, the Joint Global Coordinators (or their respective agents or nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We, the Joint Global Coordinators or the designated **White Form eIPO** Service Provider (where applicable) or our or their respective agents have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing beneficial owners of Shares, or Directors or chief executives of the Company or any of its subsidiaries, or their respective associates (as defined in the Listing Rules) or any other connected persons (as defined in the Listing Rules) of the Company or its subsidiaries.

You may apply for Hong Kong Offer Shares under the Hong Kong Offer or indicate an interest for International Offer Shares under the International Offering, but may not do both.

III. APPLYING BY USING A WHITE OR YELLOW APPLICATION FORM

(1) Which Application Form to use

(A) Use a **WHITE** Application Form if you want the Shares issued in your own name.

(B) Use a **YELLOW** Application Form if you want the Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Note: The Offer Shares are not available to existing beneficial owners of Shares in the Company, the Directors or chief executive of the Company or any of its subsidiaries, or associates of any of them.

(2) Where to collect the WHITE and YELLOW Application Forms

You can collect a **WHITE** Application Form and a prospectus from any of the following addresses of the Hong Kong Underwriters:

Morgan Stanley Asia Limited	30th Floor Three Exchange Square Central Hong Kong
Cazenove Asia Limited	50th Floor One Exchange Square 8 Connaught Place Central Hong Kong
CCB International Capital Limited	Suite 3408, 34th Floor Two Pacific Place 88 Queensway Admiralty Hong Kong
China Everbright Securities (HK) Limited	36th Floor Far East Finance Centre 16 Harcourt Road Hong Kong
First Shanghai Securities Limited	19th Floor Wing On House 71 Des Voeux Road Central Hong Kong

or any of the following branches of Industrial and Commercial Bank of China (Asia) Limited:

	Branch Name	Address
Hong Kong Island	Queen's Road Central Branch	122-126 Queen's Road Central, Central
	Quarry Bay Branch	G/F, 1036-1040 King's Road, Quarry Bay
	Wanchai Road Branch	G/F, 103-103A Wan Chai Road
Kowloon	Kwun Tong Branch	G/F., Lemmi Centre, 50 Hoi Yuen Road, Kwun Tong
	Mei Foo Branch	Shop N95A, 1/F., Mount Sterling Mall, Mei Foo Sun Chuen
	Tsimshatsui East Branch	Shop B, G/F., Railway Plaza, 39 Chatham Road South, Tsimshatsui

New Territories	Tseung Kwan O Branch	Shop Nos. 2011-2012, Level 2, Metro City, Plaza II, 8 Yan King Road, Tseung Kwan O
	Yuen Long Branch	G/F., 197-199 Castle Peak Road, Yuen Long
	Sha Tsui Road Branch	Shop 4, G/F., Chung On Building, 297-313 Sha Tsui Road, Tsuen Wan

or any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

	Branch Name	**Address**
Hong Kong Island	Central Branch	Shop no. 16, G/F and Lower G/F, New World Tower, 16-18 Queen's Road Central, Central
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	Causeway Bay Branch	G/F, Yee Wah Mansion, 38-40A Yee Wo Street, Causeway Bay
Kowloon	Tsimshatsui Branch	G/F, 10 Granville Road, Tsimshatsui
	Yaumati Branch	G/F-1/F, Ming Fong Bldg., 564 Nathan Road, Yaumati
	Lok Fu Shopping Centre Branch	Shop G101, G/F., Lok Fu Shopping Centre
New Territories	Chung On Street Branch	Shop A, G/F, Chau Hop Shing Bldg, 8 Chung On Street, Tsuen Wan
	Metro City Branch	Shop Nos. 12-13, Ground Floor, Metro City Phase 3, Tseung Kwan O
	City One Shatin Branch	Shop 30-33, G/F, Ngan Shing Comm. Centre, City One Shatin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 25 June 2008 till 12:00 noon on Monday, 30 June 2008 from:

the **Depository Counter of HKSCC** at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or

Your stockbroker, who may have such Application Forms and this prospectus available.

HOW TO COMPLETE THE WHITE AND YELLOW APPLICATION FORMS

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

You should note that by completing and submitting the **WHITE** and **YELLOW** Application Form, among other things:

(i) you agree with the Company and each of our Shareholders, and the Company agrees with each of our Shareholders, to observe and comply with the Companies Ordinance, the Memorandum of Association and the Articles of Association;

(ii) you confirm that you have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations save as set out in any supplement to this prospectus;

(iii) you agree that none of the Company, the Directors, the Joint Global Coordinators, the Joint Sponsors, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not contained in this prospectus (and any supplement thereto);

(iv) you undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for, take up or indicate an interest for, any International Offer Shares nor otherwise participated in the International Offering; and

(v) you agree to disclose to the company, and/or our registrar, receiving bankers, the Joint Global Coordinators, the Joint Sponsors the Underwriters and their respective advisors and agents any personal data which they require about you and the person(s) for whose benefit you have made the application.

In order for the **YELLOW** Application Forms to be valid:

You, as the applicant(s), must complete the form as indicated below and sign on the first page of the application form. Only written signatures will be accepted.

(a) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

(1) the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(b) If the application is made by an individual CCASS Investor Participant:

(1) the Application Form must contain the CCASS Investor Participant's name and Hong Kong Identity Card Number; and

(2) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(c) If the application is made by a joint individual CCASS Investor Participant:

(1) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong Identity Card Number of all joint CCASS Investor Participants; and

(2) the participant I.D. must be inserted in the appropriate box in the Application Form.

(d) If the application is made by a corporate CCASS Investor Participant:

(1) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and

(2) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or omission of details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or other similar matters may render the application invalid.

If your application is made through a duly authorised attorney, we and the Joint Global Coordinators, the Underwriters and their respective agents or nominees as our agents may accept it at our discretion, and subject to any conditions we think fit, including evidence of the authority of your attorney. We and the Joint Global Coordinators, in their capacity as our agents, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

IV. APPLYING THROUGH WHITE FORM eIPO

General

(a) You may apply through **White Form eIPO** by submitting an application through the designated website at **www.eipo.com.hk** if you satisfy the relevant eligibility criteria for this as set out in "II. WHO CAN APPLY FOR HONG KONG OFFER SHARES" and on the same website. If you apply through **White Form eIPO**, the Shares will be issued in your own name.

(b) Detailed instructions for application through the White **Form eIPO** service are set out on the designated website at **www.eipo.com.hk.** You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **White Form eIPO** Service Provider and may not be submitted to the Company.

(c) If you give electronic application instructions through the designated website at **www.eipo.com.hk,** you will have authorised the designated **White Form eIPO** Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

(d) In addition to the terms and conditions set out in this prospectus, the designated White Form eIPO Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at **www.eipo.com.hk.** You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(e) By submitting an application to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service, you are deemed to have authorised the designated **White Form eIPO** Service Provider to transfer the details of your application to the Company and our registrar.

(f) You may submit an application through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.

(g) You may submit your application to the designated **White Form eIPO** Service Provider through the designated website **www.eipo.com.hk** from 9:00 a.m. on Wednesday, 25 June 2008 until 11:30 a.m. on Monday, 30 June 2008 or such later time as described under the sub-paragraph headed "Effects of bad weather on the opening of the application lists" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, 30 June 2008, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the subparagraph headed "Effects of bad weather on the opening of the application lists" below.

You will not be permitted to submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(h) You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set out in the designated website at www.eipo.com.hk. **If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Monday, 30 June 2008, or such later time as described under the paragraph headed "Effects of bad weather conditions on the opening of the application lists" below, the designated White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at** www.eipo.com.hk.

(i) Once you have completed payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **White Form eIPO** Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular application reference number will not constitute an actual application.

(j) **Warning:** The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated **White Form eIPO** Service Provider to public investors. **The Company, our Directors, the Joint Global Coordinators, the Joint Sponsors and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the White Form eIPO service will be submitted to the Company or that you will be allotted any Hong Kong Offer Shares.**

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the White Form eIPO service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your electronic application instructions. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **WHITE** Application Form. However, once you have submitted electronic application instructions and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC.

Conditions of the White Form eIPO service

In using the **White Form eIPO** service to apply for the Hong Kong Offer Shares, the applicant shall be deemed to have accepted the following conditions:

That the applicant:

- **Applies** for the desired number of Hong Kong Offer Shares on the terms and conditions of our prospectus and **White Form eIPO** website subject to the Articles of Association of the company;
- **Undertakes** and agrees to accept the Hong Kong Offer Shares applied for, or any lesser number allotted to the applicant on such application;
- **Declares** that this is the only application made and the only application intended by the applicant to be made whether on a WHITE or YELLOW Application Form or by giving electronic application instruction to HKSCC or to the **White Form eIPO** Service Provider under the **White Form eIPO** service, to benefit the applicant or the person for whose benefit the applicant is applying;
- **Undertakes** and **confirms** that the applicant and the person for whose benefit the applicant are applying have not applied for or taken up, or indicated an interest for, or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, nor otherwise participate in the International Offering;
- **Understands** that this declaration and representation will be replied upon by the company in deciding whether or not to make any allotment of Hong Kong Offer Shares in response to such application;
- **Authorises** the company to place the applicant's name on the register of members of the company as the holder of any Hong Kong Offer Shares to be allotted to the applicant, and (subject to the terms and conditions set out in this prospectus) to send any share certificates and/or any refund cheque(s) by ordinary post at the applicant's own risk to the address given on the **White Form eIPO** website except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and that applicant collects any share certificate(s) and/or refund cheque(s) in person in accordance with the procedures prescribed in the **White Form eIPO** website and this prospectus;
- **Requests** that any refund cheque(s) be made payable to the applicant; and (subject to the terms and conditions set out in this prospectus) to send any refund cheques by ordinary post and at the applicant's own risk to the address given on the **White Form eIPO** website (except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and collects any refund cheque(s) in person in accordance with the procedures prescribed in the **White Form eIPO** website and this prospectus);
- **Has read** the terms and conditions and application procedures set out on in the **White Form eIPO** website, this prospectus and **agree** to be bound by them.

- **Represents, warrants** and **undertakes** that the applicant, and any persons for whose benefit the applicant are applying are non-U.S. person(s) outside the United States (as defined in Regulation S under the U.S. Securities Act of 1933 as amended), when completing and submitting this Application Form or is a person described in paragraph (h)(3) of Rule 902 of Regulation S under the U.S. Securities Act of 1933, as amended or the allotment of or application for the Hong Kong Offer Shares to or by whom or for whose benefit this application is made would not require the Company to comply with any requirements under any law or regulation (whether nor not having the force of law) of any territory outside Hong Kong; and
- **Agrees** that such application, any acceptance of it and the resulting contract, will be governed by and construed in accordance with the laws of Hong Kong.

Supplemental Information

If any supplement to this prospectus is issued, applicant(s) who have already submitted an electronic application instruction through the **White Form eIPO** service may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications through the **White Form eIPO** service that have been submitted remain valid and may be accepted. Subject to the above and below, an application once made through the **White Form eIPO** service is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

Effect of completing and submitting an application through the White Form eIPO service

By completing and submitting an application through the **White Form eIPO** service, you for yourself or as agent or nominee and on behalf of any person for whom you act as agent or nominee shall be deemed to:

- instruct and authorise the Company, the Joint Global Coordinators as agent for the Company (or their respective agents or nominees) to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the **White Form eIPO** website at **www.eipo.com.hk**;
- confirm that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;
- agree that the Company and the Directors, are liable only for the information and representations contained in this prospectus and any supplement thereto;
- agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (if the application is made for your own benefit) warrant that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service;

- (if you are an agent for another person) warrant reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service, and that you are duly authorised to submit the application as that other person's agent;
- undertake and confirm that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made this application have not applied for or taken up, or indicated an interest for, and will not apply for, take up or indicate an interest for, any Offer Shares under the International Offering;
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- agree to disclose to the company, and/or its registrar, receiving bankers, the Joint Global Coordinators, the Joint Sponsors and their respective advisors and agents personal data and any information which they require about you or the person(s) for whose benefit you have made this application;
- agree with the company and each shareholder of the company, and the company agrees with each of its shareholder, to observe and comply with the Companies Ordinance, the Memorandum of Association and the Articles of Association;
- agree with the company and each shareholder of the company that the Shares in the company are freely transferable by the holders thereof;
- authorise the company to enter into a contract on your behalf with each of our Director and our officer whereby each such Director and officer undertakes to observe and comply with his or her obligations to shareholders as stipulated in the Memorandum and Articles of Association;
- represent, warrant and undertake that you are not, and none of the other person(s) for whose benefit you are applying, is a U.S. person (as defined in Regulation S);
- represent and warrant that you understand that the Shares have not been and will not be registered under the U.S. Securities Act and you are outside the United States (as defined in Regulation S) when completing the Application Form or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus, the **White Form eIPO** website at **www.eipo.com.hk** and agree to be bound by them;
- undertake and agree to accept the Shares applied for, or any lesser number allocated to you under your application; and
- if the laws of any place outside Hong Kong are applicable to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators and the Hong Kong Underwriters nor any of their respective officers or advisors will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus, the **White Form eIPO** website at **www.eipo.com.hk**.

The Company, the Joint Global Coordinators, the Joint Sponsors, the Underwriters and their respective directors, officers, employees, partners, agents, advisors, and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in such application.

Power of attorney

If your application is made by a duly authorised attorney, the Company or the Joint Global Coordinators, as its agents, may accept it at their discretion and subject to any conditions as any of them may think fit, including evidence of the authority of your attorney.

Additional Information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving electronic application instructions through **White Form eIPO** service to the White Form elPO Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **White Form eIPO** Service Provider, the designated White Form elPO Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated **White Form eIPO** Service Provider on the designated website at **www.eipo.com.hk.**

Otherwise, any monies payable to you due to a refund for any of the reasons set out below in "Despatch/Collection of Share Certificates and Refunds of Cheques."

V. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979-7888 or **through the CCASS Internet System (https://ip.ccass.com) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time)**.

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F., Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to the company and our registrar.

Giving Electronic application instructions to HKSCC to Apply for Hong Kong Offer Shares by HKSCC Nominees On Your Behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

(a) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(b) HKSCC Nominees does the following things on behalf of each such person:

- agrees that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;
- undertakes and agrees to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;
- undertakes and confirms that that person has not indicated an interest for, applied for or taken up or indicated an interest for, any Shares under the International Offering nor otherwise participated in the International Offering;
- (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;
- (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;
- understands that the above declaration will be relied upon by the company, our Directors and the Joint Global Coordinators in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;
- authorises the company to place the name of HKSCC Nominees on our register of members as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send share certificate(s) and/or

refund monies in accordance with the arrangements separately agreed between us and HKSCC;

- confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;
- confirms that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf save as set out in any supplement to this prospectus;
- agrees that the company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplement thereto;
- agrees to disclose that person's personal data to the company, the Joint Global Coordinators and/or their respective agents and any information which they may require about that person;
- agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;
- agrees that any application made by HKSCC Nominees on behalf of that person pursuant to electronic application instructions given by that person is irrevocable before Friday, 25 July 2008, such agreement to take effect as a collateral contract with us and to become binding when that person gives the instructions and such collateral contract to be in consideration of the company agreeing that we will not offer any Hong Kong Offer Shares to any person before Friday, 25 July 2008, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before Friday, 25 July 2008 if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;
- agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by the company;
- agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of electronic application instructions relating to Hong Kong Offer Shares;
- agrees with the company, for ourselves and for the benefit of each of our Shareholders (and so that we will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of our shareholders, with each CCASS Participant giving electronic application

instructions) to observe and comply with the Companies Ordinance and the Memorandum of Association and the Articles of Association; and

- agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Giving Electronic application instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the offer price per Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, by crediting your designated bank account;
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Minimum Subscription Amount and Permitted Multiples

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 1,000 Hong Kong Offer Shares. Such instructions in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the **WHITE** and **YELLOW** Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Wednesday, 25 June 2008 — 9:00 a.m. to 8:30 p.m.[1]
Thursday, 26 June 2008 — 8:00 a.m. to 8:30 p.m.[1]
Friday, 27 June 2008 — 8:00 a.m. to 8:30 p.m.[1]
Saturday, 28 June 2008 — 8:00 a.m. to 1:00 p.m.[1]
Monday, 30 June 2008 — 8:00 a.m.[1] **to 12:00 noon**

Note:

1. These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/ Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, 25 June 2008 until 12:00 noon on Monday, 30 June 2008 (24 hours daily, except the last application day).

Effect of Bad Weather on the Opening of the Application Lists

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, 30 June 2008, the last application day. If:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning signal

is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 30 June 2008, the last application day will be postponed to the next Business Day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on such day.

Section 40 of the Companies Ordinance

For the avoidance of doubt, the company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance.

Personal Data

The section of the Application Form entitled "Personal Data" applies to any personal data held by us and our share registrar, Computershare Hong Kong Investor Services Limited, about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. The company, the Directors, the Joint Global Coordinators and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 30 June 2008.

VI. HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for the Hong Kong Offer Shares if and only if:

You are a **nominee**, in which case you may give **electronic application instructions** to HKSCC (if you are a CCASS Participant) and lodge more than one **WHITE** and **YELLOW** Application Form in your own name if each application is made on behalf of different owners.

In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

If you apply by means of **White Form eIPO**, once you complete payment in respect of any electronic application instruction given by you or for your benefit to the designated **White Form eIPO** Service Provider to make and application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving electronic application instructions through the designated website at **www.eipo.com.hk** and completing payment in respect of such electronic application instructions, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

If you have made an application by giving **electronic application instructions** to HKSCC and you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. No application for any other number of Hong Kong Offer Shares will be considered any such application is liable to be rejected.

It will be a term and condition of all applications that by completing and delivering an Application Form, you:

- (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the designated **White Form eIPO** Service Provider through **White Form eIPO** service; or
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the designated **White Form eIPO** Service Provider through **White Form eIPO** service and that you are duly authorised to sign the Application Form or give **electronic application instructions** as that other person's agent.

Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the designated **White Form eIPO** Service Provider through **White Form eIPO** service;
- apply both (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or the designated **White Form eIPO** Service Provider through **White Form eIPO** service;
- apply (whether individually or jointly) on one **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the designated **White Form eIPO** Service Provider through **White Form eIPO** service for more than 6,970,000 Shares, being 50% of the Shares initially being offered for public subscription under the Hong Kong Public Offering, as more particularly described in the section entitled "Structure and Condition of the Global Offering — The Hong Kong Public Offering"; or
- have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Offering.

All of your applications will also be rejected as multiple applications if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC is made for **your benefit** (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company, then the application will be treated as being for your benefit.

Unlisted company means a company with no equity securities listed on the Hong Kong Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

VII. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$3.48 per Share. You must also pay brokerage of 1%, SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%. This means that for every board lot of 1,000 Shares you will pay approximately HK$3,515.11. The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for multiples of Shares up to 6,970,000 Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for Shares by a cheque or a banker's cashier order in accordance with the terms set out in the Application Forms (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Hong Kong Stock Exchange, the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected on behalf of the SFC).

VIII. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reason, we will refund your application monies, including brokerage of 1%, SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of despatch of refund cheques will be retained for our benefit.

If your application is accepted only in part, we will refund the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than HK$3.48 per Share, appropriate refund payments, including the brokerage of 1%, SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005% attributable to the surplus application monies will be made to successful applicants, without interest. Details of the procedure for refund are set out below in the paragraph headed "Despatch/Collection of Share Certificates and Refund Monies."

In a contingency situation involving a substantial over-subscription, at the discretion of the Company and the Joint Global Coordinators, cheques for applications for certain small denominations of Hong Kong Offer Shares on Application Forms (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Monday, 7 July 2008 in accordance with the various arrangements as described in this section.

IX. MEMBERS OF THE PUBLIC — TIME FOR APPLYING FOR HONG KONG OFFER SHARES

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Monday, 30 June 2008, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "Effect of bad weather on the opening of the application lists" below.

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of Industrial and Commercial Bank of China (Asia) Limited, or Standard Chartered Bank (Hong Kong) Limited listed under the section headed "Where to collect the **WHITE** and **YELLOW** Application Forms" above at the following times:

Wednesday, 25 June 2008 — 9:00 a.m. to 4:30 p.m.
Thursday, 26 June 2008 — 9:00 a.m. to 4:30 p.m.
Friday, 27 June 2008 — 9:00 a.m. to 4:30 p.m.
Saturday, 28 June 2008 — 9:00 a.m. to 1:00 p.m.
Monday, 30 June 2008 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, 30 June 2008.

No proceedings will be taken on applications for the Shares and no allotment of any such Shares will be made until the closing of the application lists. No allotment of any of the Shares will be made later than Friday, 25 July 2008.

White Form eIPO

You may submit your application to the designated **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk from 9:00 a.m. on Wednesday, 25 June 2008 until 11:30 a.m. on Monday, 30 June 2008 or such later time as described under the paragraph headed "Effects of bad weather conditions on the opening of the application lists" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, 30 June 2008, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "Effects of bad weather on the opening of the application lists" below.

You will not be permitted to submit your application to the designated White Form eIPO Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

X. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or

- a "black" rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 30 June 2008. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

XI. PUBLICATION OF RESULTS

We expect to announce the indication of levels of interest in the International Offering, levels in the applications of the Hong Kong Public Offering and the basis of allotment of the Public Offer Shares on Monday, 7 July in South China Morning Post (in English) and the Hong Kong Economics Times (in Chinese).

The Hong Kong Identity Card/passport/Hong Kong Business Registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- Results of allocations for the Hong Kong Public Offering will be available from our designated results of allocations website at ***www.iporesults.com.hk*** on a 24-hour basis from 8:00 a.m. on Monday, 7 July 2008 to 12:00 midnight on Sunday, 13 July 2008. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application form to search for his/her/its own allocation result;
- Results of allocations will be available from our Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling **2862-8669** between 9:00 a.m. and 10:00 p.m. from Monday, 7 July 2008 to, Thursday, 10 July 2008; and
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Monday, 7 July 2008 to Wednesday, 9 July 2008 at all the receiving bank branches and sub-branches at the addresses set out in the section headed "— Where to Collect the Application Forms."

Announcement of the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allotment of the Hong Kong Offer Shares will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Monday, 7 July 2008.

XII. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the relevant Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Hong Kong Offer Shares will not be allotted to you:

- **If your application is revoked:**

  By completing and submitting an Application Form or giving an **electronic application instruction** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees or the **White Form eIPO** Service Provider on your behalf cannot be revoked on or before Friday, 25 July 2008. This agreement will take effect as a collateral contract with the company, and will become binding when you lodge your Application Form or give your **electronic application instruction** to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before Friday, 25 July 2008 except by means of one of the procedures referred to in this prospectus.

  Your application or the application made by HKSCC Nominees or the **White Form eIPO** Service Provider on your behalf may only be revoked on or before Friday, 25 July 2008 if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

  If any supplement to the prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

  If your application or the application made by HKSCC Nominees or the **White Form eIPO** Service Provider on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **Full discretion of the company, the Joint Global Coordinators or the designated White Form eIPO Service Provider (where applicable) or its or their respective agents and nominees to reject or accept your application:**

  The Company and the Joint Global Coordinators (as our agents) or the designated **White Form eIPO** Service Provider (where applicable), or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application.

The Company, the Joint Global Coordinators and the Hong Kong Underwriter(s), in their capacity as our agents, and our agents and nominees do not have to give any reason for any rejection or acceptance.

- **If the allotment of Hong Kong Offer Shares is void:**

  The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the Shares either:

  - within three weeks from the closing of the application lists; or
  - within a longer period of up to six weeks if the Listing Committee of the Hong Kong Stock Exchange notifies the company of that longer period within three weeks of the closing date of the application lists.

- **You will not receive any allotment if:**

  - you make multiple applications or suspected multiple applications;
  - you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and/or Offer Shares in the International Offering. By filling in any of the **WHITE** or **YELLOW** Application Forms or applying by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service (www.eipo.com.hk), you agree not to apply for Hong Kong Offer Shares as well as Offer Shares in the International Offering. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;
  - your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.eipo.com.hk**;
  - your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);
  - your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;
  - the Underwriting Agreements do not become unconditional;
  - the Underwriting Agreements are terminated in accordance with their respective terms;
  - the Company or the Joint Global Coordinators believe that by accepting your application, they would violate the applicable securities or other laws, rules or regulations; or
  - your application is for more than 100% of the Hong Kong Offer Shares initially offered for public subscription in either pool A or pool B.

XIII. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the offer price of HK$3.48 per Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure and Condition of the Global Offering — Conditions of the Hong Kong Public Offering" or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

You will receive one share certificate for all the Hong Kong Offer Shares issued to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

(A) for applications on **WHITE** Application Forms or by giving electronic application instructions through **White Form eIPO** service:

  (a) share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or

  (b) share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful (for wholly successful and partially successful applications on **YELLOW** Application Forms: share certificates for the Shares successfully applied for will be deposited into CCASS as described below); and/or

(B) for applications on **WHITE** or **YELLOW** Application Forms or by giving electronic application instructions through **White Form eIPO** service, refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum Offer Price per Share paid on application in the event that the Offer Price is less than the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the offer price per Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms or by giving electronic application instructions through **White Form eIPO** service; and share certificates for wholly and partially successful applicants under **WHITE** Application Forms or by giving electronic application instructions through **White Form eIPO** service are expected to be posted on or around Monday, 7 July 2008. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on Tuesday, 8 July 2008 provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the section headed "Underwriting — Grounds for Termination" has not been exercised.

(1) If you apply using a WHITE Application Form:

If you apply for 1,000,000 or more Hong Kong Offer Shares and have indicated your intention in your **WHITE** Application Form respectively to collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and share certificate(s) (where applicable) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at from 9:00 a.m. to 1:00 p.m. on Monday, 7 July 2008 or such other date as notified by us in the newspapers as the date of collection/despatch of refund cheques/ share certificates. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited. If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Monday, 7 July 2008, by ordinary post and at your own risk.

(2) If you apply using a YELLOW Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you have applied for 1,000,000 Hong Kong Offer Shares or above and have not indicated on your Application Form that you will collect your refund cheque (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque (if any) will be sent to the address on your Application Form on the date of despatch, which is expected to be on Monday, 7 July 2008, by ordinary post and at your own risk.

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form at the close of business on Monday, 7 July 2008, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- the company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in accordance with the details set out in "XI. Publication of Results". You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 7 July 2008 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If you apply through White Form eIPO

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your Share certificate(s) and/or refund cheque(s) (where applicable) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 7 July 2008, or such other date as notified by the company in the newspapers as the date of despatch/collection of Share certificates/refund cheques.

If you do not collect your Share certificate(s) and/or refund cheque(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider promptly thereafter, by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** on Monday, 7 July 2008 by ordinary post and at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated **White Form eIPO** Service Provider set out above in "IV. Applying Through **White Form eIPO** — Additional information."

(3) If you apply by giving electronic application instructions to HKSCC:

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of application monies

- No temporary document of title will be issued. No receipt will be issued for application monies received.
- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account at the close of business on Monday, 7 July 2008, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.
- We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in accordance with the details set out in "XI. Publication of Results". You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 7 July 2008 or such other date as shall be determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 7 July 2008. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account and the credit of refund monies to your designated bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to

your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 7 July 2008. No interest will be paid thereon.

XIV. COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares are expected to commence on Tuesday, 8 July 2008.

The Shares will be traded in board lots of 1,000 Shares each. The stock code of the Shares is 623.

XV. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the independent reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

8th Floor
Prince's Building
10 Chater Road
Hong Kong

25 June 2008

The Directors
SinoMedia Holding Limited
Morgan Stanley Asia Limited
Cazenove Asia Limited

Dear Sirs,

We set out below our report on the financial information relating to SinoMedia Holding Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), including the consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements of the Group for each of the three years ended 31 December 2005, 2006 and 2007 (the "Relevant Period"), and the consolidated balance sheets of the Group as at 31 December 2005, 2006 and 2007, and the balance sheets of the Company as at 31 December 2005, 2006 and 2007, together with the notes thereto (the "Financial Information"), for inclusion in the Prospectus of the Company dated 25 June 2008 (the "Prospectus").

The Company was incorporated in Hong Kong on 24 October 2001 as a limited liability company under the name of "China Report Media Limited" under the Companies Ordinance Chapter 32 of Hong Kong. The Company was renamed "CTV Golden Bridge International Advertising (Hong Kong) Company Limited" on 20 May 2005 and "SinoMedia Holding Limited" on 8 November 2007. The Company had not carried on any business since the date of its incorporation save for the acquisition of certain companies pursuant to a group reorganisation (the "Reorganisation"). Following the Reorganisation, which was completed on 20 November 2006, the Company became the holding company of the companies now comprising the Group, details of which are set out in Section A below.

The following statutory financial statements, which were prepared in accordance with the relevant accounting rules and regulations applicable to the enterprises in the People's Republic of China (the "PRC"), were audited during the Relevant Period by the respective statutory auditors as indicated below:

Name of company	Financial period	Auditors
CTV Golden Bridge International Media Company Limited	Year ended 31 December 2007	Zhong Tian Yun Certified Public Accountants Company Limited
	Year ended 31 December 2006	Shanghai Hong Hua Certified Public Accountants Company Limited
	Year ended 31 December 2005	Shanghai Zhao Xin Certified Public Accountants Company Limited

Name of company	Financial period	Auditors
CTV Golden Bridge International Advertising Company Limited	Year ended 31 December 2006	Zhong Tian Yun Certified Public Accountants Company Limited
	Year ended 31 December 2005	Zhong Tian Yun Certified Public Accountants Company Limited
Jiangsu Xinqiao Tongying Advertising and Broadcast Company Limited	Year ended 31 December 2007	Jiangsu Hua Zheng Certified Public Accountants Company Limited

The statutory financial statements of the Company for the two years ended 31 December 2005 and 2006, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), were audited by NAC Pui C.P.A. & Co. certified public accountants registered in Hong Kong. The statutory financial statements of the Company for the year ended 31 December 2007, which were prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), were audited by KPMG, certified public accountants registered in Hong Kong.

Basis of preparation

The Financial Information has been prepared by the directors of the Company based on the audited financial statements or, where appropriate, unaudited management accounts of the companies now comprising the Group and on basis set out in Section A below, after making such adjustments as are appropriate. Adjustments have been made, for the purpose of this report, to restate these financial statements to conform with IFRSs and in compliance with the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. IFRSs include International Financial Reporting Standards and their interpretations.

Respective responsibilities of directors and reporting accountants

The directors of the Company are responsible for the preparation of the Financial Information which gives a true and fair view. In preparing the Financial Information which gives a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently, that judgments and estimates are made which are prudent and reasonable and that reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on the Financial Information.

Basis of opinion

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have carried out appropriate audit procedures in respect of the audited financial statements, or where appropriate, unaudited management accounts of the entities included in the preparation of the Financial Information for the Relevant Period in accordance with Statements of Auditing Standards issued by the HKICPA and we have carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Information. It also includes an assessment of the significant estimates and judgments made by the directors of the Company in the preparation of the Financial Information, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the Financial Information is free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of the Financial Information. We believe that our audit provides a reasonable basis for our opinion.

We have not audited any financial statements of the companies now comprising the Group in respect of any period subsequent to 31 December 2007.

Opinion

In our opinion, for the purpose of this report and on the basis of presentation set out in Section A below, all adjustments considered necessary have been made and the Financial Information gives a true and fair view of the Group's consolidated results and consolidated cash flows for the Relevant Period and of the state of affairs of the Group and the Company as at 31 December 2005, 2006 and 2007.

A. REORGANISATION AND BASIS OF PRESENTATION

On 24 October 2001, SinoMedia Holding Limited (the "Company") was established in Hong Kong as part of a group reorganisation ("Reorganisation") of Ms. Liu Jinlan's and her family's (the "Controlling Shareholders") equity interests in CTV Golden Bridge International Media Company Limited and CTV Golden Bridge International Advertising Company Limited. In connection with the Reorganisation, the Controlling Shareholders transferred their consolidated equity interests in these companies to the Company.

The Company's principal place of business is at Room 502-2, 877 East Road, Pudong District, Shanghai, the PRC and has its registered office at Room 1505, 15th Floor, World-wide House, 19 Des Voeux Road Central, Hong Kong.

The Group is engaged in providing nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agencies.

As at 31 December 2007, the Company had direct or indirect interests in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of company	Place and date of Incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principle activities
			Direct	Indirect	
CTV Golden Bridge International Media Company Limited . . .	Shanghai, the PRC 23 June 2005	US$10,000,000	99.4%	—	Provision of nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agents
CTV Golden Bridge International Advertising Company Limited . . .	Beijing, the PRC 7 January 1999	RMB50,000,000	100%	—	Provision of nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agents
Jiangsu Xinqiao Tongying Advertising and Broadcast Company Limited	Jiangsu, the PRC 30 January 2007	RMB2,000,000	—	100%	Provision of nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agents

The consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements of the Group include the results of the companies now comprising the Group for the Relevant Period as if the current group structure had been in existence and remained unchanged throughout all periods referred to in this report. The consolidated balance sheets of the Group as at 31 December 2005, 2006 and 2007 have been prepared to present the state of affairs of the companies now comprising the Group as at the respective dates as if the current group structure had been in existence as at the respective dates.

Because the ultimate controlling shareholders which controlled the companies now comprising the Group are the same before and after the Reorganisation, the Financial Information has been prepared as a reorganisation of business under common control. Accordingly, the relevant assets and liabilities of the companies now comprising the Group are included in the Financial Information of the Group from the date when the entities first came under the control of the Controlling Shareholders, using the existing book values from the Controlling Shareholders' prospective.

All material intra-group transactions and balances have been eliminated on consolidation.

B. FINANCIAL INFORMATION

1. CONSOLIDATED INCOME STATEMENTS

	Section C Note	Year ended 31 December 2005 RMB'000	2006 RMB'000	2007 RMB'000
Revenue	2	230,124	263,657	364,702
Cost of services		(161,330)	(155,203)	(237,857)
Gross profit		**68,794**	**108,454**	**126,845**
Other income	3	134	—	36
Selling and marketing expenses		(6,485)	(14,438)	(16,532)
General and administration expenses		(32,149)	(19,236)	(30,719)
Profit from operations		**30,294**	**74,780**	**79,630**
Finance income	6	173	837	3,045
Finance expenses related to convertible redeemable preference shares	6	—	(6,667)	(26,453)
Other finance expenses	6	(303)	(398)	(200)
Net finance expense		**(130)**	**(6,228)**	**(23,608)**
Profit before income tax		**30,164**	**68,552**	**56,022**
Income tax expense	7	(5,324)	(7,233)	(13,247)
Profit for the year	8	**24,840**	**61,319**	**42,775**
Attributable to:				
Equity holders of the Company		26,641	61,319	42,316
Minority interests		(1,801)	—	459
Profit for the year		**24,840**	**61,319**	**42,775**
Dividends	11	(5,000)	—	—
Earnings per share	12			
Basic earnings per share (RMB)		0.083	0.122	0.098
Diluted earnings per share (RMB)		0.083	0.122	0.096

2. CONSOLIDATED BALANCE SHEETS

	Section C Note	At 31 December 2005 RMB'000	2006 RMB'000	2007 RMB'000
Non-current assets				
Property, plant and equipment	13	25,891	23,831	48,266
Deferred tax assets	14	—	—	3,268
Total non-current assets		**25,891**	**23,831**	**51,534**
Current assets				
Trade and other receivables	15	80,227	97,636	97,258
Receivables due from related parties	24(b)	39,678	57,463	28,255
Cash and cash equivalents	16	17,399	311,269	352,061
Assets classified as held for sale	17	—	156	11,041
Total current assets		**137,304**	**466,524**	**488,615**
Total assets		**163,195**	**490,355**	**540,149**
Equity				
Share capital	18	106	90	137
Reserves	18	107,170	54,591	388,556
Equity attributable to the equity holders of the Company		**107,276**	**54,681**	**388,693**
Minority interests		**10**	**10**	**928**
Total equity		**107,286**	**54,691**	**389,621**
Non-current liabilities				
Long-term borrowings, less current portion	19(b)	1,425	259	—
Liability component of convertible redeemable preference shares	20	—	265,164	—
Total non-current liabilities		1,425	265,423	—
Current liabilities				
Short-term borrowings and current portion of long-term borrowings	19(a)	1,382	1,166	—
Trade and other payables	21	42,243	103,119	136,725
Payables due to related parties	24(b)	1,693	52,286	958
Income tax payables	7(c)	9,166	13,546	12,845
Liabilities classified as held for sale	17	—	124	—
Total current liabilities		**54,484**	**170,241**	**150,528**
Total liabilities		**55,909**	**435,664**	**150,528**
Total equity and liabilities		**163,195**	**490,355**	**540,149**
Net current assets		**82,820**	**296,283**	**338,087**
Total assets less current liabilities		**108,711**	**320,114**	**389,621**

3. BALANCE SHEETS OF THE COMPANY

	Section C Note	At 31 December 2005 RMB'000	2006 RMB'000	2007 RMB'000
Non-current assets				
Investments in subsidiaries	25	1,213	50,740	118,844
Total non-current assets		**1,213**	**50,740**	**118,844**
Current assets				
Trade and other receivables		—	—	53,925
Cash and cash equivalents	16	483	207,058	22,394
Total current assets		**483**	**207,058**	**76,319**
Total assets		**1,696**	**257,798**	**195,163**
Equity/(Deficit)				
Share capital		106	90	137
Reserves		(3)	(70,869)	181,442
Equity/(Deficit) attributable to the equity holders of the Company		**103**	**(70,779)**	**181,579**
Total equity/(Deficit)		**103**	**(70,779)**	**181,579**
Non-current liabilities				
Liability component of convertible redeemable preference shares	20	—	265,164	—
Total non-current liabilities		**—**	**265,164**	**—**
Current liabilities				
Trade and other payables		62	11,594	11,235
Payables due to related parties		1,531	51,819	2,349
Total current liabilities		**1,593**	**63,413**	**13,584**
Total liabilities		**1,593**	**328,577**	**13,584**
Total equity and liabilities		**1,696**	**257,798**	**195,163**
Net current assets/ (liabilities)		**(1,110)**	**143,645**	**62,735**
Total assets less current liabilities		**103**	**194,385**	**181,579**

4. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Share Capital	Capital reserves	Statuary reserves	Translation reserves	Other reserves	Retained earnings	Total	Minority interests	Total equity
		RMB'000 (note 18(a))	RMB'000 (note 18(b))	RMB'000 (note 18(c))	RMB'000 (note 18(d))	RMB'000 (note 18(e))	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2005		**106**	**—**	**18,348**	**(1,787)**	**51,788**	**62,177**	**130,632**	**7,154**	**137,786**
Foreign currency translation difference		—	—	—	437	—	—	437	—	437
Difference between the carrying amount of the net assets received and the consideration paid on business combination	(i)	—	—	—	—	38	—	38	—	38
Contribution from minority shareholders	(i)	—	—	—	—	—	—	—	10	10
Profit for the year		—	—	—	—	—	26,641	26,641	(1,801)	24,840
Deemed distribution to Controlling Shareholders	(ii)	—	—	—	—	—	(45,472)	(45,472)	(5,353)	(50,825)
Release of statutory reserve on disposal of Shanghai CTV Golden Bridge International Culture and Communication Company Limited	(ii)	—	—	(9,490)	—	—	9,490	—	—	—
Dividends (note 11)		—	—	—	—	—	(5,000)	(5,000)	—	(5,000)
Appropriation to reserve		—	—	4,112	—	—	(4,112)	—	—	—
Balance at 31 December 2005		**106**	**—**	**12,970**	**(1,350)**	**51,826**	**43,724**	**107,276**	**10**	**107,286**
Foreign currency translation difference		—	—	—	728	—	—	728		728
Profit for the year		—	—	—	—	—	61,319	61,319	—	61,319
Appropriation to reserve		—	—	5,844	—	—	(5,844)	—		—
Redemption of own shares	(iii)	(16)	(89,481)	—	—	—	—	(89,497)	—	(89,497)
Deemed distribution to Controlling Shareholders	(iv)	—	—	—	—	(49,862)	—	(49,862)	—	(49,862)
Equity component of convertible redeemable preference shares (note 20)		—	24,717	—	—	—	—	24,717	—	24,717
Balance at 31 December 2006		**90**	**(64,764)**	**18,814**	**(622)**	**1,964**	**99,199**	**54,681**	**10**	**54,691**
Foreign currency translation difference		—	—	—	11,550	—	—	11,550	—	11,550
Difference between the carrying amount of the net assets received and the consideration paid on business combination	(i)	—	—	—	—	1,828	—	1,828	—	1,828
Contribution from minority shareholders	(i)	—	—	—	—	—	—	—	459	459
Acquisition of minority interest	(v)	—	—	—	—	200	—	200	—	200
Share-based payments (note 22)		—	5,456	—	—	—	—	5,456	—	5,456
Conversion of convertible redeemable preference shares (note 20)		47	272,615	—	—	—	—	272,662	—	272,662
Profit for the year		—	—	—	—	—	42,316	42,316	459	42,775
Appropriation to reserves		—	—	12,685	—	—	(12,685)	—	—	—
Balance at 31 December 2007		**137**	**213,307**	**31,499**	**10,928**	**3,992**	**128,830**	**388,693**	**928**	**389,621**

(i) As part of the Reorganisation, the Company and CTV Golden Bridge International Advertising Company Limited established CTV Golden Bridge International Media Company Limited in Shanghai in June 2005 and the Company injected additional US$9.8 million into CTV Golden Bridge International Media Company Limited in January 2007. Equity transactions among companies now comprising the Group are accounted for using book values, on the basis that the investment in CTV Golden Bridge International Media Company Limited was being transferred from one part of the Group to another. The difference between the carrying amount of the net assets received and the consideration paid is recognised in other reserve in the consolidated statements of change in equity as if the current group structure had been in existence and remained unchanged throughout all periods referred to in this report.

(ii) On 10 November 2005, CTV Golden Bridge International Advertising Company Limited disposed of 90% equity interest in Shanghai CTV Golden Bridge International Culture and Communication Company Limited to the Controlling Shareholders for a consideration of RMB2,700 thousand, which was RMB45,472 thousand lower than the net assets of the disposed equity interest in Shanghai CTV Golden Bridge International Culture and Communication Company Limited. On the basis set out in Section A, the difference between the net assets and the consideration of the disposed equity interest in Shanghai CTV Golden Bridge International Culture and Communication Company Limited was accounted for as a capital distribution to the Controlling Shareholders in the consolidated statements of changes in equity as if the current group structure had been in existence and remained unchanged throughout all periods referred to in this report.

(a) As at 10 November 2005, the following assets and liabilities of the Group were deemed to be distributed to the Controlling Shareholders:

	Note	10 November 2005 RMB'000
Property, plant and equipment, net		5,361
Trade and other receivables		18,665
Receivables due from related parties		41,866
Cash and cash equivalents	Section B (5)	1,665
Short-term borrowings		(2,500)
Trade and other payables		(11,532)
		53,525
Deemed distribution to Minority Interest		(5,353)
Deemed distribution to the Controlling Shareholders		(45,472)
		2,700
Satisfied by:		
Cash		2,700

(b) The result of Shanghai CTV Golden Bridge International Culture and Communication Company Limited for the period from 1 January 2005 to 10 November 2005 was as follows:

	Period from 1 January to 10 November 2005
	RMB'000
Revenue	36,549
Cost of services	(49,115)
Gross loss	**(12,566)**
Other income	134
Administrative and other operating expenses	(5,551)
Loss from operations	**(17,983)**
Finance income	44
Finance expenses	(75)
Net finance expense	**(31)**
Loss before income tax	**(18,014)**
Income tax expense	—
Loss for the period	**(18,014)**

(c) The cash satisfied for the distribution amounting to RMB2,700 thousand was received in 2004.

(iii) As stated in note 20, on 20 November 2006, 15,229 ordinary shares of the Company were converted to the like number of convertible redeemable preference shares without any additional cash consideration. This conversion is deemed as a redemption of the Company's own shares together with an issuance of the like number of convertible redeemable preference shares.

(iv) On 16 January 2006, the Company, the Controlling Shareholders and CTV Golden Bridge International Media Investment Group Company Limited which was wholly owned by the Controlling Shareholders entered into a share transfer agreement, pursuant to which the Company acquired 100% equity interest in CTV Golden Bridge International Advertising Company Limited from the Controlling Shareholders and CTV Golden Bridge International Media Investment Group Company Limited, which are excluded from the companies now comprising the Group, for a cash consideration of US$6,476,768. As a result, CTV Golden Bridge International Advertising Company Limited became a wholly-owned subsidiary of the Group. On the basis set out in Section A, the consideration for the acquisition of 100% equity interest in CTV Golden Bridge International Advertising Company Limited was accounted for as a capital distribution to the Controlling Shareholders in the consolidated statements of changes in equity as if the current group structure had been in existence and remained unchanged throughout all periods referred to in this report.

(v) On 30 November 2007, CTV Golden Bridge International Media Company Limited which was within the companies now comprising the Group, Ms. Zhang Ling and Mr. Shi Feng, two independent third parties of the Group, entered into an share transfer agreement, pursuant to which CTV Golden Bridge International Media Company Limited acquired 10% equity interest in Jiangsu Xinqiao Tongying Advertising and Broadcast Company Limited from Ms. Zhang Ling and Mr. Shi Feng for a consideration of RMB1, to increase its ownership in Jiangsu Xinqiao Tongying Advertising and Broadcast Company Limited from 90% to 100%. Such amount of consideration was determined pursuant to the joint venture agreement dated 4 January 2007 among CTV Golden Bridge International Media Company Limited, Ms. Zhang Ling and Mr. Shi Feng, which was mainly based on the carrying amount of net assets/liabilities position of Jiangsu Xinqiao Tongying Advertising and Broadcast Company Limited as at 31 December 2007. Jiangsu Xinqiao Tongying Advertising and Broadcast Company Limited incurred a net loss of RMB9,804,539 in 2007 and the net liabilities as at 31 December 2007 amounted to RMB7,804,539.

5. CONSOLIDATED CASH FLOW STATEMENTS

	Section C Note	Year ended 31 December 2005 RMB'000	2006 RMB'000	2007 RMB'000
Cash flows from operating activities				
Profit for the year		24,840	61,319	42,775
Adjustments for:				
Depreciation	13	3,144	2,820	2 ,115
Loss on disposal of property, plant and equipment		—	1	406
Income tax expense	7(a)	5,324	7,233	13,247
Finance expenses	6	303	7,065	26,653
Finance income	6	(173)	(837)	(3,045)
Equity-settled share-based payment transactions		—	—	4,876
		33,438	77,601	87,027
Change in trade and other receivables		(56,421)	(17,538)	6,671
Change in trade and other payables		22,568	58,042	33,606
		(415)	118,105	127,304
Interest paid		(303)	(154)	(46)
Income tax paid	7(c)	(1,256)	(2,853)	(17,216)
Net cash from (used in) operating activities		**(1,974)**	**115,098**	**110,042**
Cash flows from investing activities				
Interest received		173	837	3,045
Proceeds from sales of fixed assets		—	—	699
Acquisition of property, plant and equipment	13	(1,670)	(788)	(44,990)
Cash advances and loans made to related parties		(25,101)	(18,526)	(54,237)
Cash receipts from the repayment of advances and loans made to related parties		—	2,259	81,191
Net cash used in investing activities		**(26,598)**	**(16,218)**	**(14,292)**
Cash flows from financing activities				
Proceeds from convertible redeemable preference shares		—	197,764	—
Proceeds from interest-bearing borrowings		2,500	—	—
Deemed distribution to the Controlling Shareholders on acquisition of CTV Golden Bridge International Advertising Company Limited (Section B 4(iv))		—	—	(49,074)
Deemed distribution to the Controlling Shareholders on the disposal of Shanghai CTV Golden Bridge International Culture and Communication Company Limited (Section B 4(ii)(a))		(1,665)	—	36
Payment of borrowings		(3,882)	(1,382)	(1,425)
Dividends paid		(5,000)	—	—
Net cash from (used in) financing activities		**(8,047)**	**196,382**	**(50,463)**
Net increase / (decrease) in cash and cash equivalents		**(36,619)**	**295,262**	**45,287**
Cash and cash equivalents at the beginning of the year		53,534	17,399	311,269
Effect of exchange rate fluctuations on cash held		484	(1,392)	(4,495)
Cash and cash equivalents at the end of the year	16	**17,399**	**311,269**	**352,061**

(i) Except for the conversion of convertible redeemable preference shares into the like number of ordinary shares (see note 20), there was no material non-cash transaction during the Relevant Period.

C. NOTES TO THE FINANCIAL INFORMATION

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board.

The Financial Information also complies with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

For the purpose of preparing this Financial Information, the Group has applied all new and revised IFRSs to the Relevant Period, except for any new standards or interpretations that are not yet effective for accounting periods beginning on 1 January 2007, as set out in note 1(u).

(b) Basis of measurement

The Financial Information is prepared on the historical cost basis except for the compound financial instruments (see note 1(g)(ii)).

(c) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("functional currency"). The functional currency of the Company is HK$ and the functional currencies of other entities in the Group are RMB. The Financial Information is presented in RMB ("presentation currency"). All financial information presented in RMB has been rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 27.

(e) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the Financial Information from the date that control commences until the date that control ceases. In the Company's balance sheet, investment in subsidiaries is stated at cost less any impairment losses (see note 1(i)).

(ii) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the equity holders that control the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling equity holders' consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of other reserve. Any cash paid for the acquisition is recognised directly in equity.

(iii) Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised gains and losses arising from intra-group transactions are eliminated in full in preparing the Financial Information.

(iv) Transactions with minority interests

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Group, whether directly or indirectly by subsidiaries, are presented in the consolidated balance sheet and consolidated statement of changes in equity, separately from equity attributable to the equity holders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity holders of the Company.

Transactions with minority equity holders of the Group are at book value and classified as equity transactions. Accordingly, when the Group acquires minority interests of its subsidiaries, the difference between the amounts of consideration and carrying values of minority interests are recognised as reserve movement.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(f) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Financial statements of foreign operations

Income statements and cash flows of foreign entities are translated into the Group's presentation currency at the average exchange rates for the financial period and their balance sheets are translated at the exchange rates ruling at the balance sheet date. Exchange differences are recognised directly in equity.

(g) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, interest-bearing borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statements.

Accounting for finance income and expenses is discussed in note 1(p).

(ii) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible redeemable preference shares that are redeemable on a specific date or at the option of the holders, and can be converted to ordinary share at the option of the holders. The compound financial instruments consist of a host liability component, an equity component and an embedded derivative which is not closely related to the host contract.

An embedded derivative is a financial liability unless it will be settled only by the issuer exchanging a fixed amount of other financial asset for a fixed number of its own equity instruments.

The embedded derivative is recognised initially at the fair value, which is measured using the binominal option pricing model. The host liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the host liability component and the embedded derivative in capital reserve. Any directly attributable transaction costs are allocated to the host liability component, equity component and embedded derivative in proportion to their initial carrying amounts.

Subsequent to initial recognition, the embedded derivative with liability feature is re-measured at fair value. The host liability component of compound financial instruments is measured at amortised cost using the effective interest method. The equity component of compound financial instruments is not remeasured subsequent to initial recognition.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference shares

Preference shares are classified as equity if they are non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Group's shareholders.

Preference shares are classified as liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the Relevant Period are as follows:

Buildings	30 years
Production equipment	10 years
Fixtures, fittings, and computer equipment	3-5 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(i) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(k) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in capital reserve, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

(l) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(m) Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Revenue

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Advertising service revenue

Advertising service revenue is primarily derived from the placement of advertisements. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to reports issued by an independent third party with relevant qualification and experience on a monthly basis, which evidence the advertisement actually broadcast.

(ii) Agency service revenue

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group in proportion to the stage of completion of the transaction on a monthly basis. The stage of completion is assessed by reference to service performed to date as a percentage of total services to be performed.

(o) Government grants

Unconditional government grants are recognised in profit and loss when the grants become receivable.

Grants that compensate the Group for expenses incurred are recognised in profit and loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for cost of an asset are recognised in profit and loss on a systematic basis over the useful life of the asset.

(p) Finance income and expenses

Finance income comprises interest income on cash deposits in bank, changes in fair value of financial instruments at fair value though profit or loss and foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expenses on borrowings, net of interest capitalised, changes in fair value of financial instruments at fair value though profit or loss and foreign currency losses that are recognised in profit or loss. All borrowing costs are calculated using the effective interest rate method.

(q) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(r) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible redeemable preference shares and share options granted to employees.

(s) Related parties

For the purpose of this report, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

No analysis of the Group's turnover and contribution to profit from operations by geographical segment or business segment has been presented as most of the Group's operating activities are carried out in the PRC and less than 10 percent of the Group's turnover and contribution to profit from operations are derived from activities outside the Group's media related services. There is no other geographical or business segment with segment assets equal to or greater than 10 percent of the Group's total assets.

(u) Amendments, new standards and interpretations issued but not yet effective for the annual accounting period beginning on 1 January 2007

Up to the date of issuance of the Financial Information, the IASB has issued the following amendments, new standards and interpretations which are not yet effective for the annual accounting period beginning on 1 January 2007 and which have not been adopted in preparing the Financial Information:

	Effective for accounting periods beginning on or after
IFRIC12, Service concession arrangements	1 January 2008
IFRIC 14, IAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008
IFRIC 13, Customer loyalty programmes	1 July 2008
IFRS 8 Operating segments	1 January 2009
Revised IAS 23 Borrowing costs	1 January 2009
Revised IAS 1 Presentation of financial statements	1 January 2009
Amendment to IFRS 2, Share-based payment — Vesting conditions and cancellations	1 January 2009
Amendments to IAS 32, Financial instruments	1 January 2009
Revised IFRS 3, Business combinations	1 July 2009
Amendments to IAS 27, Consolidated and separate financial statements	1 July 2009
Amendments to IFRS 1, First-time adoption of International Financial Reporting Standards, and IAS 27, Consolidated and separate financial statements	1 January 2009

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. Up to the date of issuance of the Financial Information, the Group believes that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

2. REVENUE

	Year ended 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
Advertising service revenue	230,696	266,962	373,762
Agency service revenue	6,698	3,574	5,530
Other revenue	937	4,468	30
Less: Sales taxes and surcharges	(8,207)	(11,347)	(14,620)
	230,124	263,657	364,702

3. OTHER INCOME

		Year ended 31 December		
		2005	2006	2007
	Note	RMB'000	RMB'000	RMB'000
Government grant	(i)	134	—	—
Waiver of debts		—	—	36
		134	—	36

(i) The Group has been awarded government grants related to its purchased property in Pudong New District, Shanghai, the PRC for the period from 8 February 2003 to 31 December 2005 by Pudong New District Finance Bureau pursuant to the local regulations issued by Shanghai Pudong District Government. The grants are recognised as other income on a systematic basis over the useful life of the purchased property. On 10 November 2005, the Group disposed of its entire interest in Shanghai CTV Golden Bridge International Culture and Communication Company Limited which enjoyed the government grants. No government grant is recognised thereafter.

4. EXPENSES BY NATURE

The following expenses are included in cost of services, selling and marketing expenses and general and administration expenses.

	Year ended 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
Impairment losses on bad and doubtful accounts	14,057	1,409	—
Depreciation and amortisation	2,442	1,929	1,882
Professional fee	2,162	3,614	4,067
Auditors' remuneration	455	818	255

5. PERSONNEL EXPENSES

		Year ended 31 December		
		2005	2006	2007
	Note	RMB'000	RMB'000	RMB'000
Salaries, wages and other benefits		7,675	8,660	9,651
Contribution to defined contribution plan	(i)	2,048	2,778	2,859
Equity-settled share-based payment transactions	22	—	—	4,876
		9,723	11,438	17,386

(i) Defined contribution plan

As stipulated by the regulations of the PRC, the Group participates in a defined contribution retirement plan organised by municipal and provincial governments for its employees. The

Group is required to make contributions to the retirement plans at rates ranging from 19% to 22% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

6. FINANCE INCOME AND EXPENSES

		Year ended 31 December		
		2005	2006	2007
	Note	RMB'000	RMB'000	RMB'000
Interest income on bank deposits		173	837	3,045
Finance income		173	837	3,045
Changes in fair value of derivative component of convertible redeemable preference shares	20	—	(1,769)	(4,316)
Transaction cost for financial instruments at fair value through profit or loss	20	—	(2,393)	—
Interest expense on convertible redeemable preference shares	20	—	(2,505)	(22,137)
Finance expenses related to convertible redeemable preference shares		—	(6,667)	(26,453)
Interest expense on borrowings		(303)	(154)	(46)
Net foreign exchange loss		—	(244)	(154)
Other finance expenses		(303)	(398)	(200)
Net finance expense		(130)	(6,228)	(23,608)

7. INCOME TAX EXPENSE

(a) Income tax in the consolidated income statements represents:

	Year ended 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
Current tax expense			
Provision for PRC income tax	5,324	7,233	16,515
Deferred tax expense			
Origination of temporary differences	—	—	(3,268)
Total income tax expense	5,324	7,233	13,247

(i) No provision has been made for Hong Kong profits tax as the Company did not earn any income subject to Hong Kong profits tax during the Relevant Period.

CTV Golden Bridge International Advertising Company Limited is liable to PRC enterprise income tax at a rate of 33% during the Relevant Period. From the date of its establishment on 7 January 1999 to 31 December 2006, pursuant to the approvals from the State Tax Bureau of Chaoyang District, Beijing, the PRC, CTV Golden Bridge International Advertising Company Limited was taxed on the deemed taxable income that was calculated based on its gross revenue and a deemed rate of earnings before tax. The deemed rate of earnings before tax was 12% in 2004, 8% in 2005 and 2006 respectively. Since 1 January 2007, CTV Golden Bridge International Advertising Company Limited is taxed on the actual taxable income.

CTV Golden Bridge International Media Company Limited, established on 23 June 2005 as a foreign invested enterprise, is eligible to a reduced enterprise income tax rate of 15% since 1 July 2005, pursuant to the approval from the 19th Tax Office of the State and Local Tax Bureau of Pudong New District.

Jiangsu Xinqiao Tongying Advertising and Broadcast Company Limited is liable for PRC enterprise income tax at a rate of 33% during the Relevant Period, pursuant to the currently applicable income tax rules and PRC regulations.

(ii) New Tax Law

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the New Tax Law which will take effect on 1 January 2008, when the current tax law will be abolished. The New Tax Law adopts a uniform tax rate of 25% for all enterprises including foreign investment enterprises and revokes the current tax exemption, reduction and protective treatments only applicable to foreign investment enterprises. The enactment of the New Tax Law is not expected to have any financial effect on the amounts accrued in the balance sheet in respect of current tax payable.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

		Year ended 31 December		
		2005	2006	2007
		RMB'000	RMB'000	RMB'000
Profit before taxation		30,164	68,552	56,022
Income tax computed by applying the tax rate of 33% to profit before taxation		9,954	22,622	18,487
Non-deductible expenses	(i)	—	2,143	13,804
Effect of differential tax rate on income	(ii)	—	—	(19,817)
Tax losses not recognised as deferred tax assets	(iii)	5,944	59	773
Effect of differential taxation method	(iv)	(10,574)	(17,591)	—
Income tax expense		5,324	7,233	13,247

(i) Non-deductible expenses

The non-deductible expenses mainly represented the finance expenses resulting from the recognition of preference shares and the operating costs of the Company, both of which were not deductible before profit tax in Hong Kong because the Company did not derive any assessable profits, as the Company had not carried on any operating business since the date of its incorporation.

(ii) Effect of differential tax rate on income

The effect of differential tax rate on income mainly represented the difference between applying tax rates of 33% and the applicable tax rate of 15% as mentioned in note 7(a)(i).

(iii) Tax losses not recognized as deferred tax assets

The tax losses for 2007 which mainly came from CTV Golden Bridge International Advertising Company Limited expired in 2008 when it was de-registered on 21 April 2008.

(iv) Effect of differential taxation method

The effect of differential taxation method mainly represented the difference between using deemed profit and using actual profit as taxable income as mentioned in note 7(a)(i).

(c) Income tax payable in the consolidated balance sheet represents:

	At 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
PRC Income Tax			
Balance at the beginning of the year	5,098	9,166	13,546
Provision for the year	5,324	7,233	16,515
Tax paid	(1,256)	(2,853)	(17,216)
Income tax payable at the end of the year	**9,166**	**13,546**	**12,845**

8. ANALYSIS OF PROFIT FOR THE YEAR

		Year ended 31 December		
		2005	2006	2007
	Note	RMB'000	RMB'000	RMB'000
Profit for the year before the impact of finance expenses related to convertible redeemable preference shares		**24,840**	**67,986**	**69,228**
Change in fair value of derivative component of convertible redeemable preference shares	6	—	(1,769)	(4,316)
Transaction cost for financial instruments at fair value through profit or loss	6	—	(2,393)	—
Interest expense on convertible redeemable preference shares	6	—	(2,505)	(22,137)
Profit for the year		**24,840**	**61,319**	**42,775**

The Directors consider that finance expenses related to convertible redeemable preference shares will not be recurring after the conversion of the convertible redeemable preference shares into the like number of ordinary shares of the Company (see note 20).

9. DIRECTORS' REMUNERATION

Details of the directors' remuneration are as follows:

For the year ended 31 December 2007

	Directors' fees	Salaries, allowances and other benefits in kind	Discretionary bonuses	Contribution to defined contrition plan	Equity settled Share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Chen Xin	—	252	—	42	—	294
Liu Jinlan	—	504	—	42	1,292	1,838
Li Zongzhou	—	210	—	42	323	575
Non-executive directors						
Zhu Jia	—	—	—	—	—	—
Huang Jingsheng	—	—	—	—	—	—
	—	**966**	**—**	**126**	**1,615**	**2,707**

For the year ended 31 December 2006

	Directors' fees	Salaries, allowances and other benefits in kind	Discretionary bonuses	Contribution to defined contrition plan	Equity settled Share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Liu Jinlan	—	360	—	37	—	397

For the year ended 31 December 2005

	Directors' fees	Salaries, allowances and other benefits in kind	Discretionary bonuses	Contribution to defined contrition plan	Equity settled Share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Liu Jinlan	—	360	—	29	—	389
Liu Baofu	—	60	—	14	—	74
	—	**420**	**—**	**43**	**—**	**463**

An analysis of directors' remuneration by the number of directors and remuneration range is set out below:

	Year ended 31 December		
	2005	2006	2007
Nil to RMB1,000,000	2	1	5

During the Relevant Period, no amount was paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 10 below as an inducement to join or upon joining the Group or as compensation for loss of office. Also there was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Period.

10. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments during the Relevant Period, 1, 1, 3 for the years ended 31 December 2005, 2006 and 2007 respectively are directors whose emoluments are disclosed in note 9.

The aggregate of the emoluments in respect of the remaining highest paid employee during the Relevant Period are as follows:

	Year ended 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
Salaries, allowances and other benefits in kind	836	767	462
Contribution to defined contribution plan	115	150	84
Equity-settled share-based payment transactions	—	—	431
	951	**917**	**977**

Analysis of their emoluments by number of employees and emolument range is set out below:

	Year ended 31 December		
	2005	2006	2007
Nil to RMB1,000,000	4	4	2

11. DIVIDENDS

Dividends payable to the equity holders of the Group attributable to the year:

	Year ended 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
Dividends	5,000	—	—

The directors consider that the dividends declared during the Relevant Period are not indicative of the future dividend policy of the Group.

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding.

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

Since the impact on earnings of conversion of convertible redeemable preference shares to ordinary shares is greater than that on the weighted average number of ordinary shares, they are treated as anti-dilutive. As a result, the calculation of diluted earnings per share does not assume conversion of convertible redeemable preference shares for the year ended 31 December 2006 and 2007.

The weighted average number of ordinary shares in issue for the Relevant Periods has been retrospectively adjusted for the effects of the share subdivision of the ordinary shares took place in November 2007 (see note 18) and in April 2008 (see section F).

The calculation of the basic and diluted earnings per share attributable to ordinary shareholders of the Company is based on the following data:

	Year ended 31 December		
Earnings	2005	2006	2007
	RMB'000	RMB'000	RMB'000
Profit attributable to equity holders	26,641	61,319	42,316
Profit attributable to convertible redeemable preference share holders	—	(22,817)	(15,746)
Profit attributable to ordinary shareholders (basic and diluted)	26,641	38,502	26,570

	Year ended 31 December		
Number of shares	2005	2006	2007
Weighted average number of ordinary shares (basic)	320,000,000	314,525,905	271,707,625
Effect of dilutive potential ordinary shares:			
Effect of share options on issue	—	—	6,002,490
Weighted average number of ordinary shares (diluted)	320,000,000	314,525,905	277,710,115

	Year ended 31 December		
	2005	2006	2007
	RMB	RMB	RMB
Basic earnings per share	0.083	0.122	0.098
Diluted earnings per share	0.083	0.122	0.096

13. PROPERTY, PLANT AND EQUIPMENT

	Note	Buildings RMB'000 (ii)	Production equipment RMB'000 (i)	Fixtures, fittings and computer equipment RMB'000	Motor vehicles RMB'000	Under construction RMB'000	Total RMB'000
Balance at 1 January 2005		17,639	32,620	2,935	5,562	—	58,756
Additions		—	—	1,112	558	—	1,670
Disposals		—	—	(7)	—	—	(7)
Reduction due to disposal of a subsidiary		(5,869)	—	(189)	—	—	(6,058)
Balance at 31 December 2005		11,770	32,620	3,851	6,120	—	54,361
Balance at 1 January 2006		11,770	32,620	3,851	6,120	—	54,361
Additions		—	—	788	—	—	788
Disposals		—	—	(18)	—	—	(18)
Transfer to assets held for sale	17	—	—	(42)	—	—	(42)
Balance at 31 December 2006		11,770	32,620	4,579	6,120	—	55,089
Balance at 1 January 2007		11,770	32,620	4,579	6,120	—	55,089
Additions		41,617	—	335	2,165	873	44,990
Disposals		—	(32,620)	(268)	—	—	(32,888)
Transfer to assets held for sale	17	(11,770)	—	(4,378)	—	—	(16,148)
Balance at 31 December 2007		41,617	—	268	8,285	873	51,043
Depreciation and impairment losses							
Balance at 1 January 2005		1,170	22,906	1,269	685	—	26,030
Depreciation for the year		612	954	1,050	528	—	3,144
Disposals		—	—	(7)	—	—	(7)
Reduction due to disposal of a subsidiary		(652)	—	(45)	—	—	(697)
Balance at 31 December 2005		1,130	23,860	2,267	1,213	—	28,470
Balance at 1 January 2006		1,130	23,860	2,267	1,213	—	28,470
Depreciation for the year		372	967	955	526	—	2,820
Disposals		—	—	(17)	—	—	(17)
Transfer to assets held for sale	17	—	—	(15)	—	—	(15)
Balance at 31 December 2006		1,502	24,827	3,190	1,739	—	31,258
Balance at 1 January 2007		1,502	24,827	3,190	1,739	—	31,258
Depreciation for the year		516	480	441	678	—	2,115
Disposals		—	(25,307)	(182)	—	—	(25,489)
Transfer to assets held for sale	17	(1,689)	—	(3,418)	—	—	(5,107)
Balance at 31 December 2007		329	—	31	2,417	—	2,777
Carrying amounts							
At 31 December 2005		10,640	8,760	1,584	4,907	—	25,891
At 31 December 2006		10,268	7,793	1,389	4,381	—	23,831
At 31 December 2007		41,288	—	237	5,868	873	48,266

(i) As at 31 December 2004, management of the Group assessed the recoverable amount of the production equipment based on the result of the valuation done by an independent valuer, Zhong Tian Yun Certified Public Accountants Company Limited, and recognised an impairment losses of RMB18 million.

In November 2007, following the liquidation of CTV Golden Bridge International Advertising Co., Ltd., the equipment was sold to Qingdao Suguangyu Business Trading Company Limited, an independent third party from the Company and its connected persons, for RMB6,992,838, which was determined by reference to the market price of similar equipment. Up to 31 December 2007, RMB699,284 has been received. On 24 January 2008, the remaining RMB6,293,554 was received.

(ii) Buildings with the carrying amount of RMB10,640 thousand and RMB 10,268 thousand were pledged as securities for bank loans as at 31 December 2005 and 2006, respectively (see note 19).

(iii) Pursuant to a Real Estate Purchase Contract signed by Beijing Wantong Shijie Real Estate Company Limited and CTV Golden Bridge International Media Company Limited, a 99.4% owned subsidiary of the Company, on 16 May 2007, CTV Golden Bridge International Media Company Limited purchased an office space, Unit C2101, Wantong Plaza, No. Jia 6, Chaoyangmen Wai Street, Chaoyang District, Beijing, the PRC, for RMB41,616,866. The property, which has not obtained any proper title certificate, is recognised as an asset and begins to be depreciated when it is in the condition necessary for it to be capable of operating in the manner intended by management. Such building has been mortgaged to a bank and CTV Golden Bridge International Media Company Limited was so informed by the seller at the time of purchase. According to the purchase agreement, in case CTV Golden Bridge International Media Company Limited can not obtain the building ownership certificate within 1,095 days due to the default of the seller, CTV Golden Bridge International Media Company Limited has the right to either (a) return the building back to the seller and claim 2% of the purchase price for the property as compensation; or (b) keep the building and claim 1% of the purchase price as compensation.

14. DEFFERED TAX ASSETS

Deferred tax assets are attributable to the following:

	At 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
Tax losses carry-forwards of Jiangsu Xinqiao Tongying Advertising and Broadcast Company Limited	—	—	3,268

Movement in temporary differences during the Relevant Period

	Tax losses carry-forwards
Balance at 1 January 2005, 2006 and 2007	—
Recognised in profit or loss	3,268
Balance at 31 December 2007	3,268

15. TRADE AND OTHER RECEIVABLES

	Note	At 31 December 2005 RMB'000	2006 RMB'000	2007 RMB'000
Trade and bills receivables	(i)	54,708	66,047	40,050
Other receivables				
Prepayments to media suppliers		21,325	19,683	28,285
Deposits		13,519	20,101	13,150
Advances to employees		2,425	4,439	1,545
Listing fee		—	—	5,121
Others		232	295	9,107
		92,209	110,565	97,258
Less: Impairment losses on bad and doubtful accounts		(11,982)	(12,929)	—
		80,227	97,636	97,258

There was no outstanding impairment as at 31 December 2007 as the Group wrote off RMB13 million impairment in October 2007.

Credit terms are granted to the customers, depending on credit assessment carried out by management on an individual basis. The credit terms for trade receivables are generally from nil to 90 days.

(i) An aging analysis of trade and bills receivables is as follows:

	At 31 December 2005 RMB'000	2006 RMB'000	2007 RMB'000
Current or less than 3 months overdue	25,659	28,544	14,752
3 to 6 months overdue	6,096	4,640	20,553
6 months to 1 year overdue	20,698	2,226	3,409
After 1 year but within 2 years	2,255	28,382	997
After 2 years	—	2,255	339
	54,708	66,047	40,050

16. CASH AND CASH EQUIVALENTS

	The Group At 31 December 2005 RMB'000	2006 RMB'000	2007 RMB'000
Cash at bank and on hand	17,399	311,269	352,061

	The Company At 31 December 2005 RMB'000	2006 RMB'000	2007 RMB'000
Cash at bank and on hand	483	207,058	22,394

Cash at bank and cash on hand are denominated in

	The Group		
	At 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
RMB	16,916	104,211	329,667
US$	—	206,514	21,995
HK$	483	544	399
	17,399	311,269	352,061

	The Company		
	At 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
US$	—	206,514	21,995
HK$	483	544	399
	483	207,058	22,394

17. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Part of Beijing Haidian District CTV Management Training Centre is presented as a disposal group held for sale following the commitment of the Group management to sell the disposal group on 30 November 2006 due to the strategic decision to place greater focus on the Group's key competencies, being the provider of advertising services. The sale was completed in January 2007. As at 31 December 2006 the disposal group comprised assets of RMB156 thousand less liabilities of RMB124 thousand.

A majority of CTV Golden Bridge International Advertising Company Limited's property, is presented as held for sale following the decision of the Group's management to liquidate CTV Golden Bridge International Advertising Company Limited (see Section F(a)). Instead of being disposed of, the business of CTV Golden Bridge International Advertising Company Limited was transferred to CTV Golden Bridge International Media Company Limited. The sale was completed in March 2008. As at 31 December 2007, the disposal group comprised property, plant and equipment of RMB 11,041 thousand.

Assets classified as held for sale

		At 31 December		
	Section C Note	2005	2006	2007
		RMB'000	RMB'000	RMB'000
Property, plant and equipment	13	—	27	11,041
Trade and other receivables		—	129	—
		—	156	11,041

Liabilities classified as held for sale

	At 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
Trade and other payables	—	124	—

18. CAPITAL AND RESERVES

(a) Share Capital

	Notes	Number of Shares in Issue	issued share capital RMB'000
At 1 January 2005 and 2006		100,000	106
Redemption of shares		(15,229)	(16)
At 31 December 2006		84,771	90
Share subdivision	(i)	84,686,229	—
Conversion of convertible redeemable preference shares	20	50,236,000	47
At 31 December 2007		135,007,000	137

(i) Pursuant to the written resolutions of the Company's shareholders passed on 1 November 2007, all of the Company's 210,236 shares, which consist of 84,771 issued ordinary shares, 50,236 convertible redeemable preference shares and 75,229 un-issued ordinary shares, of HK$1 par value each be, were sub-divided into HK$0.001 par value each.

At 31 December 2007, the authorised share capital comprises 210,236,000 ordinary shares, 135,007,000 of which are issued and credited as fully paid. All shares have a par value of HK$0.001.

For the purpose of the Financial Information, the share capital of the Group as at 31 December 2005, 2006 and 2007 represents the share capital of the Company as if the current structure had been in existence as at the respective dates.

(b) Capital reserve

The capital reserve comprises the following.

(i) Redemption of own shares

As stated in note 20, on 20 November 2006, 15,229 ordinary shares of the Company were converted to the like number of convertible redeemable preference shares without any additional cash consideration. This conversion is deemed as a redemption of the Company's own shares together with an issuance of the like number of convertible redeemable preference shares. The share capital of the Company was reduced by nominal value of redeemed shares. The premium paid on the redemption of shares of RMB89,481 thousand was accounted for as capital reserve.

(ii) Equity component of convertible redeemable preference shares

The equity component of convertible redeemable preference shares initially recognised is accounted for as capital reserve in accordance with the accounting policy adopted for convertible redeemable preference shares in note 1(g)(ii).

As stated in note 20, on 31 December 2007, the Company converted 50,236,000 convertible redeemable preference shares into the like number of ordinary shares in the Company. Along with the above conversion, the liability component of convertible redeemable preference shares was derecognised and the same amount of equity component was recognised as capital reserve as at 31 December 2007.

(iii) Equity-settled share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in capital reserve, over the period that the employees become unconditionally entitled to the options in accordance with the accounting policy adopted for share-based payments in note 1(k)(iii).

(c) Statutory reserves

According to the PRC Company Law, the PRC subsidiaries of the Group are required to transfer 10% of its profit after taxation, as determined under PRC Accounting Regulations, to statutory reserves until the reserve balance reaches 50% of the registered capital. The transfer to these reserves must be made before distribution of dividend to equity holders.

Statutory reserves can be used to make good previous years' losses, if any, and may be converted into share capital by issuance of new shares to equity holders in proportion to their existing equity holdings or by increasing the par value of the shares currently held by them, provided that the balance after such issuance is not less than 25% of the registered capital.

Certain of the subsidiaries in the PRC are required to set up an enterprise development fund. Transfers to this fund are at the discretion of the subsidiary. This fund can only be utilised on capital items for the collective benefit of the subsidiary's employees such as the construction of dormitories, canteens and other staff welfare facilities. This fund is non-distributable other than on liquidation. The transfer to this fund must be made before distribution of a dividend to shareholders.

(d) Translation reserves

The translation reserves comprise all foreign currency differences arising from the translation of the financial statements presented in any currencies other than RMB.

(e) Other reserve

Other reserve as at the respective balance sheet dates for the Relevant Period mainly represented the aggregate amount of share capital and capital surplus of the companies now comprising the Group after elimination of investments in subsidiaries.

As part of the Reorganisation, the Company and CTV Golden Bridge International Advertising Company Limited established CTV Golden Bridge International Media Company Limited in June 2005; the Company acquired 100% equity interest in CTV Golden Bridge International Advertising Company Limited from the Controlling Shareholders and CTV Golden Bridge International Media Investment Group Company Limited which was wholly owned by the Controlling Shareholders in September 2006 and the Company injected US$9.8 million into CTV Golden Bridge International Media Company Limited in January 2007. The difference between the carrying amount of the net assets received and the consideration paid is also recorded in other reserve.

(f) Distributability of reserve

The Company has no reserve available for distribution to shareholders as at 31 December 2007.

(g) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

19. BORROWINGS

(a) Short-term bank loans

		At 31 December		
		2005	2006	2007
	Note	RMB'000	RMB'000	RMB'000
Current portion of secured long-term bank loans	19(b)	1,382	1,166	—

(b) Long-term bank loans

		At 31 December		
		2005	2006	2007
	Note	RMB'000	RMB'000	RMB'000
Secured long-term bank loans	(i)	2,807	1,425	—
Less: current portion of secured long- term bank loans		(1,382)	(1,166)	—
		1,425	259	—

(i) Secured bank loans as at 31 December 2005 and 2006 were secured by buildings (see note 13).

Secured long-term bank loans as at 31 December 2005 and 2006 carried an interest rate of 6.138% per annum.

(c) The bank loans were payable as follows

	At 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
Within one year or on demand	1,382	1,166	—
After 1 year but within 2 years	1,166	259	—
After 2 years but within 5 years	259	—	—
	2,807	1,425	—

20. CONVERTIBLE REDEEMABLE PREFERENCE SHARES

Number of convertible redeemable preference shares ("HK Series A Shares") authorised and issued

	At 31 December		
	2005	2006	2007
HK Series A Shares, HK$1 par value before November 2007	—	50,236	—

The movement in HK Series A Shares is as follows:

	Liability component				
	Host liability component	Derivative liability component	Subtotal	Equity component	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	—	—	—	—	—
Issuance of HK Series A Shares	194,701	67,767	262,468	24,717	287,185
Interest charged during the year	2,505	—	2,505	—	2,505
Fair value adjustment	—	1,769	1,769	—	1,769
Exchange realignment	(1,175)	(403)	(1,578)	—	(1,578)
At 31 December 2006	196,031	69,133	265,164	24,717	289,881
Interest charged during the year	22,137	—	22,137	—	22,137
Fair value adjustment	—	4,316	4,316	—	4,316
Exchange realignment	(14,104)	(4,851)	(18,955)		(18,955)
Conversion of HK Series A Shares	(204,064)	(68,598)	(272,662)	272,662	—
At 31 December 2007	—	—	—	297,379	297,379

On 20 November 2006, the Company issued 35,007 HK Series A Shares to Bain Capital CTVGB Holding Limited ("Bain Capital") for a cash consideration of US$26,143,163 according to the Share Purchase Agreement for HK Series A Shares (the "Share Purchase Agreement") dated 6 November 2006.

On 20 November 2006, Bain Capital purchased 15,229 ordinary shares from Golden Bridge International Advertising Holdings Limited for a cash consideration of US$5,856,837 according to the Share Purchase Agreement and meanwhile the shareholders of the Company passed the resolution to approve the conversion of ordinary shares held by Bain Capital, i.e. 15,229 ordinary shares, into HK Series A Shares.

The HK Series A Shares, subject to certain terms as set out below, were convertible into ordinary shares of the Company at the option of the holder of HK Series A Shares at any time without payment of any additional consideration. The HK Series A Shares would automatically be converted upon a Qualified Initial Public Offering of the Company, as defined by the Company's article of association, or election by the majority of the holders. As defined by the Company's article of association, Qualified IPO means a firm commitment underwritten initial public offering by the Company on a Qualified Exchange (or such other exchange as shall be approved in writing by the holders of a majority in voting power of the outstanding HK Series A Shares) of Ordinary Shares on terms and conditions approved in writing by the holders of a majority in voting power of the outstanding HK Series A Shares. In the event of an automatic conversion of HK Series A Shares into Ordinary Shares upon a Qualified IPO approved by the Board of Directors at any time for the period from January 1, 2008 until December 31, 2009 (inclusive of both dates), the HK Series A Shares would have been adjusted so that the new HK Series A Shares equal the HK Series A Shares divided by 0.7317, notwithstanding anything to the contrary set out in Article 9.3 (g).

The number of ordinary shares converted was determined by dividing the HK Series A Shares purchase price by the HK Series A Shares conversion price. The initial HK Series A Shares conversion price was US$637 and was subject to adjustment as defined by the Company's Articles of Association, including the following:

(i) If the net profit of 2007 was at least US$13 million or 25% higher than the net profit of 2006, the new HK Series A Shares conversion price would equal the initial HK Series A Shares conversion price divided by 0.9106.

(ii) If the net profit of 2008 is at least US$20 million or 25% higher than the net profit of 2007, the new HK Series A Shares conversion price is equal to the initial HK Series A Shares conversion price divided by 0.8211.

(iii) If the net profit of 2009 is at least US$27.3 million or 25% higher than the net profit of 2008, the new HK Series A Shares conversion price is equal to the initial HK Series A Shares conversion price divided by 0.7317.

(iv) In the event of an automatic conversion of HK Series A Shares into ordinary shares upon a qualified initial public offering from 1 January 2008 until 31 December 2009, the new HK Series A Shares conversion price is equal to initial HK Series A Shares conversion price divided by 0.7317.

The initial HK Series A Shares conversion price was also subject to adjustment in case that the Company paid dividends, sub-divided or consolidated its ordinary shares and issued any ordinary shares.

Beginning on the sixth anniversary of 20 November 2006, the holder of HK Series A Shares may require that the Company redeems all of the then outstanding HK Series A Shares. The redemption price for each HK Series A Shares shall be equal to 150% of the initial HK Series A Shares purchase price.

The holder of HK Series A Shares shall be entitled to receive non-cumulative cash dividends when, as and if declared by the board of directors of the Company at the rate of 6% per annum of the HK Series A Shares purchase price.

The HK Series A Shares have been accounted for as a compound financial instrument containing a host liability component, a derivative liability component and an equity component.

The host liability component was recognised initially at fair value of RMB194,701 thousand, which was valued by the directors net of issuance cost allocated, and subsequently measured at amortised cost by applying effective interest rate of approximately 11.66%.

The derivative liability, representing the conversion option, was recognised initially at fair value of RMB 67,767 thousand and subsequently adjusted through the movement of fair value.

The equity component represents the residual amount after deducting the fair value of liability components.

The fair value of the derivative liability component of the HK Series A Shares was valued by the directors using the binominal option pricing model. Major inputs used in the model are as follows:

	At 20 November 2006	At 31 December 2006	At 31 December 2007
Total fair value at measurement date	US$ 8,612,000	US$ 8,848,000	US$ 9,784,000
Spot price	US$ 28,329,282	US$ 28,863,269	US$ 38,589,491
Expected volatility	38%	38%	33%
Maturity date	20 November 2012	20 November 2012	20 November 2012
Dividend yield	0%	0%	0%
Risk-free interest rate	4.54%	4.65%	3.42%

In November 2007, the Company undertook a share subdivision where by each of issued HK Series A Shares was subdivided into 1,000 HK Series A Shares (see note 18). Accordingly, the total number of then issued HK Series A Shares increased from 50,236 shares to 50,236,000 shares and the nominal value of each share was changed from HK$1 each to HK$0.001 each.

On 31 December 2007, Bain Capital CTVGB Holding Ltd., SinoMedia Investment Ltd. (formerly known as Bain Capital SinoMedia Holding Ltd.), Golden Bridge International Advertising Holdings Ltd., Golden Bridge International Culture Ltd. and the Company entered into a Share Swap Agreement, pursuant to which:

(i) Bain Capital CTVGB Holding Ltd. and Golden Bridge International Advertising Holdings Ltd. agreed to sell and Golden Bridge International Culture Ltd. agreed to purchase 84,771,000 ordinary shares and 50,236,000 HK Series A Shares of the Company, respectively; and

(ii) Golden Bridge International Culture Ltd. agreed to allot and issue 84,770,999 ordinary shares of HK$0.001 each, 36,757,681 Cayman Series A Shares and 13,478,319 Cayman Series A Shares to Golden Bridge International Advertising Holdings Ltd., Bain Capital CTVGB Holding Ltd. and SinoMedia Investment Ltd., respectively.

Immediately after completion of the above transfer, Golden Bridge International Culture Ltd. as the sole shareholder of the Company approved the conversion of 50,236,000 HK Series A Shares into the like number of ordinary shares in the Company by way of written resolution. As a result, the Company had a total issued share capital of 135,007,000 ordinary shares.

Along with the above conversion, the liability component of HK Series A Shares was derecognised and the same amount of equity component was recognised as at 31 December 2007.

21. TRADE AND OTHER PAYABLES

		At 31 December		
		2005	2006	2007
	Note	RMB'000	RMB'000	RMB'000
Trade payables	(i)	1,230	24,339	42,127
Advances from customers	(ii)	27,577	59,179	78,626
Welfare expenses payables		399	105	55
Other compulsory payables		2,854	3,483	2,365
Other tax payables	(iii)	4,897	5,763	3,883
Other payables and accrued charges		5,286	10,250	9,669
		42,243	103,119	136,725

Certain advertisement resources suppliers required prepayment during the Relevant Period. Except for the payments for advertisement resources on CCTV-4 and CCTV-9, which are made on a quarterly basis, the Group was generally required to pay advertising resource suppliers on a monthly basis. The Group's suppliers generally did not extend credit terms but experience indicated that many suppliers often delay billing to the Group.

(i) An aging analysis of trade payables is as follows:

	At 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
Due within 3 months or on demand	1,230	24,339	38,817
Due after 6 months but within 1 year	—	—	3,310
	1,230	24,339	42,127

(ii) Advances from customers represented the down-payments received from customers, which are expected to be recovered within one year.

(iii) Other tax payables comprise business tax payable and surcharges payable.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.

22. SHARE-BASED PAYMENTS

On 1 July 2007, the Group granted share options to employees of the Group, including directors of any companies in the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share in the Company. The consideration for the acceptance of the option is RMB0.1 per option.

Pursuant to the written resolutions of the Directors of the Company passed on 24 April 2008, each of the share option granted was hereby sub-divided into 3.2 share options and the exercise price of share option was divided by 3.2 accordingly. The number and the exercise price of share option granted have been retrospective adjusted for the effect of the share subdivision as if the share option subdivision had took place as at the grant date. (see section F note (c))

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

Grant date	Number of instruments	Vesting conditions	Contractual life of options
1 July 2007	6,040,000	One year's service	8 years
1 July 2007	4,640,000	Two years' service	8 years
1 July 2007	4,640,000	Three years' service	8 years
1 July 2007	3,240,000	Four years' service	8 years

	Year ended 31 December 2007	
	Weighted Average Exercise price	Number of options
Outstanding at 1 January 2007	—	—
Granted during the year	RMB1.56	18,560,000
Outstanding at 31 December 2007	RMB1.56	18,560,000
Exercisable at 31 December 2007	RMB1.56	—

No share options were issued by the Group during the years ended 31 December 2005 and 2006.

The options outstanding as at 31 December 2007 had an exercise price of RMB1.56 per share and a weighted average remaining contractual life of 7.5 years.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The fair value of the share options was valued by the directors. The fair value of the share options granted is measured using a binominal lattice model, with following input:

	1 July 2007
Share price	RMB2.31
Exercise price	RMB1.56
Expected volatility	34.39%
Option life (expressed as weighted average life)	8 years
Expected dividends	0.00%
Risk-free interest rate	4.17%

The expected volatility is based on average implied volatility of comparable companies in the media industry as at 1 July 2007 used in modelling under binomial option pricing model. Expected dividends are based on management estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options are granted under a service condition. The condition has not been taken into account in the grant date fair value measurement of the services received. There was no market condition associated with the share option grants.

During the year ended 31 December 2007, equity-settled share-based payment expenses amounting to RMB5,456 thousand minus consideration received amounting to RMB580 thousand were recognised in the consolidated income statements.

23. LEASE COMMITMENTS

Non-cancellable rentals are payable as follows:

	At 31 December		
	2005	**2006**	**2007**
	RMB'000	**RMB'000**	**RMB'000**
Within 1 year	239	334	550

Non-cancellable contracts for purchasing advertisement resources from TV stations are payable as follows:

	At 31 December		
	2005	**2006**	**2007**
	RMB'000	**RMB'000**	**RMB'000**
Within 1 year	1,600	2,700	27,601
After 1 year but within 5 years	4,500	2,400	2,400
After 5 years	3,450	2,850	2,250
Total	9,550	7,950	32,251

24. RELATED PARTY TRANSACTIONS

During the Relevant Period, transactions with the following parties are considered as related party transactions.

Name of related party	Relationship with the Company
Controlling Shareholders	Ultimate controlling equity holders of the Group
Golden Bridge International Advertising Holdings Limited	Equity holder of the Company
Bain Capital CTVGB Holding Limited	Minority equity holder of the Company
CTV Golden Bridge International Media Investment Group Company Limited	Effectively controlled by the Controlling Shareholders
Shanghai CTV Golden Bridge International Culture and Communication Company Limited	Effectively controlled by the Controlling Shareholders
Beijing Golden Bridge Information Technology Company Limited	Effectively controlled by the Controlling Shareholders
CTV China Report Media Limited	Effectively controlled by the Controlling Shareholders
Beijing Express On-line Advertising Company Limited	Effectively controlled by the Controlling Shareholders

(a) Transactions with related parties

The Group had the following transactions with the ultimate equity holders and their affiliates that were carried out in the normal course of business:

		Year ended 31 December		
		2005	2006	2007
	Note	RMB'000	RMB'000	RMB'000
Net lendings to related parties	(i)	25,101	18,526	54,237
Transfer of investment	(ii)	2,700	49,500	—

(i) Net lendings to related parties represent the loans lent to/ repaid from the ultimate equity holders and their affiliates.

(ii) Transfer of investment in 2005 represents the transfer of 90% equity interest in Shanghai CTV Golden Bridge International Culture and Communication Company Limited from CTV Golden Bridge International Advertising Company Limited to CTV Golden Bridge International Media Investment Group Company Limited.

Transfer of investment in 2006 represents the transfer of 99% equity interest in CTV Golden Bridge International Advertising Company Limited from CTV Golden Bridge International Media Investment Group Company Limited to the Company.

The directors considered that above related party transactions will not be recurring after the listing.

CTV Golden Bridge International Media Company Limited, a subsidiary of the Company, rented an office from Shanghai CTV Golden Bridge International Culture and Communication Company Limited, a related party of the Company, for the period from 30 November 2006 to 31 December 2007 at a price of RMB1 per month. Based on the result of the valuation done by Jones Lang LaSalle Sallmanns Limited (formally known as Sallmanns (Far East) Limited), the fair market value of the lease was RMB48,120 per month as at 31 December 2007. Since 1 January 2008, the price of the lease was changed to RMB 577,500 per annum.

(b) Balance with related parties

	At 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
Other receivables due from:			
Controlling Shareholders	17,011	21,876	—
CTV Golden Bridge International Media Investment Group Company Limited	4,550	4,550	5,108
Shanghai CTV Golden Bridge International Culture and Communication Company Limited	9,172	17,732	18,776
Beijing Golden Bridge Information Technology Company Limited	844	3,990	4,371
CTV China Report Media Limited	1,570	2,620	—
Beijing Express On Line Advertising Company Limited	6,531	6,695	—
Total receivables due from related parties	39,678	57,463	28,255

All receivables due from related parties are collectible on demand. The directors have confirmed that other receivables due from related parties will be settled prior to the listing.

	At 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
Other payables due to:			
Controlling Shareholders	1,593	2,759	260
CTV Golden Bridge International Media Investment Group Company Limited	—	49,074	—
Beijing Golden Bridge Information Technology Company Limited	100	453	698
Total payables due to related parties	1,693	52,286	958

All payables due to related parties are payable on demand. The directors have confirmed that other payables due to related parties will be settled prior to the listing.

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10 is as follows:

	Year ended 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
Short-term employee benefits	1,493	1,545	2,026
Equity-settled share-based payment transactions	—	—	3,151
	1,493	1,545	5,177

Total remuneration is included in "Personnel expenses" (see note 5).

25. INVESTMENTS IN SUBSIDIARIES

	At 31 December		
	2005	2006	2007
	RMB'000	RMB'000	RMB'000
Unlisted shares, at cost	1,213	50,740	118,844

The list of subsidiaries which principally affected the results, assets or liabilities of the Group is disclosed in Section A.

26. FINANCIAL INSTRUMENTS

Exposure to credit and liquidity risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The extent of the Group's credit exposure is represented by the aggregate balance of cash at bank, trade and other receivables.

Credit evaluations are performed on all customers requiring credit over a certain amount. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash at bank is placed with a group of banks and financial institutions which management considers have good credit ratings.

As at each balance sheet date during the Relevant Period, the Group had no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

(b) Liquidity risk

Individual companies within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by the Company's board of directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirement in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay.

	31 December 2005					
	Carrying Amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	2,807	3,055	1,536	1,253	266	—
Trade and other payables	42,243	42,243	42,243	—	—	—
Payables due to related parties	1,693	1,693	1,693	—	—	—
Income tax payables	9,166	9,166	9,166	—	—	—

	31 December 2006					
	Carrying Amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	1,425	1,519	1,253	266	—	—
Liability component of convertible redeemable preference shares	265,164	374,818	—	—	—	374,818
Trade and other payables	103,119	103,119	103,119	—	—	—
Payables due to related parties	52,286	52,286	52,286	—	—	—
Income tax payables	13,546	13,546	13,546	—	—	—

	31 December 2007					
	Carrying Amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	136,725	136,725	136,725	—	—	—
Payables due to related parties	958	958	958	—	—	—
Income tax payables	12,845	12,845	12,845	—	—	—

(c) Interest rate risk

The Group's interest rate risk arises from cash interest-bearing borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

At the reporting date, the interest rate profile of the Group's interest-bearing borrowings was:

	Year ended 31 December					
	2005		2006		2007	
	Effective interest rate		Effective interest rate		Effective interest rate	
	%	RMB'000	%	RMB'000	%	RMB'000
Variable rate borrowings:						
Bank loans	6.138	2,807	6.138	1,425	—	—
Net fixed rate borrowings as a percentage of total net borrowings		—		—		—

(ii) Sensitivity analysis

At 31 December 2007, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would not affect the Group's profit after tax and retained profits. (2005: RMB28 thousand; 2006: RMB14 thousand).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis throughout the Relevant Period.

(d) Foreign currency risk

The Group is exposed to currency risk primarily through equity transactions that are denominated in a currency other than the functional currency of the operations to which they relate. Nearly all sales and purchases are denominated in functional currencies. The currency giving rise to this risk is primarily US$.

(i) Exposure to currency risk

The Group's exposure at the balance sheet date to currency risk was as follows based on notional amounts:

	Year ended 31 December		
	2005	**2006**	**2007**
	US$'000	**US$'000**	**US$'000**
Cash and Cash equivalents	—	26,447	3,393
Liability component of convertible redeemable preference shares	—	(33,906)	—
Gross balance sheet exposure	—	(7,459)	3,393
Net exposure	—	(7,459)	3,393

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax (and retained profits) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date. The sensitivity analysis includes balances between Group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower.

	2005		
	Increase / (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Effect on other components of equity
		RMB'000	RMB'000
US$	10%	—	—
	(10%)	—	—

	2006		
	Increase / (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Effect on other components of equity
		RMB'000	RMB'000
US$	10%	(5,825)	—
	(10%)	5,825	—

	2007		
	Increase / (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Effect on other components of equity
		RMB'000	RMB'000
US$	10%	2,478	—
	(10%)	(2,478)	—

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group companies' exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the HK$ and the US$ would be materially unaffected by any changes in movement in value of the US$ against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group companies' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis throughout the Relevant Period.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2005, 2006 and 2007.

27. CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses for bad and doubtful debts

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of the customers to make the required payments. The Group bases the estimates on the aging of the trade and loan receivable balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimated.

(b) Impairment losses for property, plant and equipment

If circumstances indicate that the net book value of a property or equipment may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with the accounting policy for impairment of property and equipment as described in note 1i(ii). The carrying amounts of property and equipment are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the net selling price and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of selling price and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(c) Useful lives of property, plant and equipment

Management determines the estimated useful lives of and related depreciation charges for its property, plant and equipment. This estimate is based on historical experience of the actual useful lives of assets of similar nature and functions. It could change significantly as a result of significant technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(d) Compound financial instruments

In determining the fair value of compound financial instruments, considerable judgement is required to interpret market data used in the valuation techniques. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

(e) Share-based payment transactions

The fair value of employee stock options is measured using a binomial model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

D. ULTIMATE HOLDING COMPANY

At 31 December 2007, the directors consider the parent and the ultimate holding company to be Golden Bridge International Culture Limited and Golden Bridge International Advertising Holdings Limited respectively, both of which are incorporated in Cayman Islands. These two entities do not produce financial statements available for public use.

E. DIRECTORS' REMUNERATION

Save as disclosed in Section C note 9 above, no other remuneration has been paid or is payable in respect of the Relevant Period by the Group to the directors of the Company.

F. SUBSEQUENT EVENTS

The following significant events took place subsequent to 31 December 2007:

(a) Liquidation of CTV Golden Bridge International Advertising Company Limited

On 15 March 2007 , the Board of Directors of CTV Golden Bridge International Advertising Co., Ltd. decided to liquidate CTV Golden Bridge International Advertising Co., Ltd. and the official approval on liquidation from Ministry of Commence of PRC was obtained on 9 July 2007.

CTV Golden Bridge International Advertising Co., Ltd was de-registered on 21 April 2008.

(b) Dividend

Pursuant to the board resolutions dated 24 April 2008 the Group declared dividends at an aggregate amount of approximately HK$100 million (equivalent to RMB89.669 million at an exchange rate of 0.89669) to the shareholders from the distributable reserve to date. Such dividends were fully paid in June 2008.

(c) Share Subdivision

Pursuant to the written resolutions of the Directors of the Company passed on 24 April 2008, all of the Company's 135,007,000 ordinary shares of HK$0.001 par value each are hereby sub-divided into 432,022,400 ordinary shares of HK$0.0003125 par value each. All of the Company's 5,800,000 share options are sub-divided into 18,560,000 share options and the exercise price of share options also changed from RMB5 to RMB1.56.

(d) Increase in Authorised Share Capital

On 27 May 2008, the authorised share capital of the Company was increased from HK$210,236, divided into 672,755,200 shares of HK$0.0003125 each, to HK$562,500, divided into 1,800,000,000 shares of HK$0.0003125 each.

(e) Post-IPO Share Option Scheme

Pursuant to the written resolutions of the Directors of the Company passed on 27 May 2008, the Company has adopted the Post-IPO Share Option Scheme but no option has been granted up to the date of this report. The principal terms of the Post-IPO Share Option Scheme are set out in Appendix VII to the Prospectus.

G. SUBSEQUENT ACCOUNTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2007.

Yours faithfully

KPMG
Certified Public Accountants

Hong Kong

For illustrative purposes only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set forth below to provide the prospective investors with further information on (i) how the proposed listing might have affected the financial position of the Group after the completion of the Global Offering; (ii) how the proposed listing might have affected the unaudited pro forma estimated earnings per share for the year ending 31 December 2008.

The unaudited pro forma financial information is derived according to a number of adjustments. Although reasonable care has been exercised in preparing such information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the actual financial performance and condition of the Group during the Relevant Period or any further period.

The information set forth in this appendix does not form part of the accountants' report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this Prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the accountants' report set forth in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of the Group as at 31 December 2007 is prepared based on our audited consolidated net tangible assets of the Group as at 31 December 2007 as set out in "Appendix I—Accountants' Report" to this prospectus adjusted as described below:

	Audited consolidated net tangible assets attributable to equity holders of the Group as at 31 December 2007(1)	Add: Estimated net proceeds from the Global Offering(2)(5)	Unaudited pro forma adjusted net tangible assets as at 31 December 2007(5)	Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Group as at 31 December 2007 per Share(4)(5)
	RMB'000	RMB'000	RMB'000	RMB
Based on an Offer Price of HK$2.63 per Share.	385,425	224,741	610,166	1.09
Based on an Offer Price of HK$3.48 per Share	385,425	316,699	702,124	1.26

(1) The consolidated net tangible assets attributable to equity holders as of 31 December 2007 is derived from the Accountants' Report set out in Appendix I to the prospectus, which is based on the audited consolidated net assets attributable to equity holders as of 31 December 2007 of RMB388,693 thousand with an adjustment of deferred tax assets of RMB3,268 thousand as of 31 December 2007.

(2) The estimated net proceeds from the Global Offering are based on the offer price of HK$2.63 per Share and HK$3.48 per Share and the assumption that there are 125,460,000 newly issued Shares in the Global Offering (assuming the Over-allotment Option is not exercised), after deduction of the underwriting fees and other related expenses payable by the Company and the incentive fee the Company may pay to the Joint Global Coordinators.

(3) The unaudited pro forma adjusted net tangible assets do not take into account the effect of the net profit for the period from and including 1 January 2008 to the date immediately preceding the date of the Global Offering.

(4) The unaudited pro forma adjusted net tangible assets value per Share is arrived at after the adjustments referred to in note 1 above and on the basis that 557,482,400 Shares are issued and outstanding following the completion of the Global Offering and that the Over-allotment Option and any options which have been granted or may be granted under the Pre-IPO Scheme and the Post-IPO Scheme are not exercised. If the Over-allotment Option is exercised, these per Share values will increase.

(5) The translation of Hong Kong dollar into RMB has been made at the rate of HK$1.00 to RMB0.89833, the exchange rate set by the PBOC prevailing on 30 April 2008. No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted to RMB, or vice versa, at that rate, or at any other rate or at all.

B. UNAUDITED PRO FORMA FORECASTED EARNINGS PER SHARE

The following unaudited pro forma forecasted earnings per Share for the year ending 31 December 2008 have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the forecasted earnings per share as if it had taken place on 1 January 2008. This unaudited pro forma forecasted earnings per Share has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial results of the Group following the Global Offering.

Forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2008(1)	not less than RMB120 million (equivalent to approximately HK$134 million)(4)
Unaudited pro forma forecasted earnings per Share fully diluted(2)	RMB0.212 (equivalent to approximately HK$0.236)(4)
Weighted average(3)	RMB0.243 (equivalent to approximately HK$0.270)(4)

(1) The forecasted consolidated profit attributable to equity holders of the Company for the year ending 31 December 2008 is extracted from the section headed "Financial Information — Profit Forecast For The Year Ending 31 December 2008." The bases and assumptions on which the above profit forecast has been prepared are set out in Appendix III to this prospectus.

(2) The calculation of the forecasted earnings per Share on a pro forma fully diluted basis is based on the forecasted consolidated profit attributable to equity holders of the Company for the year ending 31 December 2008 assuming that the Company had been listed since 1 January 2008 and a total of 565,216,470 Shares were in issue during the entire year, comprising the 557,482,400 Shares assumed to be in issue immediately following completion of the Global Offering before exercise of the Over-allotment Option, and the 7,734,070 Shares assumed to be in issue pursuant to the exercise of all options granted under the Pre-IPO Scheme on 1 July 2007, without taking into account of any Shares which may be issued pursuant to the exercise of any options under the Post-IPO Scheme.

(3) The calculation of the forecasted earnings per Share on a weighted average basis is based on the forecasted consolidated profit attributable to equity holders of the Company for the year ending 31 December 2008 and a weighted average number of 494,580,537 Shares in issue during the year ending 31 December 2008 following completion of the Global Offering, without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the exercise of any options under the Pre-IPO Scheme and the Post-IPO Scheme.

(4) The translation of Renminbi into Hong Kong dollar has been made at the rate of HK$1.00 to RMB0.89833, the PBOC rate on 30 April 2008. No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted to RMB, or vice versa, at that rate, or at any other rate or at all.

C. LETTER FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants of the Company, KPMG, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information to the Group:

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong
25 June 2008

The Directors
SinoMedia Holding Limited
Morgan Stanley Asia Limited
Cazenove Asia Limited

Dear Sirs

We report on the unaudited pro forma statement of adjusted net tangible assets and unaudited pro forma forecasted earnings per share (the "Unaudited Pro Forma Financial Information") of SinoMedia Holding Limited (the "Company") together with its subsidiaries (the "Group") set out in Appendix II of the prospectus dated 25 June 2008 (the "Prospectus"), which have been prepared by the directors of the Company solely for illustrative purposes to provide information about how the global offering of the Company's shares might have affected the financial information of the Group presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in parts (A) and (B) of Appendix II to the Prospectus.

RESPONSIBILITIES

It is solely the responsibility of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2007 or any future dates; or the forecasted earnings per share of the Group for the year ending 31 December 2008 or any future periods.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described under "Future Plans and Use of Proceeds" set out in the Prospectus.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

The forecast of the consolidated profit attributable to the equity holders of our Group for the year ending 31 December 2008 is set out in the paragraph headed "Profit forecast" in the section headed "Financial information" in this prospectus.

(A) BASIS AND ASSUMPTIONS

The forecast of the consolidated profit attributable to the equity holders of our Group for the year ending 31 December 2008 prepared by our Directors is based on the unaudited management accounts of our Group for the three months ended 31 March 2008 and a forecast of the consolidated results of our Group for the remaining nine months ending 31 December 2008. The forecast has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by our Group as summarized in the accountants' report, the text of which is set out in Appendix I to this prospectus and is based on the following principal assumptions:

(a) there will be no material changes in existing government policies or political, legal (including changes in legislation or regulations or rules), fiscal or economic conditions in Hong Kong, the PRC or any other places in which any member of our Group is incorporated or carries on business;

(b) there will be no material changes in the bases or rates of taxation or duties applicable to the activities of our Group in Hong Kong, in the PRC, or any other place in which our Group operates or in which any member of our Group is incorporated; and

(c) there will be no material adverse changes in the foreign currency exchange rates and interest rates from those currently prevailing.

(B) LETTER FROM THE REPORTING ACCOUNTANTS

Set out below is the text of a letter from the reporting accountants, KPMG, certified public accountants, Hong Kong for the purpose of incorporation in this prospectus in connection with the profit forecast for the year ending 31 December 2008.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

25 June 2008

The Board of Directors
SinoMedia Holding Limited
Morgan Stanley Asia Limited
Cazenove Asia Limited

Dear Sirs,

We have reviewed the accounting policies and calculations adopted in arriving at the forecast consolidated profit attributable to the equity holders of SinoMedia Holding Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ending 31 December 2008 (the "Forecast"), for which the Directors of the Company (the "Directors") are solely responsible, as set out under "Profit forecast" in the section headed "Financial Information" in the prospectus of the Company dated 25 June 2008 (the "Prospectus").

The Forecast has been prepared by the Directors based on the unaudited management accounts of the Group for the three months ended 31 March 2008 and a forecast of the consolidated results of the Group for the remaining nine months ending 31 December 2008.

In our opinion, so far as the accounting policies and calculations are concerned, the Forecast has been properly compiled on the bases and assumptions adopted by the Directors as set out in Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our Accountants' Report dated 25 June 2008, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

(C) LETTER FROM THE JOINT SPONSORS

The following is the text of a letter, prepared for inclusion in this prospectus, received by our Directors from Morgan Stanley Asia Limited and Cazenove Asia Limited, the Joint Sponsors in connection with the forecast of our Group's consolidated profit attributable to equity owners of the Company for the year ending 31 December 2008.

25 June 2008

Morgan Stanley

CAZENOVE
Cazenove Asia Limited

The Board of Directors
SinoMedia Holding Limited

Dear Sirs,

We refer to the forecast of the consolidated profit attributable to equity owners of SinoMedia Holding Limited (the "Company") for the year ending 31 December 2008 (the "Profit Forecast") as set out in this prospectus issued by the Company dated 25 June 2008.

The Profit Forecast, for which the directors are solely responsible, has been prepared by them based on the audited combined results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2007, the unaudited management accounts of the Group for the three months ended 31 March 2008 and the forecast of the consolidated results of the Group for the remaining nine months ending 31 December 2008.

We have discussed with you the bases upon which the Profit Forecast has been made. We have also considered the letter dated 25 June 2008 addressed to you and us from KPMG regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and on the bases of the accounting policies and calculations adopted by you and reviewed by KPMG, we are of the opinion that the Profit Forecast, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry and consideration.

Yours faithfully,

For and on behalf of

Morgan Stanley Asia Limited
Crawford Jamieson
Managing Director

Cazenove Asia Limited
Andric Yew
Director
Joint Head of Hong Kong Corporate Finance

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 31 March 2008 of the property interests of the Group.

JONES LANG LASALLE® SALLMANNS

Jones Lang LaSalle Sallmanns Limited
22nd Floor Siu On Centre
188 Lockhart Road
Wanchai Hong Kong
tel +852 2169 6000 fax +852 2169 6001

25 June 2008

The Board of Directors
SinoMedia Holding Limited
Room 1505, 15th Floor
World-wide House
19 Des Voeux Road
Central
Hong Kong

Dear Sirs,

In accordance with your instructions to value the properties in which SinoMedia Holding Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 March 2008 (the "date of valuation").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."

We have valued the property interest in Group I by the direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions as available in the relevant market.

We have attributed no commercial value to the property interests in Group II, which are leased by the Group, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interest valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing titles to the property interests in the PRC and any material encumbrances that might be attached to the property interests or any lease amendments. We have relied considerably on the advice given by the Company's PRC legal adviser — Haiwen & Partners, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine suitability of the ground conditions and services for any development thereon, our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 25 years' experience in the valuation of properties in the PRC and 28 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

SUMMARY OF VALUES

GROUP I — PROPERTY INTEREST HELD AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Capital value in existing state as at 31 March 2008
		RMB
1.	Unit C-2101 on Level 21 Wantong Plaza No. Jia 6, Chaoyangmen Wai Street Chaoyang District Beijing, the PRC	No commercial value
	Sub-total:	Nil

GROUP II — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Capital value in existing state as at 31 March 2008
		RMB
2.	Unit 205 on Level 2 Xinzhou Commercial Building No. 58, Fucheng Road Haidian District Beijing, the PRC	No commercial value
3.	Units 405 and 406 on Level 4 Xinzhou Commercial Building No. 58, Fucheng Road Haidian District Beijing, the PRC	No commercial value
4.	Unit 607 on Level 6 Xinzhou Commercial Building No. 58, Fucheng Road Haidian District Beijing, the PRC	No commercial value
5.	Unit 615 on Level 6 Xinzhou Commercial Building No. 58, Fucheng Road Haidian District Beijing, the PRC	No commercial value
6.	Unit 1309 on Level 13 Changying Shangwu Jingdu No. 42, Hongqi Street Chaoyang District Changchun City Jilin Province, the PRC	No commercial value
7.	Unit 15D on Level 15 Xintian International Plaza No. 450, Fushan Road Pudong New District Shanghai Municipal, the PRC	No commercial value
8.	Units 602 to 606 on Level 6 Xinzhou Commercial Building No. 58, Fucheng Road Haidian District Beijing, the PRC	No commercial value

No.	Property	Capital value in existing state as at 31 March 2008
		RMB
9.	Unit 1806 on Level 18 E-Tower Building No. 12, Bing Guanghua Road Chaoyang District Beijing, the PRC	No commercial value
10.	Portion of Unit 12C on Level 12, Xinchen International Building No. 26, Zhongshan North Road Gulou District Nanjing City Jiangsu Province, the PRC	No commercial value
	Sub-total:	Nil
	Grand Total:	**Nil**

VALUATION CERTIFICATE

Group I — PROPERTY INTEREST HELD AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2008
				RMB
1.	Unit C-2101 on Level 21 Wantong Plaza No. Jia 6 Chaoyangmen Wai Street Chaoyang District Beijing The PRC	The property comprises a unit on Level 21 of a 27-storey office building completed in about 2006. The unit has a gross floor area of approximately 1,085.17 sq.m.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a Sales and Purchase Contract and 3 Supplemental Contracts all dated 16 May 2007 entered into between the Beijing Wantong Shijie Real Estate Co., Ltd. ("Property Developer") and CTV Golden Bridge International Media Co., Ltd. ("CTV Media (Shanghai)"), a 99.4% owned subsidiary of the Company, the property was acquired by CTV Media (Shanghai) at a consideration of RMB41,616,866.

2. Pursuant to a document issued by the China Minsheng Bank Beijing Suzhoujie Branch ("Minsheng Bank") dated 13 July 2006, the State-owned Land Use Rights Certificate and the building (including the property) which was under construction are subject to mortgages in favour of Minsheng Bank, Minsheng Bank agreed the Property Developer to presell the building and the mortgage would be released upon the repayment of the bank loan.

3. The Group has not obtained the State-owned Land Use Rights Certificate and the Building Ownership Certificate of the property, as confirmed by a letter issued by the Property Developer dated 6 December 2007, the application for Building Ownership Certificate of the property is being processed under the name of CTV Media (Shanghai).

4. In the valuation of this property, we have not attributed any commercial value to the property which has not obtained any proper title certificates. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB45,683,000 assuming all relevant title certificates had been obtained and the property could be freely transferred.

5. We have been provided with a legal opinion regarding the property interest by the Company PRC legal adviser, which contains, *inter alia*, the following:

   (i) The content and form of the Sales and Purchase Contract do not contravene to the regulations and laws of the PRC and the Sales and Purchase Contract is binding on both signing parties;

   (ii) It is not certain whether CTV Media (Shanghai) could obtain the Building Ownership Certificate and the State-owned Land Use Rights Certificate of the property in compliance with the stipulation under the Sales and Purchase Contract as the mortgage rights adhering to the property has not been released; and

   (iii) Pursuant to the Sales and Purchase Contract, in case CTV Media (Shanghai) cannot obtain the Building Ownership Certificate within 730 days from the date of delivery of the property, which took place on 25 June 2007, due to the fault of the Property Developer CTV Media (Shanghai) has the rights to either (a) return property to the Property Developer and claim refund of the purchase price plus 2% of purchase price as compensation; or (b) continue to occupy the property and claim 1% of the purchase price as compensation.

VALUATION CERTIFICATE

GROUP II — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2008 RMB
2.	Unit 205 on Level 2 Xinzhou Commercial Building No. 58 Fucheng Road Haidian District Beijing The PRC	The property comprises a unit on Level 2 of an 8-storey office building completed in about 2001. The property has a gross floor area of approximately 200.12 sq.m. The property is leased from an independent third party for a term of one year commencing from 8 September 2007 and expiring on 7 September 2008 at an annual rent of RMB171,648, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. CTV Golden Bridge International Media Co., Ltd. ("CTV Media (Shanghai)") is a 99.4 % owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement entered into between CTV Media (Shanghai) and Beijing Tianhong Baoye Real Estate Co., Ltd. dated 18 September 2007, the property is leased to CTV Media (Shanghai) for a term of one year commencing from 8 September 2007 and expiring on 7 September 2008 at an annual rent of RMB171,648, exclusive of management fees, water and electricity charges.
3. Pursuant to a State-owned Land Use Rights Certificate - Jing Shi Hai Gu Guo Yong (2003 Chu) Zi Di No. 10019, the land use rights of the property are granted to Beijing Tianhong Baoye Real Estate Co., Ltd.
4. Pursuant to a Building Ownership Certificate - Jing Fang Quan Zheng Shi Hai Gu Zi Di No. 10018, a building (including the property) with a gross floor area of approximately 27,950.47 sq.m. is held by Beijing Tianhong Baoye Real Estate Co., Ltd. for office use and the building (including the property) is subject to mortgage in favour of Agriculture Bank of China Chaoyang Lubei Branch.
5. We have been provided with a legal opinion on the legality of the lease agreement to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:
   (i) The content and form of the Tenancy Agreement do not contravene to the regulations and laws of the PRC and the Tenancy Agreement is binding on both signing parties;
   (ii) Beijing Tianhong Baoye Real Estate Co., Ltd. has the legal rights to lease the property to CTV Media (Shanghai) under the Tenancy Agreement;
   (iii) As confirmed by a letter issued by the Company, the Group uses the property in accordance with the usage stipulated in the Tenancy Agreement;
   (iv) If the property's ownership changes and the new owner terminates the Tenancy Agreement as a result of mortgagee in possession by Agriculture Bank of China Chaoyang Lubei Branch pursuant to its mortgagee's rights to the property, the relevant rights of CTV Media (Shanghai) under the Tenancy Agreement will not be preserved by the relevant PRC laws and accordingly the loss arising from aforesaid situation will be undertaken by CTV Media (Shanghai); and
   (v) The Tenancy Agreement has not been registered and the validity of the Tenancy Agreement will not be affected by the non-registration of it. CTV Media (Shanghai) will not be subject to any penalty as a result of non-registration of the Tenancy Agreement.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2008
				RMB
3.	Units 405 and 406 on Level 4 Xinzhou Commercial Building No. 58 Fucheng Road Haidian District Beijing The PRC	The property comprises 2 units on Level 4 of an 8-storey office building completed in about 2001. The property has a total gross floor area of approximately 509.65 sq.m. The property was leased from an independent third party for a term of one year commencing from 11 May 2007 and expiring on 10 May 2008 and has been renewed for one further year on the same terms and expiring on 10 May 2009 at an annual rent of RMB455,760, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. CTV Golden Bridge International Media Co., Ltd. ("CTV Media (Shanghai)") is a 99.4 % owned subsidiary of the Company;
2. Pursuant to a Tenancy Agreement entered into between CTV Media (Shanghai) and Beijing Tianhong Baoye Real Estate Co., Ltd. dated 21 May 2008, the property is leased to CTV Media (Shanghai) for a term of one year commencing from 11 May 2008 and expiring on 10 May 2009 at an annual rent of RMB455,760, exclusive of management fees, water and electricity charges.
3. Pursuant to a State-owned Land Use Rights Certificate - Jing Shi Hai Gu Guo Yong (2003 Chu) Zi Di No. 10019, the land use rights of the property are granted to Beijing Tianhong Baoye Real Estate Co., Ltd.
4. Pursuant to a Building Ownership Certificate - Jing Fang Quan Zheng Shi Hai Gu Zi Di No. 10018, a building (including the property) with a gross floor area of approximately 27,950.47 sq.m. is held by Beijing Tianhong Baoye Real Estate Co., Ltd. for office use and the building (including the property) is subject to mortgage in favour of Agriculture Bank of China Chaoyang Lubei Branch.
5. We have been provided with a legal opinion on the legality of the lease agreement to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:
   (i) The content and form of the Tenancy Agreement do not contravene to the regulations and laws of the PRC and the Tenancy Agreement is binding on both signing parties;
   (ii) Beijing Tianhong Baoye Real Estate Co., Ltd. has the legal rights to lease the property to CTV Media (Shanghai) under the Tenancy Agreement;
   (iii) As confirmed by a letter issued by the Company, the Group uses the property in accordance with the usage stipulated in the Tenancy Agreement;
   (iv) If the property's ownership changes and the new owner terminates the Tenancy Agreement as a result of mortgagee in possession by Agriculture Bank of China Chaoyang Lubei Branch pursuant to its mortgagee's rights to the property, the relevant rights of CTV Media (Shanghai) under the Tenancy Agreement will not be preserved by the relevant PRC laws and accordingly the loss arising from aforesaid situation will be undertaken by CTV Media (Shanghai); and
   (v) The Tenancy Agreement has not been registered and the validity of the Tenancy Agreement will not be affected by the non-registration of it. CTV Media (Shanghai) will not be subject to any penalty as a result of non-registration of the Tenancy Agreement.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2008 RMB
4.	Unit 607 on Level 6 Xinzhou Commercial Building No. 58 Fucheng Road Haidian District Beijing The PRC	The property comprises a unit on Level 6 of an 8-storey office building completed in about 2001. The property has a gross floor area of approximately 249.29 sq.m. The property is leased from an independent third party for a term of one year commencing from 2 October 2007 and expiring on 1 October 2008 at an annual rent of RMB200,172, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. CTV Golden Bridge International Media Co., Ltd. ("CTV Media (Shanghai)") is a 99.4 % owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement entered into between CTV Media (Shanghai) and Beijing Tianhong Baoye Real Estate Co., Ltd. dated 18 September 2007, the property is leased to CTV Media (Shanghai) for a term of one year commencing from 2 October 2007 and expiring on 1 October 2008 at an annual rent of RMB200,172, exclusive of management fees, water and electricity charges.

3. Pursuant to a State-owned Land Use Rights Certificate - Jing Shi Hai Gu Guo Yong (2003 Chu) Zi Di No. 10019, the land use rights of the property are granted to Beijing Tianhong Baoye Real Estate Co., Ltd.

4. Pursuant to a Building Ownership Certificate - Jing Fang Quan Zheng Shi Hai Gu Zi Di No. 10018, a building (including the property) with a gross floor area of approximately 27,950.47 sq.m. is held by Beijing Tianhong Baoye Real Estate Co., Ltd. for office use and the building (including the property) is subject to mortgage in favour of Agriculture Bank of China Chaoyang Lubei Branch.

5. We have been provided with a legal opinion on the legality of the lease agreement to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The content and form of the Tenancy Agreement do not contravene to the regulation and laws of the PRC and the Tenancy Agreement is binding on both signing parties;

   (ii) Beijing Tianhong Baoye Real Estate Co., Ltd. has the legal rights to lease the property to CTV Media (Shanghai) under the Tenancy Agreement;

   (iii) As confirmed by a letter issued by the Company, the Group uses the property in accordance with the usage stipulated in the Tenancy Agreement;

   (iv) If the property's ownership changes and the new owner terminates the Tenancy Agreement as a result of mortgagee in possession by Agriculture Bank of China Chaoyang Lubei Branch pursuant to its mortgagee's rights to the preserved, the relevant rights of CTV Media (Shanghai) under the Tenancy Agreement will not be protected by the relevant PRC laws and accordingly the loss arising from aforesaid situation will be undertaken by CTV Media (Shanghai); and

   (v) The Tenancy Agreement has not been registered and the validity of the Tenancy Agreement will not be affected by the non-registration of it. CTV Media (Shanghai) will not be subject to any penalty as a result of non-registration of the Tenancy Agreement.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2008
				RMB
5.	Unit 615 on Level 6 Xinzhou Commercial Building No. 58 Fucheng Road Haidian District Beijing The PRC	The property comprises a unit on Level 6 of an 8-storey office building completed in about 2001. The property has a gross floor area of approximately 46.83 sq.m. The property is leased from an independent third party for a term of one year commencing from 12 October 2007 and expiring on 11 October 2008, at an annual rent of RMB11,100, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. CTV Golden Bridge International Media Co., Ltd. ("CTV Media (Shanghai)") is a 99.4 % owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement entered into between CTV Media (Shanghai) and Beijing Tianhong Baoye Real Estate Co., Ltd. dated 18 September 2007, the property is leased to CTV Media (Shanghai) for a term of one year commencing from 12 October 2007 and expiring on 11 October 2008 at an annual rent of RMB11,100, exclusive of management fees, water and electricity charges.

3. Pursuant to a State-owned Land Use Rights Certificate - Jing Shi Hai Gu Guo Yong (2003 Chu) Zi Di No. 10019, the land use rights of the property are granted to Beijing Tianhong Baoye Real Estate Co., Ltd.

4. Pursuant to a Building Ownership Certificate - Jing Fang Quan Zheng Shi Hai Gu Zi Di No. 10018, a building (including the property) with a gross floor area of approximately 27,950.47 sq.m. is held by Beijing Tianhong Baoye Real Estate Co., Ltd. for office use and the building (including the property) is subject to mortgage in favour of Agriculture Bank of China Chaoyang Lubei Branch.

5. We have been provided with a legal opinion on the legality of the lease agreement to the property issued by the Company's PRC legal adviser, which contains, *inter alia*, the following:

   (i) The content and form of the Tenancy Agreement do not contravene to the regulations and laws of the PRC and the Tenancy Agreement is binding on both signing parties;

   (ii) Beijing Tianhong Baoye Real Estate Co., Ltd. has the legal rights to lease the property to CTV Media (Shanghai) under the Tenancy Agreement;

   (iii) As confirmed by a letter issued by the Company, the Group uses the property in accordance with the usage stipulated in the Tenancy Agreement;

   (iv) If the property's ownership changes and the new owner terminates the Tenancy Agreement as a result of mortgagee in possession by Agriculture Bank of China Chaoyang Lubei Branch pursuant to its mortgagee's rights to the property, the relevant rights of CTV Media (Shanghai) under the Tenancy Agreement will not be preserved by the relevant PRC laws and accordingly the loss arising from aforesaid situation will be undertaken by CTV Media (Shanghai); and

   (v) The Tenancy Agreement has not been registered and the validity of the Tenancy Agreement will not be affected by the non-registration of it. CTV Media (Shanghai) will not be subject to any penalty as a result of non-registration of the Tenancy Agreement.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2008
				RMB
6.	Unit 1309 on Level 13 Changying Shangwu Jingdu No. 42, Hongqi Street Chaoyang District Changchun City Jilin Province The PRC	The property comprises a unit on Level 13 of a 16-storey office building completed in about 2003. The property has a gross floor area of approximately 141.03 sq.m. The property is leased from an independent third party for a term of one year commencing from 1 January 2008 and expiring on 31 December 2008 at an annual rent of RMB62,400, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. CTV Golden Bridge International Media Co., Ltd. ("CTV Media (Shanghai)") is a 99.4 % owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement entered into between CTV Media (Shanghai) and Zhao Weiwei dated 1 January 2008, the property is leased to CTV Media (Shanghai) for a term of one year commencing from 1 January 2008 and expiring on 31 December 2008 at an annual rent of RMB62,400, exclusive of management fees, water and electricity charges.

3. As advised by the Group, Zhao Weiwei has not obtained the State-owned Land Use Rights Certificate and the Building Ownership Certificate of the property.

4. Pursuant to a Building Other Rights Certificate - Chang Fang Quan Zheng Ta Zi Di No. 1008520, the property with a gross floor area of approximately 141.03 sq.m. is held by Zhao Weiwei for office use, and the property is subject to mortgage in favour of the Bank of China Chang Chun City Xin Min Street Branch.

5. We have been provided with a legal opinion on the legality of the lease agreement to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The Tenancy Agreement has been registered with relevant authorities and the content and form of the Tenancy Agreement do not contravene the regulation and laws of the PRC and the Tenancy Agreement is binding on both signing parties;

   (ii) Zhao Weiwei has the legal rights to lease the property to CTV Media (Shanghai) under the Tenancy Agreement;

   (iii) As confirmed by a letter issued by the Company, the Group uses the property in accordance with the usage stipulated in the Tenancy Agreement; and

   (iv) If the property's ownership changes and the new owner terminates the Tenancy Agreement as a result of mortgagee in possession by Bank of China Changchun City Xinmin Street Branch pursuant to its mortgagee's rights to the property, the relevant rights of CTV Media (Shanghai) under the Tenancy Agreement will not be preserved by the relevant PRC laws and accordingly the loss arising from aforesaid situation will be undertaken by CTV Media (Shanghai).

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2008 RMB
7.	Unit 15D on Level 15 Xintian International Plaza No. 450 Fushan Road Pudong New District Shanghai Municipal The PRC	The property comprises a unit on Level 15 of a 28-storey office building completed in about 1999. The property has a gross floor area of approximately 395.51 sq.m. The property is leased from a connected party for a term of 3 years commencing from 1 January 2008 and expiring on 31 December 2010 at an annual rent of RMB577,444.6 exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. CTV Golden Bridge International Media Co., Ltd. ("CTV Media (Shanghai)") is a 99.4 % owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement entered into between CTV Media (Shanghai) and Shanghai CTV Golden Bridge International Culture and Communication Company Limited ("CTV Culture and Communication") dated 31 December 2007, the property is leased to CTV Media (Shanghai) for a term of 3 years commencing from 1 January 2008 and expiring on 31 December 2010 at an annual rent of RMB577,444.6 exclusive of management fees, water and electricity charges.

3. Pursuant to a Real Estate Title Certificate - Hu Fang Di Shi Zi (2003) No. 001805, the property with a gross floor area of approximately 395.51 sq.m. is held by CTV Culture and Communication for office use. The land use rights of the property with an apportioned site area of approximately 52.2 sq.m. have been granted to CTV Culture and Communication.

4. We have been provided with a legal opinion on the legality of the lease agreement to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The Tenancy Agreement has been registered with relevant authorities and the content and form of the Tenancy Agreement do not contravene the regulations and laws of the PRC and the Tenancy Agreement is binding on both signing parties;

   (ii) CTV Culture and Communication has the legal rights to lease the property to CTV Media (Shanghai) under the Tenancy Agreement;

   (iii) The Group has the legal rights to occupy and use the property in accordance with the valid term and usages stipulated in the Tenancy Agreement and the PRC laws; and

   (iv) As confirmed by a letter issued by the Company, the Group uses the property in accordance with the usage stipulated in the Tenancy Agreement.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2008
				RMB
8.	Units 602 to 606 on Level 6 Xinzhou Commercial Building No. 58 Fucheng Road Haidian District Beijing The PRC	The property comprises 5 units on Level 6 of an 8-storey office building completed in about 2001. The property has a total gross floor area of approximately 1,332.51 sq.m. The property is leased from a connected party for a term of a year commencing from 1 February 2008 and expiring on 31 January 2009 at an annual rent of RMB1,167,278.76 exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. CTV Golden Bridge International Media Co., Ltd. ("CTV Media (Shanghai)") is a 99.4 % owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement entered into between CTV Media (Shanghai) and Liu Jinlan, a connected party to the Company, dated 1 February 2008, the property is leased to CTV Media (Shanghai) for a term of a year commencing from 1 February 2008 and expiring on 31 January 2009 at an annual rent of RMB1,167,278.76 exclusive of management fees, water and electricity charges.
3. Pursuant to 2 Beijing Deposited Building Purchase Contracts dated 29 January 2008 entered into between CTV Golden Bridge International Advertising Co., Ltd. ("CTV Advertising (Beijing)") and Liu Jinlan, the property was purchased by Liu Jinlan at a consideration of RMB15,963,470.
4. Pursuant to 2 State-owned Land Use Rights Certificates - Jing Shi Hai Qi (2005 Chu) Di No. 3150008 and 3150009, the land use rights of the property with an apportioned site area of approximately 116.82 sq.m. are granted to CTV Advertising (Beijing).
5. Pursuant to 2 Building Ownership Certificates - X Jing Fang Quan Zheng Shi Si Zi Di Nos. 014541 and 014542, the property with a total gross floor area of approximately 1,332.51 sq.m. are held by Liu Jinlan for office use.
6. As advised by the Group, the above State-owned Land Use Rights Certificates are in the process of transferring from CTV Advertising (Beijing) to Liu Jinlan.
7. We have been provided with a legal opinion on the legality of the lease agreement to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:
   (i) The content and form of the Tenancy Agreement do not contravene the regulation and laws of the PRC and the Tenancy Agreement is binding on both signing parties;
   (ii) Liu Jinlan has the legal rights to lease the property to CTV Media (Shanghai) under the Tenancy Agreement;
   (iii) The Group has the legal rights to occupy and use the property in accordance with the valid term and usages stipulated in the Tenancy Agreement and the PRC laws;
   (iv) As confirmed by a letter issued by the Company, the Group uses the property in accordance with the usage stipulated in the Tenancy Agreement;
   (v) As confirmed by a letter issued by the company, the Tenancy Agreement is in the process of registration and the validity of the Tenancy Agreement will not be affected by the non-registration of it. CTV Media (Shanghai) will not be subject to any penalty as result of non-registration of the Tenancy Agreement; and
   (vi) there is no legal impediment to obtain the State-owned Land Use Rights Certificates under the name of Liu Jinlan.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2008
				RMB
9.	Unit 1806 on Level 18 E-Tower Building No. 12 Bing Guanghua Road Chaoyang District Beijing The PRC	The property comprises a unit on Level 18 of a 25-storey office building completed in about 2001. The property has a gross floor area of approximately 322.79 sq.m. The property is leased from a connected party for a term of 3 years commencing from 1 January 2008 and expiring on 31 December 2010 at an initial annual rental of RMB4.8 per sq.m. per day exclusive of management fees, water and electricity charges with yearly adjustments of not exceeding 5%.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. CTV Golden Bridge International Media Co., Ltd. ("CTV Media (Shanghai)") is a 99.4% owned subsidiary of the Company.

2. Pursuant to a Tenancy Agreement entered into between CTV Media (Shanghai) and Liu Jinlan dated 31 December 2007, the property is leased to CTV Media (Shanghai) for a term of 3 years commencing from 1 January 2008 and expiring on 31 December 2010. The initial annual rental of RMB4.8 per sq.m. per day exclusive of management fees, water and electricity charges with yearly adjustments of not exceeding 5%.

3. Liu Jinlan has not obtain the Building Ownership Certificate and the State-owned Land Use Rights Certificate of the property.

4. We have been provided with a legal opinion on the legality of the lease agreement to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) It is uncertain that whether the Tenancy Agreement is valid and CTV Media (Shanghai)'s interest would be protected by PRC laws; and

   (ii) The Tenancy Agreement has not been registered and the validity of the Tenancy Agreement will not be affected by the non-registration of it. CTV Media (Shanghai) will not be subject to any penalty as result of non-registration of the Tenancy Agreement; and

   (iii) As confirmed by a letter issued by the Company, the Group uses the property in accordance with the usage stipulated in the Tenancy Agreement.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2008 RMB
10.	Portion of Unit 12C on Level 12 Xinchen International Building No. 26 Zhongshan North Road Gulou District Nanjing City Jiangsu Province The PRC	The property comprises 2 subunits of 2 office units on Level 12 of a 30-storey office building completed in about 2001. The property has a total gross floor area of approximately 178.54 sq.m. The property is leased from an independent third party for a term of a year commencing from 1 February 2008 and expiring on 31 January 2009 at an annual rent of RMB110,000.00 exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Jiangsu Xinqiao Tongying Advertising and Broadcast Co., Ltd. ("Jiangsu Xinqiao") is a 99.4 % owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement entered into between Jiangsu Xinqiao and Yu Jie dated 13 January 2008, the property is leased to Jiangsu Xinqiao for a term of a year commencing from 1 February 2008 and expiring on 31 January 2009 at an annual rent of RMB110,000.00 exclusive of management fees, water and electricity charges.
3. Pursuant to 2 State-owned Land Use Rights Certificates - Ning Gu Guo Yong (2002) Zi Di Nos. 14735 and 14736, the land use rights of the property with a total apportioned site area of approximately 34.6 sq.m. are granted to Yu Jie and the property is subject to mortgage in favour of China Minsheng Bank Nanjing Branch.
4. Pursuant to 2 Building Ownership Certificates - Ning Fang Quan Zheng Gu Chu Zi Di Nos. 123574 and 123577, 2 units (including the property) with a total gross floor area of approximately 238.06 sq.m. are held by Yu Jie for office use and the 2 office units are subject to mortgage in favour of China Minsheng Bank Nanjing Branch.
5. We have been provided with a legal opinion on the legality of the lease agreement to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The Tenancy Agreement has been registered with relevant authorities and the content and form of the Tenancy Agreement do not contravene the regulations and laws of the PRC and the Tenancy Agreement is binding on both signing parties;

   (ii) Yu Jie has the legal rights to lease the property to CTV Media (Shanghai) under the Tenancy Agreement;

   (iii) As confirmed by a letter issued by the Company, the Group uses the property in accordance with the usage stipulated in the Tenancy Agreement; and

   (iv) If the property's ownership changes and the new owner terminates the Tenancy Agreement as a result of mortgagee in possession by China Minsheng Bank Nanjing Branch of pursuant to its mortgagee's rights to the property, the relevant rights of CTV Media (Shanghai) under the Tenancy Agreement will not be preserved by the relevant PRC laws and accordingly the loss arising from aforesaid situation will be undertaken by CTV Media (Shanghai).

The following discussion is a summary of certain anticipated tax consequences of our operations and of an investment in our Shares under Hong Kong tax laws and the PRC income tax laws. The discussion does not purport to address all possible tax consequences relating to our operations or to an investment in our Shares. In particular, the discussion does not address the tax consequences under non-Hong Kong and non-PRC tax laws. Accordingly, you should consult your tax adviser regarding the tax consequences of your investment in our Shares. The following discussion is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change.

PRC Taxation

Corporate income tax on our China operations

The Tenth National People's Congress enacted the Enterprise Income Tax Law of the PRC (the "**Enterprise Income Tax Law**") on 16 March 2007, which provides for a unified income tax rate of 25% to both domestic enterprises and foreign-invested enterprises. The Enterprise Income Tax Law became effective on 1 January 2008. As a result, the tax rate for domestic enterprises has been reduced to 25%, whereas the tax rate for foreign-invested enterprises that have enjoyed preferential tax treatment, has been increased to 25% upon the expiration of the transition period. The Company's PRC legal adviser is of the opinion that the preferential tax rate of 15% applicable to our Shanghai subsidiary before 1 January 2008, which was determined by the direct supervising local tax authority pursuant to Shanghai's local taxation policy, was not consistent with the relevant PRC taxation laws and administrative regulations. There is a possibility that the relevant state taxation authority may claim against our Shanghai subsidiary for the unpaid tax which it should have paid under the standard statutory tax rate before 1 January 2008.

Under the Enterprise Income Tax Law, if an enterprise established under the laws of foreign countries or regions has its "de facto management bodies" located within China, such enterprise is considered as a PRC resident enterprise and will normally be subject to the enterprise income tax at the rate of 25%. According to the Rules for Implementation of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》 (the "**Implementation Rules**"), which was promulgated on 6 December 2007 and came into effect on 1 January 2008, "de facto management bodies" means the organizations that conduct actual overall management and control of the enterprise, such as its production and operations, personnel, finance, assets and others. Since a substantial majority of the members of our management team is located in China, the overseas members of the Group may be considered as "resident enterprises" under the Enterprise Income Tax Law and be subject to the unified enterprise income tax rate of 25% on both China-sourced and overseas-sourced income.

Business tax on our China operations

Pursuant to the Provisional Regulations of the PRC concerning Business Tax effective from 1 January 1994 and their implementing rules, our subsidiaries in the advertisement industry in China are subject to business taxes at the rate of 5% of the amount of taxable services or other transactions, such as labor services, assignments of intangible assets and sale of immovable property in China.

Dividends paid to us by our PRC subsidiaries

The Enterprise Income Tax Law provides that dividends sourced from PRC payable to "non-resident enterprises" shall be subject to PRC enterprise income tax at a rate of 20%, which rate is reduced to 10% by the Implementation Rules. Such dividend tax rate may be further reduced by applicable treaties. According to the Arrangement between the Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the withholding tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise, and remains at 10% otherwise. As we are a Hong Kong company and own 99.4% of CTV Media (Shanghai), according to the aforesaid arrangement, any dividends that CTV Media (Shanghai) pays us are expected to be subject to a withholding tax at the rate of 5% if we are not considered as a PRC resident enterprise for tax purposes under the Enterprise Income Tax Law and the Implementation Rules.

It is currently unclear what the tax treatment on such dividends would be if we are considered as a PRC resident enterprise for tax purposes. According to the Enterprise Income Tax Law and the Implementation Rules, dividend payments between qualified PRC resident enterprises are exempted from withholding tax. However, due to the short history of the Enterprise Income Tax Law and the Implementation Rules, it remains unclear as to the detailed qualification requirements for such exemption and whether dividend payments from our PRC subsidiaries to us will be exempted from enterprise income tax if we are considered as a PRC resident enterprise for tax purposes.

Dividends paid by us to our Shareholders

If we are not considered as a PRC resident enterprise for tax purposes under the Enterprise Income Tax Law and the Implementation Rules, the distribution of dividends by us to our overseas Shareholders is not subject to PRC tax. Under the Enterprise Income Tax Law and the Implementation Rules, a PRC withholding tax at a rate of 10% will normally be applicable to China-sourced income of non-resident enterprises, subject to adjustment by the applicable treaties. The Implementation Rules further set forth that dividend income is viewed as China-sourced income if the enterprise that distributes dividends is domiciled in the PRC. If we are considered as a PRC resident enterprise for tax purposes, dividends paid by us to our overseas Shareholders may be regarded as China-sourced and therefore be subject to a PRC withholding tax at the rate up to 10%. As the Enterprise Income Tax Law and the Implementation Rules have only recently taken effect, it is currently unclear as to how the relevant PRC tax authorities would implement the law and the rules.

Transfer of Shares by our Shareholders

If we are not considered as a PRC resident enterprise for tax purposes under the Enterprise Income Tax Law, any transfer of our Shares by an overseas investor does not trigger PRC tax liabilities. Under the Enterprise Income Tax Law and the Implementation Rules, a withholding tax at a rate of 10% will be normally applicable to China-sourced income of non-resident enterprises, subject to adjustment by the applicable treaties. The Implementation Rules further set forth that if capital gains are realised by non-resident enterprises from transferring equity interest of enterprises domiciled in the PRC, then such capital gains are treated as China-sourced income. If we are considered as a PRC resident enterprise for tax purposes, transfer of Shares by our overseas Shareholders may be regarded as China-sourced income and be subject to PRC withholding tax at the rate up to 10%. As the

Enterprise Income Tax Law and the Implementation Rules have only recently taken effect, it is currently unclear as to how the relevant PRC tax authorities would implement the law and the rules.

Hong Kong Taxation

Dividends

Under the current practice of the Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by us.

Dividends distributed by us to our Shareholders are free of withholding taxes as there are no withholding taxes in Hong Kong.

Capital gains and profit tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of our Shares. Trading gains from the sale of Shares by persons carrying on a business in Hong Kong, where such gains are sourced in Hong Kong and arise from such business, will be chargeable to Hong Kong profits tax. Currently, profits tax is imposed on corporations at the rate of 17.5% and on unincorporated businesses at a maximum rate of 16.0%. The profits tax rate is proposed to be reduced from 17.5% to 16.5% and the standard rate of salaries tax from 16% to 15% in the 2008/2009 year of assessment. Gains from sales of our Shares effected on the Hong Kong Stock Exchange will be considered to be sourced in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase, and by the seller on every sale, of the Shares. The duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred on each of the seller and purchaser. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required). Where a sale or purchase of Shares is effected by a person who is not a resident of Hong Kong and any stamp duty payable on the instrument of transfer is not paid, the relevant instrument of transfer (if any) shall be chargeable with such duty, together with the duty otherwise chargeable thereon, and the transferee shall be liable to pay such duty.

Estate duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of shares whose deaths occur on or after 11 February 2006.

Arrangement for Avoidance of Double Taxation Between Mainland and Hong Kong

We are subject to the Arrangement for Avoidance of Double Taxation with respect to Hong Kong taxes from the taxable year beginning on or after 1 April 2007 and with respect to PRC taxes from the taxable year beginning on or after 1 January 2007. Dividends we receive from our operating subsidiaries in China are currently subject to a 5% withholding tax rate under the Avoidance of Double Taxation Arrangement so long as we hold at least 25% of equity interests in our PRC operating entities.

Interest payments we receive from our bona fide loans to our operating subsidiaries or other entities in China will be subject to a 7% withholding tax rate under the Avoidance of Double Taxation Arrangement. Royalty payments we receive from licensing of our intellectual properties to our operating subsidiaries or other entities in China will also be subject to a 7% withholding tax rate under the Avoidance of Double Taxation Arrangement.

The existing Articles of Association were adopted on 20 June 2008. The following is a summary of certain provisions of the Articles of Association. A copy of the Articles of Association is available for inspection at the address specified in the section headed "Documents Available for Inspection" in Appendix VII to this prospectus.

CHANGES IN CAPITAL

The Company may exercise any powers conferred or permitted by the Hong Kong Companies Ordinance or any other ordinance and from time to time purchase or otherwise acquire its own shares and warrants (including any redeemable shares) or to give, directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any shares or warrants in the Company, and should the Company purchase or otherwise acquire its own shares or warrants, neither the Company nor the Board shall be required to select the shares or warrants to be purchased or otherwise acquired rateably or in any other particular manner as between the holders of shares or warrants of the same class or as between them and the holders of shares or warrants of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares, provided that in the case of purchases of redeemable shares, (a) purchases not made through the market or by tender shall be limited to a maximum price and (b) if purchases are by tender, tenders shall be available to all shareholders alike and provided further that any such purchase or other acquisition or financial assistance shall only be made or given in accordance with any relevant rules or regulations issued by the Hong Kong Stock Exchange or the Securities and Futures Commission (the "**SFC**") from time to time.

The Company may, from time to time, by ordinary resolution increase its authorised share capital by such sum divided into shares of such amounts as the resolution shall prescribe.

The Company may, from time to time, by ordinary resolution:

(a) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association and that the resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any preference or advantage;

(b) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;

(c) consolidate and divide its share capital or any part thereof into shares of larger amount than its existing shares;

(d) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled; or

(e) make provision for the issue and allotment of shares which do not carry any voting rights.

Save as provided by the Companies Ordinance or the Articles of Association to the contrary, all unissued shares shall be at the disposal of the Directors who may offer, allot, grant options over or otherwise deal with or dispose of the same to such persons and upon such terms as they shall consider fit, provided that no shares of any class shall be issued at a discount to their nominal value except in accordance with the provisions of the Companies Ordinance.

The Company may by special resolution reduce its share capital and any capital redemption reserve fund, any share premium account in any manner allowed by law.

MODIFICATION OF RIGHTS

If, at any time, the Company's share capital is divided into different classes of shares, all or any of the special rights attached to any class of shares (unless otherwise provided for by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Ordinance, be varied, either while the Company is a going concern or during or in contemplation of a winding-up either with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class. All the provisions contained in the Articles of Association relating to general meetings shall mutatis mutandis apply to every such meeting except that the quorum thereof shall be not less than two persons holding or representing by proxy one-third in normal value of the issued shares of the class, and that any holder of shares of that class present in person or by proxy may demand a poll.

TRANSFERS OF SHARES

All transfers of shares must be effected by an instrument of transfer in writing and in any usual form or in a form prescribed by the Hong Kong Stock Exchange or in any other form which the Directors may approve and shall be executed under hand or, if the transferor or transferee is a clearing house or its nominee(s), the instrument of transfer shall be executed by hand or by machine imprinted signature or in writing in the usual common form or in such other form as the Board may approve by such manner of execution as the Board may approve from time to time. The instrument of transfer must be executed by or on behalf of the transferor and by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Company's register of members in respect thereof. Nothing in the Articles of Association shall preclude the Directors from recognizing a renunciation of the allotment or provisional allotment of any share by the allottee in favor of some other person.

The Board may, at any time in their absolute discretion and without assigning any reason therefore, decline to register any transfer of any share (not being a fully paid up share).

The Board may also decline to register any transfer unless:

(a) the instrument of transfer is lodged at the Company's registered office or at such other place as the Directors may appoint;

(b) the instrument of transfer is in respect of only one class of shares;

(c) in the case of transfer to joint holders, the number of transferees does not exceed four;

(d) the shares concerned are free of any lien in favor of the Company;

(e) the instrument of transfer is properly stamped;

(f) such other conditions as the Board may from time to time impose for the purpose of guarding against losses arising from forgery are satisfied;

(g) a fee not exceeding the maximum fee prescribed or permitted from time to time by the Hong Kong Stock Exchange is paid to the Company in respect thereof; and

(h) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

If the Board refuses to register a transfer they shall, within ten Business Days after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

No transfer may be made to a minor (under the age of 18) or to a person of unsound mind or under other legal disability.

OWNERSHIP OF SHARES

There is no provision in the Articles of Association on restrictions of ownership of shares in the Company.

VOTING AT GENERAL MEETINGS

Subject to any rights or restrictions attached to any shares, at a general meeting every shareholder who is present in person (or in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy is entitled, on a show of hands, to one vote only and, on a poll, to one vote for every fully paid-up share of which he is the holder. Votes may be given either personally or by proxy. A shareholder entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way. In the case of an equality of votes at any general meeting, whether on a show of hands or on a poll, the chairman of the meeting is entitled to a second or casting vote.

A shareholder, being a clearing house (or its nominee), may authorise such person or persons as it thinks fit to act as its proxy or proxies or representative or representatives at any general meeting of shareholders or at any meeting of any class of shareholders, provided that, if more than one person is so authorised, the instrument of proxy or authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised is entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise as if such person were an individual shareholder and, on a show of hands, each such person is entitled to a separate vote notwithstanding any contrary provision provided by the Articles of Association.

At any general meeting, a resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands, a poll is duly demanded. A poll shall be demanded by the chairman of the meeting and/or the directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at the relevant general meeting where, on a show of hands a meeting votes in the opposite manner to that instructed in those proxies. Subject to the Articles of Association and to the provisions of the Companies Ordinance, a poll may be demanded: (a) by the chairman; or (b) by not less than three (3) members having the right to vote at the meeting; or (c) by a member or members present in person or by proxy, representing not less than one-tenth of the total voting rights of all the members having the rights to vote at the meeting; or (d) by a member or members holding shares conferring a right to vote at the meeting on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

QUALIFICATION OF DIRECTORS

A Director is not required to hold any qualification shares. No person is required to vacate office or be ineligible for re-election or re-appointment as a Director, and no person is ineligible for appointment as a Director, by reason only of his having attained any particular age. There is no provision relating to retirement of Directors upon reaching any age limit.

BORROWING POWERS

The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of its undertaking, property and uncalled capital. The Board may issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

FEES OF DIRECTORS

The Directors are entitled to receive by way of remuneration for their services such sum as the remuneration committee established by the Board with a majority of the members being independent non-executive Directors determine, which (unless otherwise directed by the resolution by which it is voted) is to be divided amongst the Directors in such proportions and in such manner as the Board may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees.

The Directors are also entitled to be repaid their reasonable traveling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors.

The remuneration committee, may award special remuneration (by way of bonus, commission, participation in profits or otherwise as the Directors may determine) to any Director who performs services which, in the opinion of the remuneration committee, goes beyond the scope of the ordinary duties of a Director.

DIRECTORS' INTERESTS

No Director or intended Director is disqualified by his office from contracting with the Company, nor is any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor is any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding that office or of any fiduciary relationship thereby established, provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested as required by and subject to the provisions of the Companies Ordinance.

A Director may not vote nor be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or matter in which he or any of his associate(s) has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company), but this prohibition does not apply to any of the following matters:

(a) any contract or arrangement for the giving of any guarantee, security or indemnity to the Director or his associate(s) in respect of money lent to, or obligations incurred by him or any of them at the request of or for the benefit of, the Company or any of its subsidiaries;

(b) any contract or arrangement for the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are intending to become interested as a participant in the underwriting or sub-underwriting of the offer;

(d) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in those shares or debentures or other securities;

(e) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer, executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, other than a company in which the Director together with any of his associates are in aggregate the holders of or beneficially interested in 5% or more of the issued shares of any class of such company (or of any other company through which his interest or that of his associates is derived) or of the voting rights attaching to such issued shares;

(f) any proposal or arrangement concerning the benefit of the employees of the Company or any of its subsidiaries, including the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme, which relates to the Directors, his associates and employees of the Company or any of its subsidiaries and does not accord to any Director or his associate(s) as such any privilege or advantage not generally accorded to the employees to whom such arrangement relates; and

(g) any proposal or arrangement concerning the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme for the benefit of the employees of the Company or any of its subsidiaries under which the Director or his associate(s) may benefit.

A Director may continue to be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested, and shall not be liable to account to the Company for any remuneration or other benefit received by him as a director or other officer or from his interest in such other company. The Board may exercise the voting powers conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of such other company in such manner as the Board thinks fit (including the exercise thereof in favor of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, chief executive officers, managers or other officers of such company) and any Director may vote in favor of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be, or be about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, chief executive officer, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in the manner aforesaid. A Director or his firm may not act as the auditors of the Company.

DIVIDENDS

Subject to the Companies Ordinance, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board. The Company in general meeting may also make a distribution to its members out of contributed surplus (as ascertained in accordance with the Companies Ordinance). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium account.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

The board may from time to time pay to the members such interim dividends as appear to the board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the board acts bona fide the board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the board, justifies such payment.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or partly by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company.

INDEMNITY

Each of the Directors or other officer or auditors of the Company shall be indemnified out of the assets of the Company against all liabilities incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or in which he is acquitted or in connection with any application in which relief from liability is granted to him by the court.

Subject to the provisions of the Companies Ordinance, the Directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is a director, alternate director, manager, secretary or officer of the Company or the auditors of the Company for the purpose of indemnifying such persons and keeping them indemnified against liability for negligence, default, breach of duty or breach of trust or other liability which may lawfully be insured against by the Company and any liability which may be incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or a related company.

WINDING UP

If the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the Shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the Shareholders or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he may with the like sanction determine, but no member shall be compelled to accept any assets upon which there is a liability.

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation

The Company was incorporated in Hong Kong under the Companies Ordinance as a private limited liability company on 24 October 2001 under the name of "China Report Media Limited (央視中國報道傳媒有限公司)." It changed its name to "CTV Golden Bridge International Advertising (HK) Co., Limited (中視金橋國際廣告 (香港) 有限公司)" on 20 May 2005 and subsequently to "SinoMedia Holding Limited (中視金橋國際傳媒控股有限公司)" on 8 November 2007. Our registered address is at Room 1505, 15th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong.

2. Changes in share capital of the Company

(a) As at the date of incorporation of the Company, its authorised share capital was HK$100,000 divided into 100,000 shares of HK$1.00 each, of which 80,000 shares and 20,000 shares were allotted and issued to Ms. Liu and Mr. Liu Baofu, respectively. Mr. Liu Baofu held the 20,000 shares on trust for Ms. Liu.

(b) On 29 June 2005, Mr. Liu Baofu transferred to Ms. Liu the 20,000 shares of the Company (with a par value of HK$1.00 each) that he held on trust for Ms. Liu.

(c) On 2 November 2006, Ms. Liu transferred 100,000 shares of the Company (being the then entire issued share capital of the Company) to Golden Bridge Advertising, a company then wholly owned by Ms. Liu, for a consideration of HK$100,000 (equivalent to approximately RMB93,640).

(d) On 17 November 2006, Ms. Liu, who held 10,000 shares of Golden Bridge Advertising, which represented its entire issued share capital, transferred 5,000 shares of Golden Bridge Advertising to Mr. Chen for a nominal consideration. Immediately after such transfer, Mr. Chen and Ms. Liu held 50% of the equity interests in Golden Bridge Advertising, respectively. Both Mr. Chen and Ms. Liu are the executive Directors of the Company.

(e) On 20 November 2006,

i) the authorised share capital of the Company was increased to HK$210,236 (equivalent to approximately RMB196,865), divided into 160,000 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00;

ii) Bain Capital subscribed for 35,007 HK Series A Shares, each of par value HK$1.00, for a cash consideration in the amount of US$26,143,163 (equivalent to approximately RMB190,703,917); and

iii) Golden Bridge Advertising transferred 15,229 ordinary shares each of par value HK$1.00 to Bain Capital for a cash consideration in the amount of US$5,856,837 (equivalent to approximately RMB42,723,283). The transferred shares were then converted into the same number of HK Series A Shares, each of par value HK$1.00, on the same date.

Immediately following the completion of the steps described in the paragraph above, the total issued share capital of the Company was HK$135,007, comprising 84,771 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00. The 84,771 ordinary shares were held by Golden Bridge Advertising and the 50,236 HK Series A Shares were held by Bain Capital, representing approximately 62.8% and 37.2% of the issued share capital of the Company, respectively.

(f) On 1 November 2007, the Shareholders approved the subdivision of the shares, pursuant to which the authorised share capital of the Company was changed from 160,000 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00, into 160,000,000 ordinary shares and 50,236,000 HK Series A Shares, each of par value HK$0.001. The issued share capital of the Company was changed from 84,771 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00, into 84,771,000 ordinary shares and 50,236,000 HK Series A Shares, each of par value HK$0.001.

(g) On 31 December 2007, Bain Capital, SinoMedia Investment, Golden Bridge Advertising and Golden Bridge Culture entered into the Share Swap Agreement, pursuant to which:

(i) Golden Bridge Advertising and Bain Capital agreed to sell and Golden Bridge Culture agreed to purchase 84,771,000 ordinary shares and 50,236,000 HK Series A Shares (together constituting the entire issued share capital of the Company), each with a par value of HK$0.001; and

(ii) Golden Bridge Culture agreed to allot and issue 84,770,999 ordinary shares of HK$0.001 each, 36,757,681 Cayman Series A Shares and 13,478,319 Cayman Series A Shares to Golden Bridge Advertising, Bain Capital and SinoMedia Investment, respectively.

Immediately after completion of the above transfer on 31 December 2007, Golden Bridge Culture, as the sole shareholder of the Company, approved the conversion of 50,236,000 HK Series A Shares, each with a par value of HK$0.001, into the same number of ordinary shares in the Company by way of written resolution. Such ordinary shares were issued by the Company to Golden Bridge Culture on the same day and as a result, the Company had a total issued share capital of 135,007,000 ordinary shares of HK$0.001 each.

(h) On 24 April 2008, the authorised share capital of the Company, which comprises 135,007,000 issued shares and 75,229,000 unissued shares, each with a par value of HK$0.001, were sub-divided into 672,755,200 shares of HK$0.0003125 each, each share being ranked *pari passu* amongst each other. Immediately following such sub-division of shares, the Company had 432,022,400 issued Shares and 240,732,800 unissued Shares in its authorised share capital.

(i) On 21 June 2008, Merger Holding Service Company Limited and United Marine Enterprise Company Limited executed a memorandum with Golden Bridge Advertising (the "MHS & UME Agreement") to record the agreement to transfer their respective 8,100,420 Ordinary Shares in Golden Bridge Culture to Golden Bridge Advertising, in consideration of which Golden Bridge Advertising shall procure Golden Bridge Culture to transfer 25,921,344 Ordinary Shares in the Company to Merger Holding Service Company Limited and 25,921,344 Ordinary Shares to United Marine Enterprise Company Limited. Completion of the transaction contemplated in the MHS & UME Agreement shall take place immediately before Listing, subject to the completion of the Bain Conversion.

(j) On 21 June 2008, SinoMedia Investment executed a memorandum with Golden Bridge Advertising (the "SM & DFS Agreement") to record the agreement to transfer 13,478,319 ordinary shares in Golden Bridge Culture to Golden Bridge Advertising, in consideration of which Golden Bridge Advertising shall procure Golden Bridge Culture to transfer 21,565,312 ordinary shares in the Company to SinoMedia Investment and 21,565,308 ordinary shares in the Company to Digital Finance Service Company Limited. Completion of the transactions contemplated in the SM & DFS Agreement shall take place immediately before Listing, subject to the completion of Bain Conversion and the completion of the transfer of 100% equity interests of SinoMedia Investment from Bain Holding to Golden Bridge Advertising.

(k) On 27 May 2008, the Shareholders passed a resolution approving the increase of the authorised share capital of the Company from HK$210,236, divided into 672,755,200 Shares of HK$0.0003125 each, to HK$562,500, divided into 1,800,000,000 Shares of HK$0.0003125 each.

(l) Immediately following completion of the Global Offering and assuming that the Over-allotment Option is not exercised, the authorised share capital of the Company will be HK$562,500 divided into 1,800,000,000 Shares, of which 557,482,400 Shares will be issued fully paid or credited as fully paid, and 1,242,517,600 Shares will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "Written resolutions of the Shareholders passed on 27 May 2008" in this appendix, the Directors do not have any present intention to issue any of the authorised but unissued share capital of the Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as disclosed in this prospectus, there has been no alteration in the share capital of the Company since its incorporation.

3. Changes in share capital of the subsidiaries

The following alterations in the share capital or registered capital of the subsidiaries took place within the two years immediately preceding the date of this prospectus:

(a) CTV Media (Shanghai)

(i) On 23 June 2005, CTV Media (Shanghai) was established under the name of "Shanghai Golden Bridge Tongying Advertising Media Co., Ltd." (上海金橋同盈廣告傳媒有限公司) with an initial registered capital of US$200,000 (equivalent to approximately RMB1,458,920). The Company and CTV Advertising (Beijing) contributed and paid up US$140,000 (equivalent to approximately RMB1,021,244) and US$60,000 (equivalent to approximately RMB437,676), representing 70% and 30% of the equity interests in CTV Media (Shanghai), respectively.

(ii) On 10 January 2007, the directors of CTV Media (Shanghai) approved the name change of CTV Media (Shanghai) to "CTV Golden Bridge International Media Co., Ltd. (中視金橋國際傳媒有限公司)."

(iii) On 12 January 2007, the Company contributed and paid up US$9.8 million (equivalent to approximately RMB71.5 million) as the additional registered capital of CTV Media (Shanghai), which increased the registered capital of CTV Media (Shanghai) to US$10 million (equivalent to approximately RMB72.9 million).

As a result, the Company and CTV Advertising (Beijing) owned 99.4% and 0.6% of the equity interests in CTV Media (Shanghai), respectively.

(iv) On 30 January 2007, CTV Advertising (Beijing) and CTV Culture and Communication entered into a share purchase agreement regarding the transfer of 0.6% of the equity interests in CTV Media (Shanghai) from CTV Advertising (Beijing) to CTV Culture and Communication for a consideration of RMB466,800, which was calculated on the basis of the amount of the then registered capital in relation to such 0.6% equity interests in CTV Media (Shanghai) and the then prevailing exchange rate between U.S. dollars and RMB.

(v) On 6 November 2007, the Beijing branch of CTV Media (Shanghai) was established. The business of the Beijing branch involves designing, producing and publicising advertisements and acting as an advertising agent for domestic and foreign companies in the PRC. It also provides exhibition services, corporate image planning and consultations on cultural exchange, public relations and business.

(b) Jiangsu Xinqiao

On 30 January 2007, Jiangsu Xinqiao was established in the PRC. The total registered capital of Jiangsu Xinqiao is RMB2 million, 90% of which has been contributed and paid up by CTV Media (Shanghai). Ms. Zhang Ling (張玲) and Mr. Shi Feng (史峰), two independent third parties, each contributed and paid up as to 5%. Ms. Zhang Ling and Mr. Shi Feng signed an equity transfer agreement with CTV Media (Shanghai) on 30 November 2007, pursuant to which Ms. Zhang Ling and Mr. Shi Feng agreed to transfer their respective 5% equity interests in Jiangsu Xinqiao to CTV Media (Shanghai) for a nominal consideration of RMB1.0. After such equity transfer, CTV Media (Shanghai) became the sole legal and beneficial owner of Jiangsu Xinqiao.

Save as set out above and in the paragraph headed "Reorganisation" under this section in this appendix, there has been no alteration in the share capital of any of the subsidiaries of the Company within the two years immediately preceding the date of this prospectus.

4. Written resolutions of the Shareholders passed on 27 May 2008

Pursuant to the written resolutions of all Shareholders entitled to vote at general meetings of the Company, which were passed on 27 May 2008, conditional upon, among other things, (i) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, on the Main Board, the Shares in issue and to be issued as mentioned in this prospectus; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise:

(a) the Global Offering and the Over-allotment Option were approved and the Directors were authorised to approve to allot and issue the Offer Shares and the Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option on and subject to the terms and conditions stated in this prospectus and in the relevant application forms;

(b) the rules of the Post-IPO Scheme were approved and adopted, and the Directors or any committee thereof established by the Board were authorised, at their sole discretion, to: (aa) administer the Post-IPO Scheme; (bb) modify/amend the Post-IPO Scheme from time to time as requested by the Hong Kong Stock Exchange; (cc) grant options to subscribe for Shares under the Post-IPO Scheme up to the limits referred to in the Post-IPO Scheme; (dd) allot, issue and deal with Shares pursuant to the exercise of any option which may be granted under the Post-IPO Scheme; (ee) make application at the appropriate time or times to the Hong Kong Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Post-IPO Scheme; and (ff) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Post-IPO Scheme;

(c) a general unconditional mandate was given to the Directors to allot, issue and deal with Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or the exercise of any subscription rights under the Post-IPO Scheme or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by the Shareholders) with an aggregate nominal value of not more than the sum of:

(i) 20% of the aggregate nominal value of the share capital of the Company in issue immediately following the completion of the Global Offering (but not taking into account of any Shares which may be issued or allotted pursuant to the exercise of the Over-allotment Option); and

(ii) the aggregate nominal value of the share capital of the Company repurchased by the Company (if any);

(d) a general unconditional mandate was given to the Directors to exercise all powers of the Company to repurchase Shares (Shares which may be listed on the Hong Kong Stock Exchange) with a total nominal value of not more than 10% of the aggregate nominal value of the Company's share capital in issue or to be issued immediately following the completion of the Global Offering (but not taking into account of any Shares which may be issued or allotted pursuant to the exercise of the Over-allotment Option).

Each of the general mandates referred to in paragraphs (c) and (d) above will remain in effect until whichever is the earliest of:

(i) the conclusion of its next annual general meeting, unless renewed by an ordinary resolution of the Shareholders in a general meeting, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the Company is required by any applicable law or the Articles of Association to hold its next annual general meeting; or

(iii) the time when such mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting.

5. Written resolutions of the Shareholders passed on 20 June 2008

Pursuant to the written resolutions of all Shareholders entitled to vote at general meetings, which were passed on 20 June 2008, the adoption of the Articles of Association was approved.

6. Repurchase by the Company of its own Shares

This section includes information relating to the repurchases of securities, including information required by the Hong Kong Stock Exchange to be included in this prospectus concerning such repurchase.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Main Board to repurchase their securities on the Hong Kong Stock Exchange subject to certain restrictions, the most important restrictions are summarised below:

(i) *Shareholders' approval*

All proposed repurchases of Shares must be approved in advance by an ordinary resolution in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions of the Company passed on 27 May 2008 by all the Shareholders of the Company, a general unconditional mandate was given to the Directors to exercise all powers of the Company to repurchase Shares (Shares which may be listed on the Hong Kong Stock Exchange) with a total nominal value of not more than 10% of the aggregate nominal value of the Company's share capital in issue or to be issued immediately following the completion of the Global Offering (but not taking into account of any Shares which may be issued or allotted pursuant to the exercise of the Over-allotment Option), details of which have been described above in the paragraph headed "Written resolutions of the Company passed on 27 May 2008."

(ii) *Source of funds*

Any repurchases of Shares by the Company must be paid out of funds legally available for the purpose in accordance with the Company's memorandum and articles of association and the Companies Ordinance. A listed company may not repurchase its own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange from time to time.

(iii) *Shares to be repurchased*

The Listing Rules provide that the Shares which are proposed to be repurchased by the Company must be fully-paid up.

(b) Reasons for repurchase

The Directors believe that it is in the best interests of the Company and Shareholders for the Directors to have general authority from the Shareholders to enable them to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit the Company and Shareholders.

(c) Funding of repurchase

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of Hong Kong.

On the basis of the Company's current financial position as disclosed in this prospectus and taking into account its current working capital position, the Directors consider that, if the repurchase mandate is exercised in full but not taking into account of any shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, it might have a material adverse effect on the Company's working capital and/or gearing position as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the Company's working capital requirements or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(d) General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to the Company.

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws and regulations of Hong Kong.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers code as a consequence of any repurchases pursuant to the repurchase mandate.

The Company has not made any repurchases of its owns securities in the past six months.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if the repurchase mandate is exercised.

B. REORGANISATION

Pursuant to the Reorganisation, which was effected in preparation for the Listing, the Company became the holding company of the Group. For details of the Reorganisation, please refer to the section headed "History and Reorganisation" in this prospectus. The major steps of the reorganisation involved the followings:

(a) On 6 November 2006, Bain Capital, the Company, Golden Bridge Advertising and Ms. Liu, the then sole shareholder of Golden Bridge Advertising, entered into the Share Purchase Agreement for, inter alia, the subscription of 35,007 HK Series A Shares with a par value of HK$1.00 each for a cash consideration of the US$26,143,163 (equivalent to approximately RMB190,703,917).

(b) On 17 November 2006, Ms. Liu, who held 10,000 shares of Golden Bridge Advertising, which represented its entire issued share capital, transferred 5,000 shares of Golden Bridge Advertising to Mr. Chen for a nominal consideration. Immediately after such transfer, Mr. Chen and Ms. Liu held 50% of the equity interests in Golden Bridge Advertising, respectively. Both Mr. Chen and Ms. Liu are the executive Directors of the Company.

(c) Pursuant to the Share Purchase Agreement, on 20 November 2006,

   (i) the authorised share capital of the Company was increased to HK$210,236 (equivalent to approximately RMB196,865), divided into 160,000 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00.

   (ii) Bain Capital subscribed for 35,007 HK Series A Shares with a par value of HK$1.00 each for a cash consideration of US$26,143,163 (equivalent to approximately RMB190,703,917); and

(iii) Golden Bridge Advertising transferred 15,229 ordinary shares to Bain Capital for a cash consideration of US$5,856,837 (equivalent to approximately RMB42,723,283). The transferred shares were then converted into the same number of HK Series A Shares, each of par value HK$1.00 on the same date.

Immediately following completion of the steps in the paragraph above, the total issued share capital of the Company was HK$135,007 comprising 84,771 ordinary shares and 50,236 HK Series A Shares, each of par value of HK$1.00. The 84,771 ordinary shares were held by Golden Bridge Advertising and the 50,236 HK Series A Shares were held by Bain Capital, representing approximately 62.8% and 37.2% of the issued share capital of the Company, respectively.

(d) On 12 January 2007, the Company contributed and paid up US$9.8 million (equivalent to approximately RMB71.5 million) as the additional registered capital of CTV Media (Shanghai), which increased the registered capital of CTV Media (Shanghai) to US$10 million (equivalent to approximately RMB72.9 million). As a result, the Company and CTV Advertising (Beijing) owned 99.4% and 0.6% of the equity interests in CTV Media (Shanghai), respectively.

(e) On 30 January 2007, CTV Advertising (Beijing) and CTV Culture and Communication entered into a share purchase agreement regarding the transfer of 0.6% of the equity interests in CTV Media (Shanghai) from CTV Advertising (Beijing) to CTV Culture and Communication for the consideration of RMB466,800, which was calculated on the basis of the amount of the then registered capital in relation to such 0.6% equity interests in CTV Media (Shanghai) and the then prevailing exchange rate between U.S. dollars and RMB.

(f) On 30 January 2007, Jiangsu Xinqiao was established in the PRC. The total registered capital of Jiangsu Xinqiao is RMB2 million, 90% of which has been contributed and paid by CTV Media (Shanghai). Ms. Zhang Ling (張玲) and Mr. Shi Feng (史峰), two independent third parties, have each contributed and paid up 5%. On 30 November 2007, Ms. Zhang Ling and Mr. Shi Feng signed an equity transfer agreement with CTV Media (Shanghai), pursuant to which Ms. Zhang Ling and Mr. Shi Feng agreed to transfer their respective 5% equity interests in Jiangsu Xinqiao to CTV Media (Shanghai) for a nominal consideration of RMB1.0. After such equity transfer, CTV Media (Shanghai) became the sole legal and beneficial owner of Jiangsu Xinqiao.

(g) In February 2007, we transferred our major business from CTV Adverting (Beijing) to CTV Media (Shanghai) and generally ceased to operate under CTV Advertising (Beijing).

(h) On 30 April 2007, Shanghai branch of CTV Advertising (Beijing) was de-registered.

(i) On 1 November 2007, the Shareholders approved the subdivision of the shares, pursuant to which the authorised share capital of the Company was changed from 160,000 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00, into 160,000,000 ordinary shares and 50,236,000 HK Series A Shares, each of par value HK$0.001. The issued share capital of the Company was changed from 84,771 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00, into 84,771,000 ordinary shares and 50,236,000 HK Series A Shares, each of par value HK$0.001.

(j) On 6 November 2007, the Beijing branch of CTV Media (Shanghai) was established. The business of the Beijing branch involves designing, producing and publicising advertisements and acting as the advertising agent for domestic and foreign companies in the PRC. It also provides exhibition services, corporate image planning and consultations on cultural exchange, public relations and business.

(k) On 8 November 2007, the Company changed its name to "SinoMedia Holding Limited (中視金橋國際傳媒控股有限公司)."

(l) On 21 December 2007, Golden Bridge Culture was incorporated with one ordinary share of par value HK$0.001 held by Golden Bridge Advertising.

(m) On 31 December 2007, Bain Capital, SinoMedia Investment, Golden Bridge Advertising and Golden Bridge Culture entered into the Share Swap Agreement, pursuant to which:

  (i) Golden Bridge Advertising and Bain Capital agreed to sell and Golden Bridge Culture agreed to purchase 84,771,000 ordinary shares and 50,236,000 HK Series A Shares (together constituting the entire issued share capital of the Company), each of par value HK$0.001; and

  (ii) Golden Bridge Culture agreed to allot and issue 84,770,999 ordinary shares of HK$0.001, 36,757,681 Cayman Series A Shares and 13,478,319 Cayman Series A Shares to Golden Bridge Advertising, Bain Capital and SinoMedia Investment, respectively.

(n) Immediately after completion of the above transfer on 31 December 2007, Golden Bridge Culture, as the sole shareholder of the Company, approved the conversion of 50,236,000 HK Series A Shares, each of par value HK$0.001 into the same number of ordinary shares in the Company by way of written resolution. Such ordinary shares were issued by the Company to Golden Bridge Culture on the same day and as a result, the Company had a total issued share capital of 135,007,000 ordinary shares of HK$0.001 each.

(o) In connection with the consummation of the transactions under the Share Swap Agreement, on 31 December 2007, the Company, Golden Bridge Culture, Golden Bridge Advertising, Mr. Chen, Ms. Liu, Bain Capital, SinoMedia Investment and Bain Holding entered into the New Shareholders' Agreement. Pursuant to the New Shareholders' Agreement, each Cayman Series A Share shall be automatically converted into one ordinary share of Golden Bridge Culture immediately prior to the Listing, which is expected to take place on 8 July 2008. Immediately after such conversion,

  (i) Bain Holding (or the permitted transferees or assigns of Bain Holding) shall transfer its 100% equity interests in SinoMedia Investment to Golden Bridge Advertising (or the permitted transferees or assigns of Golden Bridge Advertising) without any consideration (including any other kind of benefit) in accordance with the level of participation as agreed between Bain Capital, Golden Bridge Advertising and Ms. Liu when Bain Capital made its investment in November 2006; and

  (ii) Bain Capital (or the permitted transferees or assigns of Bain Capital) shall transfer its 36,757,681 ordinary shares in Golden Bridge Culture (as converted from the Cayman Series A Shares) to Golden Bridge Advertising; and in consideration for such transfer, Golden Bridge Advertising shall procure Golden Bridge Culture to transfer 117,624,579 Shares (i.e. after the subdivision of the Shares of the Company which became effective on 24 April 2008) in the Company to Bain Capital (or the permitted transferees or assignees of Bain Capital).

(p) On 21 April 2008, CTV Advertising (Beijing) was de-registered with Beijing Administration for Industry and Commerce and finished its social security and housing provident deregistration procedures with its supervising social security bureau and housing provident bureau on 28 April 2008, respectively.

(q) On 24 April 2008, the authorised share capital of the Company, which comprises 135,007,000 issued shares and 75,229,000 unissued shares of HK$0.001 each, were sub-divided into 672,755,200 Shares of HK$0.0003125 each, each share being ranked *pari passu* against each other. Immediately following such sub-division of shares, the Company had 432,022,400 issued Shares and 240,732,800 unissued Shares in its authorised share capital.

(r) On 27 May 2008, the Shareholders passed a resolution approving the increase of the authorised share capital of the Company from HK$210,236, divided into 672,755,200 Shares of HK$0.0003125 each, to HK$562,500, divided into 1,800,000,000 Shares of HK$0.0003125 each.

(s) On 21 June 2008, Golden Bridge Advertising executed memoranda with each of Merger Holding Service Company Limited and United Marine Enterprise Company Limited, respectively, to record the agreement to transfer to each of Merger Holding Service Company Limited and United Marine Enterprise Company Limited 8,100,420 ordinary shares in Golden Bridge Culture at a nominal consideration.

(t) On 21 June 2008, Merger Holding Service Company Limited and United Marine Enterprise Company Limited executed a memorandum with Golden Bridge Advertising (the "MHS & UME Agreement") to record the agreement to transfer their respective 8,100,420 ordinary shares in Golden Bridge Culture to Golden Bridge Advertising, in consideration of which Golden Bridge Advertising shall procure Golden Bridge Culture to transfer to each of Merger Holding Service Company Limited and United Marine Enterprise Company Limited 25,921,344 ordinary shares in the Company. Completion of the transactions contemplated in the MHS & UME Agreement shall take place immediately before Listing, subject to the completion of Bain Conversion.

(u) On 21 June 2008, SinoMedia Investment executed a memorandum with Golden Bridge Advertising (the "SM & DFS Agreement") to record the agreement to transfer 13,478,319 ordinary shares in Golden Bridge Culture to Golden Bridge Advertising, in consideration of which Golden Bridge Advertising shall procure Golden Bridge Culture to transfer 21,565,312 ordinary shares in the Company to SinoMedia Investment and 21,565,308 ordinary shares in the Company to Digital Finance Service Company Limited. Completion of the transactions contemplated in the SM & DFS Agreement shall take place immediately before Listing, subject to the completion of Bain Conversion and the completion of the transfer of 100% equity interests of SinoMedia Investment from Bain Holding to Golden Bridge Advertising.

(v) On 21 June 2008, Golden Bridge Advertising executed a memorandum with DFS Management Limited (the "DFS Management Limited Agreement") to record the agreement to transfer its 100% equity interests in SinoMedia Investment, which holds 21,565,312 ordinary shares in the Company, to DFS Management Limited which is wholly owned by Equity Trustee Limited as trustee of the DFS (No. 2) Trust whose beneficiaries are the mother and sister of Ms. Liu. The beneficiaries of the DFS (No. 2) Trust do not have any voting power in DFS Management Limited or SinoMedia Investment. Completion of the transactions contemplated in the DFS Management Limited Agreement shall take place immediately before Listing, subject to the completion of the MHS & UME Agreement and the SM & DFS Agreement (collectively, the "Transfer Agreements").

(w) On 21 June 2008, Mr. Chen executed a memorandum with MHS Holding Limited (the "MHS Holding Limited Agreement") to record the agreement to transfer his 100% equity interests in Merger Holding Service Company Limited, which holds 25,921,344 ordinary shares in the Company, to MHS Holding Limited, which is wholly owned by Equity Trustee Limited as trustee of the MHS Trust whose beneficiary is the younger daughter of Mr. Chen and Ms. Liu. The beneficiary of the MHS Trust does not have any voting power in MHS Holding Limited or Merger Holding Service Limited. Completion of the transactions contemplated in the MHS Holding Limited Agreement shall take place immediately before Listing, subject to the completion of the Transfer Agreements.

(x) On 21 June 2008, Ms. Liu executed a memorandum with UME Holding Limited (the "UME Holding Limited Agreement") to record the agreement to transfer her 100% equity interests in United Marine Enterprise Limited, which holds 25,921,344 ordinary shares in the Company, to UME Holding Limited, which is wholly owned by Equity Trustee Limited as trustee of the UME Trust whose beneficiary is the elder daughter of Mr. Chen and Ms. Liu. The beneficiary of the UME Trust does not have any voting power in UME Holding Limited or United Marine Enterprise Limited. Completion of the transactions contemplated in the UME Holding Limited Agreement shall take place immediately before Listing, subject to the completion of the Transfer Agreements.

(y) On 21 June 2008, Ms. Liu executed a memorandum with DFS Holding Limited (the "DFS Holding Limited Agreement") to record the agreement to transfer her 100% equity interests in Digital Finance Service Company Limited, which holds 21,565,308 ordinary shares in the Company, to DFS Holding Limited, which is wholly owned by Equity Trustee Limited as trustee of the DFS (No. 1) Trust whose beneficiaries are the parents of Mr. Chen. The beneficiaries of the DFS (No. 1) Trust do not have any voting power in DFS Holding Limited or Digital Finance Service Company Limited. Completion of the transactions contemplated in the DFS Holding Limited Agreement shall take place immediately before Listing, subject to the completion of the Transfer Agreements.

(z) On 21 June 2008, each of Mr. Chen and Ms. Liu executed a memorandum with CLH Holding Limited (the "CLH Holding Limited Agreement") to record the agreement to transfer their respective 50% equity interests in Golden Bridge Advertising to CLH Holding Limited which is wholly owned by Equity Trustee Limited as trustee of the CLH Trust whose beneficiaries are Mr. Chen, Ms. Liu and charitable organisations approved and registered under the Ministry of Civil Affairs of the PRC. The beneficiaries of the CLH Trust do not have any voting power in CLH Holding Limited or Golden Bridge Advertising. Completion of the transactions contemplated in the CLH Holding Limited

Agreement shall take place immediately before Listing, subject to the completion of the Transfer Agreements.

(aa) The Company was registered as a public company prior to the Global Offering.

C. FURTHER INFORMATION ABOUT THE COMPANY'S BUSINESS

1. Summary of the Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) a subscription agreement dated 20 September 2006 between the Company and CTV Advertising (Beijing) pursuant to which the Company agreed to subscribe for the increase in the registered capital of CTV Media (Shanghai) in the amount of US$ 9.8 million (equivalent to approximately RMB71.5 million);

(b) an agreement to amend the joint venture contract of CTV Media (Shanghai) dated 20 September 2006 between the Company and CTV Advertising (Beijing) in relation to the joint venture contract dated 1 June 2005 between the Company and CTV Advertising (Beijing) (the "JV Contract") pursuant to which, terms of the JV Contract, including the total investment amount, the registered capital and the organisation of the board of the joint venture company, were amended;

(c) a share purchase agreement dated 6 November 2006 amongst the Company, Golden Bridge Advertising, Ms. Liu and Bain Capital, pursuant to which (i) Bain Capital agreed to subscribe for 35,007 HK Series A Shares for the consideration of US$26,143,163 (equivalent to approximately RMB190,703,917); (ii) Golden Bridge Advertising agreed to sell to Bain Capital 15,229 ordinary shares of the Company for the consideration of US$5,856,837 (equivalent to approximately RMB42,723,283); and (iii) Golden Bridge Advertising agreed to approve the conversion of such ordinary shares into like number of HK Series A Shares;

(d) a shareholders' agreement dated 6 November 2006 amongst the Company, Golden Bridge Advertising, Ms. Liu and Bain Capital regarding the parties' respective rights and obligations and the management and operation of the Company;

(e) an agreement to amend the joint venture contract of CTV Media (Shanghai) dated 10 January 2007 between the Company and CTV Advertising (Beijing) in relation to the JV Contract pursuant to which the name of the joint venture company was amended;

(f) a preliminary agreement dated 4 January 2007 entered into by and amongst CTV Media (Shanghai), Ms. Zhang Ling, Mr. Shi Feng, Shanghai Xianghuxin Advertising Company Limited (上海湘滬鑫廣告有限公司) and Zhongshi Jinxin International Advertising (Beijing) Company Limited (中視金鑫國際廣告(北京)有限公司) in relation to the establishment of Jiangsu Xinqiao to develop regional TV advertising business (the "Preliminary Agreement");

(g) a supplemental agreement dated 4 January 2007 amongst CTV Media (Shanghai), Ms. Zhang Ling and Mr. Shi Feng in relation to the Preliminary Agreement regarding the future operation and development of Jiangsu Xinqiao;

(h) a founder (capital raising) agreement dated 26 January 2007 amongst CTV Media (Shanghai), Ms. Zhang Ling and Mr. Shi Feng pursuant to which CTV Media (Shanghai), Ms. Zhang Ling and Mr. Shi Feng agreed to contribute RMB1.8 million, RMB0.1 million and RMB0.1 million, respectively, for the establishment of Jiangsu Xinqiao;

(i) an agreement to amend the joint venture contract of CTV Media (Shanghai) dated 30 January 2007 between the Company and CTV Culture and Communication in relation to the JV Contract pursuant to which CTV Culture and Communication was made a party to the JV Contract;

(j) an equity transfer agreement dated 30 November 2007 amongst CTV Media (Shanghai), Ms. Zhang Ling and Mr. Shi Feng whereby Ms. Zhang Ling and Mr. Shi Feng each agreed to transfer their 10% equity interests in aggregate in Jiangsu Xinqiao to CTV Media (Shanghai) for a nominal consideration of RMB1.0;

(k) a shareholders' agreement dated 31 December 2007 amongst the Company, Golden Bridge Advertising, Golden Bridge Culture, Mr. Chen, Ms. Liu, Bain Capital, SinoMedia Investment and Bain Holding in respect of the parties' respective rights and obligations and the management and operation of Golden Bridge Culture;

(l) a termination deed dated 31 December 2007 amongst the Company, Golden Bridge Advertising, Ms. Liu and Bain Capital whereby the parties agreed to terminate the share purchase agreement dated 6 November 2006 amongst the Company, Golden Bridge Advertising, Ms. Liu and Bain Capital as set forth in paragraph (c) above;

(m) a termination deed dated 31 December 2007 amongst the Company, Golden Bridge Advertising, Ms. Liu and Bain Capital whereby the parties agree to terminate the shareholders' agreement dated 6 November 2006 amongst the Company, Golden Bridge Advertising, Ms. Liu and Bain Capital set forth in paragraph (d) above;

(n) a Non-Competition Deed dated 27 May 2008 amongst the Company, Mr. Chen and Ms. Liu regarding certain non-competition undertakings given by each of Mr. Chen and Ms. Liu; and

(o) the Hong Kong Underwriting Agreement, the details of which are set out in the section headed "Underwriting."

2. Intellectual Property Rights of the Group

Trademarks

As at the Latest Practicable Date, members of the Group had applied for the transfer of the following trademarks in the relevant class from CTV Advertising (Beijing):

Applicant *(Note 1)*	Trademark	Place of registration	Class *(Note 2)*	Registration number	Registration date	Expiry date
CTV Media (Shanghai)	TVGB	PRC	35	3439004	14 August 2004	13 August 2014
CTV Media (Shanghai)	▲TVGB	PRC	35	3439005	14 August 2004	13 August 2014

Note:

(1) The applications to the Trademark Bureau of the PRC for the transfer of the trademarks from CTV Advertising (Beijing) to CTV Media (Shanghai) have been accepted by the Trademark Bureau of the PRC.

(2) Class 35 Outdoor advertising; advertising broadcasting; publicising advertising materials; advertising; advertising propaganda; television advertising; television commercial advertising; advertising agencies; advertising designs; advertising planning

As at the Latest Practicable Date, members of the Group had registered the following trademark in the relevant class:

Name of applicant	Trademark	Place of registration	Class (*Note*)	Registration number	Registration date	Expiry date
CTV Media (Shanghai) . . .	TVGB	Hong Kong	35	30100097	17 June 2008	25 November 2017
CTV Media (Shanghai) . . .	CTVGB	Hong Kong	35	301000105	17 June 2008	25 November 2017
CTV Media (Shanghai) . . .	CTV中视金桥	Hong Kong	35	301000114	17 June 2008	25 November 2017

Note:

Class 35 Outdoor advertising; advertising broadcasting; publicising advertising materials; advertising; advertising propaganda; television advertising; television commercial advertising; advertising agencies; advertising designs; advertising planning organising commercial or advertising exhibitions; commercial management consultation; online advertising on digital communication networks, leasing advertisement time on communication media

As at the Latest Practicable Date, members of the Group had applied for registration of the following trademark in the relevant class:

Name of applicant	Trademark	Place of registration	Class (*Note*)	Application number	Application date
CTV Media (Shanghai)	CTV中视金桥	PRC	35	6403042	27 November 2007

Note:

Class 35 Outdoor advertising; advertising broadcasting; publicising advertising materials; advertising; advertising propaganda; television advertising; television commercial advertising; advertising agencies; advertising designs; advertising planning organising commercial or advertising exhibitions; commercial management consultation; online advertising on digital communication networks, leasing advertisement time on communication media

Domain Name

As at the Latest Practicable Date, members of the Group had registered the following domain names:

Registrant	Domain Name	Date of Registration
CTV Media (Shanghai)	cctvgb.com.cn	14 November 2007
The Company	sinomedia.com.hk	25 April 2008

D. FURTHER INFORMATION ABOUT THE DIRECTORS

1. Directors' service contracts

Each of the Directors has entered into a service contract or an engagement letter with the Company for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of the Directors is entitled to the respective annual remuneration set out below. None of the executive Directors is entitled to any other salary, discretionary bonus or other remuneration save as disclosed below. An executive Director may not vote on any resolution of the Directors regarding the increment of annual salary and the amount of the discretionary bonus payable to him.

The current annual remuneration of the executive Directors are as follows:

Name	Annual Amount
Chen Xin	RMB252,000
Liu Jinlan	RMB504,000
Li Zongzhou	RMB210,000

Save as aforesaid, none of the Directors has or is proposed to have a service contract or an engagement letter with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

The Company has not entered into any service contract or any engagement letter with the Directors which is for a duration that may exceed three years or which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

2. Directors' remuneration during the Track Record Period

For each of the three years ended 31 December 2007, the aggregate of the remuneration (including fees, salaries, discretionary bonus, contribution to defined contribution benefit plans (including pension), housing, equity-settled share-based payment and other allowances and benefits in kind) paid to the Directors by the Company and its subsidiaries was RMB463,000, RMB397,000 and RMB2,707,000, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable, in respect of the three years ended 31 December 2007 by the Company to the Directors.

Under the arrangements currently in force, the Company estimates that the aggregate remuneration payable to, and benefits in kind receivable by, the Directors (excluding discretionary bonus, if any) by the Company for the year ending 31 December 2008 will be approximately RMB3.43 million.

E. RELATED PARTY TRANSACTIONS

Save as disclosed in the section entitled "Continuing Connected Transactions" of this prospectus and in footnote 24 of the Accountants' Report in Appendix I, during the two years preceding the date of this prospectus, the Company has not engaged in any other material related party transaction.

F. DISCLOSURE OF INTERESTS

1. Disclosure of Interests

(a) Interests and short positions of the Directors

Immediately upon Listing and taking no account of any Shares which may be allotted and issued pursuant to the Pre-IPO Scheme and Post-IPO Scheme or the exercise of the Over-allotment Option, the interests or short positions of the Directors and the chief executive in the Shares, underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO which will have to be notified to the Company and the Hong Kong Stock

Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interests in the Company

Director	Long/Short position	Nature of interest	Number of shares held	Percentage of the issued share capital of the Company *(Note 1)*
Ms. Liu	Long	Corporate interest, settlor of discretionary trusts, beneficiary of a trust and beneficial interests *(Note 2)*	282,092,509	50.60%
Mr. Chen	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 3)*	252,971,169	45.37%
Mr. Li Zongzhou	Long	Beneficial interests (*Note 4*)	1,600,000	0.28%

Interests in associated corporations

Director	Associated coporation	Long/Short position	Nature of interest	Percentage of the issued share capital of the associated corporation *(Note 1)*
Mr. Chen	Golden Bridge Advertising	Long	Corporate interest, settlor of discretionary trust and beneficiary of a trust *(Note 3)*	100.00%
	Golden Bridge Culture	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 3)*	100.00%
	CTV Media (Shanghai)	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 3,5)*	99.40%
	Jiangsu Xinqiao	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 3,5)*	100.00%
Ms. Liu	Golden Bridge Advertising	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 2)*	100.00%
	Golden Bridge Culture	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 2)*	100.00%
	CTV Media (Shanghai)	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 2,5)*	99.40%
	Jiangsu Xinqiao	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 2,5)*	100.00%

Notes:

(1) The percentage of the issued Share capital of the Company upon Listing (assuming that the Over-allotment Option is not exercised).

(2) Ms. Liu is deemed to be interested in 282,092,509 Shares, 1) 205,484,513 Shares of which are directly held by Golden Bridge Culture, a wholly-owned subsidiary of Golden Bridge Advertising, which is wholly owned by CLH Holding Limited. CLH Holding Limited is wholly owned by Equity Trustee Limited as trustee of the CLH Trust, a discretionary trust set up by Mr. Chen and Ms. Liu for the benefit of Mr. Chen, Ms. Liu and charitable organisations approved and registered under the Ministry of Civil Affairs of the PRC; 2) 25,921,344 Shares of which are directly held by United Marine Enterprise Company Limited, a wholly-owned subsidiary of UME Holding Limited, which is wholly owned by Equity Trustee Limited as trustee of the UME Trust, a discretionary trust set up by Ms. Liu for the benefit of the elder daughter of Mr. Chen and Ms. Liu; 3) 21,565,308 Shares of which are directly held

by SinoMedia Investment, a wholly-owned subsidiary of DFS Management Limited which is wholly owned by Equity Trustee Limited as trustee of the DFS (No. 2) Trust, a discretionary trust set up by Ms. Liu for the benefit of the mother and sister of Ms. Liu; 4) 3,200,000 Shares are the Shares which may be subscribed by Ms. Liu upon her exercise of Pre-IPO Options granted to her under the Pre-IPO Scheme; and 5) 25,921,344 Shares were directly held by Merger Holding Service Company Limited, a wholly-owned subsidiary of MHS Holding Limited, which is wholly owned by Equity Trustee Limited as trustee of the MHS Trust, a discretionary trust set up by Mr. Chen for the benefit of the younger daughter of Mr. Chen and Ms. Liu.

It should be noted that although Mr. Chen is the spouse of Ms. Liu, his interests are not deemed to be Ms. Liu's since Mr. Chen himself is a Director.

(3) Mr. Chen is deemed to be interested in 252,971,169 Shares, 1) 205,484,513 Shares of which are directly held by Golden Bridge Culture, a wholly-owned subsidiary of Golden Bridge Advertising, which is wholly owned by CLH Holding Limited. CLH Holding Limited is wholly owned by Equity Trustee Limited as trustee of the CLH Trust, a discretionary trust set up by Mr. Chen and Ms. Liu for the benefit of Mr. Chen, Ms. Liu and charitable organisations approved and registered under the Ministry of Civil Affairs of the PRC; and 2) 25,921,344 Shares of which are directly held by Merger Holding Service Company Limited, a wholly-owned subsidiary of MHS Holding Limited, which is wholly owned by Equity Trustee Limited as trustee of the MHS Trust, a discretionary trust set up by Mr. Chen for the benefit of the younger daughter of Mr. Chen and Ms. Liu; and 3) 21,565,312 Shares of which are directly held by Digital Finance Service Company Limited, a wholly-owned subsidiary of DFS Holding Limited which is wholly owned by Equity Trustee Limited as trustee of the DFS (No. 1) Trust, a discretionary trust set up by Mr. Chen for the benefit of the parents of Mr. Chen.

It should be noted that although Ms. Liu is the spouse of Mr. Chen, her interests are not deemed to be Mr. Chen's since Ms. Liu herself is a Director.

(4) 1,600,000 Shares are the Shares which may be subscribed by Mr. Li Zongzhou upon his exercise of Pre-IPO Options granted to him under the Pre-IPO Scheme.

(5) Jiangsu Xinqiao is wholly owned by CTV Media (Shanghai). CTV Media (Shanghai) is wholly owned by the Company.

(b) Interests and short positions of Substantial Shareholders

Immediately upon Listing and taking no account of any shares which may be allotted and issued pursuant to the Pre-IPO Scheme and Post-IPO Scheme or the exercise of the Over-allotment Option, in addition to the interests disclosed under paragraph (a) above, so far as the Directors are aware, the following persons are expected to have interests or short positions in the Shares or underlying Shares of the Company which are required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or, are expected to be, directly or indirectly, interest in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Interests and short positions in the shares and underlying shares of the Group:

Shareholder	Long/Short Position	Nature of Interests	Percentage of the issued share capital of the Company *(Note 1)*
Equity Trustee Limited	Long	Trustee (*Note 2)*	53.89%
CLH Holding Limited	Long	Corporate interests (*Note 2)*	36.85%
Golden Bridge Advertising	Long	Corporate interests (*Note 2)*	36.85%
Golden Bridge Culture	Long	Beneficial interests	36.85%
Bain Holding	Long	Corporate interests (*Note 3)*	21.09%
Bain Capital	Long	Beneficial interests	21.09%

Notes:

(1) The percentage of the issued Share capital of the Company upon Listing (assuming no Over-allotment Option is exercised).

(2) Equity Trustee Limited is deemed to be interested in 300,457,821 Shares, being all the Shares directly held by Golden Bridge Culture, SinoMedia Investment, Merger Holding Service Company Limited, United Marine Enterprise Company Limited and Digital Finance Service Company Limited, as trustee of certain discretionary trusts.

21,565,312 Shares are directly held by SinoMedia Investment, a wholly-owned subsidiary of DFS Management Limited, which is wholly owned by Equity Trustee Limited as trustee of DFS (No. 2) Trust, a discretionary trust set up by Ms. Liu for the benefit of the mother and sister of Ms. Liu.

25,921,344 Shares are directly held by Merger Holding Service Company Limited, a wholly-owned subsidiary of MHS Holding Limited, which is wholly owned by Equity Trustee Limited as trustee of the MHS Trust, a discretionary trust set up by Mr. Chen for the benefit of the younger daughter of Mr. Chen and Ms. Liu.

25,921,344 Shares are directly held by United Marine Enterprise Company Limited, a wholly-owned subsidiary of UME Holding Limited, which is wholly owned by Equity Trustee Limited as trustee of the UME Trust, a discretionary trust set up by Ms. Liu for the benefit of the elder daughter of Mr. Chen and Ms. Liu.

21,565,308 Shares are directly held by Digital Finance Service Company Limited, a wholly-owned subsidiary of DFS Holding Limited, which is wholly owned by Equity Trustee Limited as trustee of the DFS (No. 1) Trust, a discretionary trust set up by Mr. Chen for the benefit of the parents of Mr. Chen.

Upon Listing (assuming no Over-allotment Option is exercised), 205,484,513 Shares will be directly held by Golden Bridge Culture, a wholly-owned subsidiary of Golden Bridge Advertising, which is wholly owned by CLH Holding Limited. CLH Holding Limited is wholly owned by Equity Trustee Limited as trustee of the CLH Trust, a discretionary trust set up by Mr. Chen and Ms. Liu for the benefit of Mr. Chen, Ms. Liu and charitable organisations approved and registered under the Ministry of Civil Affairs of the PRC.

(3) Bain Holding is deemed to be interested in the 117,624,579 Shares directly held by Bain Capital, which is wholly owned by Bain Holding, which is in turn wholly owned by Bain Capital Fund IX, L.P., BCIP Associates III, LLC and BCIP Associates III-B, LLC.

2. Disclaimers

Save as disclosed in this prospectus:

(a) the Directors are not aware of any person (not being a Director or chief executive of the Company) who will, immediately after completion of the Global Offering (taking no account of the Over-allotment Option or any Shares which may be issued pursuant to the exercise of options under the Pre-IPO Scheme), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Group;

(b) none of the Directors has any interest or short position in any of the Shares, underlying Shares or debentures or any shares, underlying shares or debentures of any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code of Securities Transactions by Directors of Listed Companies, in each case once the Shares are listed;

(c) none of the Directors nor any of the parties listed in the section headed "Other Information — Consents of experts" of this Appendix is interested in the promotion of the Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries;

(d) none of the Directors nor any of the parties listed in the section headed "Other Information — Consents of experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the Company's business;

(e) save in connection with the Underwriting Agreements, none of the parties listed in the section headed "Other Information — Consents of experts" of this Appendix:

  (i) is interested legally or beneficially in any securities of the Company or any of its subsidiaries; or

  (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Company or any of its subsidiaries;

(f) none of the Directors or their associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any interest in any of the five largest customers or the five largest suppliers of the Group.

G. OTHER INFORMATION

1. Estate duty

Estate duty has been abolished in Hong Kong by the Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006. No Hong Kong estate duty is payable pursuant to the Estate Duty Ordinance (Chapter 111, Laws of Hong Kong) in respect of holders of shares whose deaths occur on or after 11 February 2006. The Directors have been advised that no material liability for estate duty would be likely to fall upon any member of the group.

2. Litigation

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against the Company, that would have a material adverse effect on its results of operations or financial condition.

3. Preliminary Expenses

The Company's estimated preliminary expenses are approximately HK$15,000 and have been paid by the Company.

4. Shares will be eligible for CCASS

We have applied to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in, the Shares. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

5. Promoter

The Company has no promoter for the purposes of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

6. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

7. Miscellaneous

Save as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) neither the Company nor any of its subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;

(d) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;

(e) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in the Company;

(f) none of the equity and debt securities of the Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(g) the Company has no outstanding convertible debt securities.

8. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong.)

9. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Morgan Stanley	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities as defined under the SFO
Cazenove	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO
KPMG	Certified Public Accountants
Jones Lang LaSalle Sallmanns	Independent professional property valuer
Haiwen & Partners	PRC legal adviser to the Company

10. Consents of experts

Each of Morgan Stanley and Cazenove as the Company's Joint Sponsors, KPMG as the Company's independent reporting accountants, Jones Lang LaSalle Sallmanns as the Company's property valuers and Haiwen & Partners as the Company's PRC legal advisers have given and have not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in the Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any of its subsidiaries.

H. PRE-IPO SCHEME

Summary of Terms

The purpose of the Pre-IPO Scheme encourage persons eligible to the Pre-IPO Scheme who have made or may make significant contributions to the Company to devote to enhancing the overall value of the Company and the Shareholders, to encourage talents who have made contributions to the long-term growth of the Company and to attract talents who are expected to make significant contributions to the Company in the future. The principal terms of the Pre-IPO Scheme, approved by the resolutions of the Board of Directors dated 29 June 2007, are substantially the same as the terms of the Post-IPO Scheme. The following is a summary of the principal terms of the Pre-IPO Scheme:-

1. Who may join

The Board of Directors may, at is discretion, offer Pre-IPO Options in accordance with the terms set out in the Pre-IPO Scheme to:-

(a) any employee of the Company or any of its subsidiaries;

(b) any Director of the Company or any of its subsidiaries (including non-executive Directors and independent non-executive Directors); and

(c) any consultant, advisor, distributor, contractor, customer, supplier or business partner of the Company or any of it subsidiaries.

The Board of Directors shall grant Pre-IPO Options to a person eligible to the Pre-IPO Scheme at its own discretion based on the following criteria:

(a) the contribution to the development and business results of the Company of the person;

(b) the work quality and future development potential of the person as demonstrated to the Company; and

(c) the length of service of the person with the Company and the position occupied.

2. Maximum number of Shares

The maximum number of Shares in respect of which Pre-IPO Options may be granted under the Pre-IPO Scheme shall not exceed 5% of the outstanding issued Shares after the Listing. Such limit is subject to the determination by the Board of Directors.

Such limit may be revised at any time by approval at the meeting of the Board of Directors, and such newly established limit shall not exceed 5% of the outstanding issued Shares as at the date of approval by the Board of Directors.

If the Board of Directors decides to grant Pre-IPO Options exceeding the above limit to specially selected persons eligible for the Pre-IPO Scheme, the approval by shareholders shall be obtained.

The Company will not permit the conversion of any Pre-IPO Option if as a result of the conversion the Company would not be able to comply with the minimum float requirement of the Listing Rules.

3. Maximum entitlement of each Pre-IPO Option Holder

No Pre-IPO Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of the Pre-IPO Options granted and to be granted to that person in any 12-month period, the number of Shares issued and to be issued upon exercise of the Pre-IPO Options granted to that person shall exceed 1% of the total number of outstanding issued Shares as at the date of the granting of such Pre-IPO Options.

Any decision of the Board of Directors to grant Pre-IPO Options to a person exceeding such 1% limit shall be subject to the approval by shareholders, and such person shall refrain from voting.

4. Grant of Pre-IPO Options

No Pre-IPO Options can or will be granted on or after the Listing Date.

The Board of Directors shall decide that the deadline for the exercise of the Pre-IPO Options at the time the Pre-IPO Options are granted. The exercise of the Pre-IPO Options shall be within eight years from the date on which the Pre-IPO Options are granted.

5. Minimum holding period and vesting

A Pre-IPO Option Holder may exercise the Pre-IPO Options after the elapse of 365 days from the acceptance of the grant.

Generally, a Pre-IPO Option Holder may exercise a maximum of 25% of the total number of Pre-IPO Options granted after the elapse of 365 days from the acceptance of the Pre-IPO Options; subsequently, for every full year of continuous service with the Company, the Pre-IPO Option Holder may exercise a maximum of another 25% of the total number of Pre-IPO Options granted. The Pre-IPO Options can only be exercised once every calendar year by a Pre-IPO Option Holder.

Since the Chief Financial Officer of the Company plays an important role in the preparation for the Listing and the Chief Executive Officer of the Company has also made significant contributions in improving and implementing the management system of the Company for the Listing, an incentive mechanism has been set up in their favour in recognition of their contributions to the Listing, which is crucial to the future development of the Company. On this basis and as an exception to the above, the

Chief Executive Officer and Chief Financial Officer of the Company may exercise a maximum of 50% of the total number of Pre-IPO Options granted after the elapse of 365 days from the acceptance of the Pre-IPO Options; subsequently, for every full year of continuous service with the Company, each of the Chief Executive Officer and Chief Financial Officer may exercise a maximum of another 25% of the total number of Pre-IPO Options granted to them, which can only be exercised once in every calendar year.

The Pre-IPO Options are only exercisable six months after the Listing.

6. Performance targets

The work performance and results of a Pre-IPO Option Holder of Pre-IPO Options must satisfy the requirements of his position and the administrative provisions of the Company and the interests of the Company must be tallied with before the Pre-IPO Option Holder may exercise all or part of the Pre-IPO Options each time. The Board of Directors has the right to adjust or even cancel a Pre-IPO Option Holder's Pre-IPO Options at its own discretion.

7. Amount payable for Pre-IPO Options

The consideration for the acceptance of the Pre-IPO Options is RMB0.1 per Pre-IPO Option, which is payable after acceptance but before the exercise of the Pre-IPO Options.

8. Exercise price

The amount payable for each Share to be subscribed under a Pre-IPO Option upon exercise shall be RMB1.56.

9. Minimum period for which an Pre-IPO Option Holder must hold the Shares after the Pre-IPO Options have been exercised and before the Shares thereunder can be sold

The Shares subscribed under the Pre-IPO Options can only be sold six months after the Listing.

10. Voting and other rights

(a) Voting Rights

Any Shares issued upon the exercise of the Pre-IPO Options shall not carry voting rights until the name of the Pre-IPO Option Holder has been duly entered on the register of members of the Company as the holder thereof.

The Pre-IPO Option Holders agree to irrevocably entrust their voting rights and rights to participate the administration of the Company (including without limitation the right of supervision, the right of inquiry and the like) attached to the Shares issued and allotted upon the exercise of the Pre-IPO Options to the founding Shareholders until they cease to hold the Shares.

(b) Rights on retirement, death or total permanent disability of the Pre-IPO Option Holder

If a Pre-IPO Option Holder retires, dies or becomes totally permanently disabled, the right to exercise the Pre-IPO Options once as stipulated shall be valid within a period of 12 months thereafter (in case of death of a Pre-IPO Option Holder, his inheritor shall exercise such Pre-IPO Options), and such right shall lapse thereafter. If the Pre-IPO Options have not been exercised within the abovementioned period, such Pre-IPO Options shall lapse.

(c) Rights in take-over

If a general offer by way of take-over is made to all the Shareholders and it has been proposed or announced to be unconditional, the Pre-IPO Option Holder may exercise the Pre-IPO Options in whole or in part within a period after the offer has been proposed or announced unconditional. The period is generally 2 to 4 weeks or shall be determined by the Board of the Directors.

(d) Rights in winding-up

If a notice is given by the Company to the Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall as soon as possible give notice thereof to all Pre-IPO Option Holders; thereupon each Pre-IPO Option Holder may at any time not later than two working days prior to the proposed general meeting exercise the Pre-IPO Options in whole or in part.

From the date of such general meeting, all rights to exercise the Pre-IPO Options held by all Pre-IPO Option Holders shall lapse immediately but temporarily. Any Pre-IPO Option which has not been exercised shall lapse after the approval of the resolution to voluntarily wind-up the Company. If the resolution to voluntarily wind-up the Company is not approved, the rights of the Pre-IPO Holders to exercise the Pre-IPO Options shall be fully restored on the date on which the resolution to voluntarily wind-up the Company has not been approved.

(e) Rights on schemes of compromise or arrangement

In the event a compromise or arrangement between the Company and the Shareholders and/or creditors is proposed for the purposes of or in connection with a scheme for the restructuring of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to the Pre-IPO Option Holder on the same date as it despatches the notice which is sent to each Shareholder or creditor of the Company summoning the meeting to consider such a compromise or arrangement; thereupon the Pre-IPO Option Holder may at any time not later than 2 working days prior to the proposed general meeting exercise the Pre-IPO Options in whole or in part.

From the date of the relevant meeting, all rights to exercise the Pre-IPO Options held by all Pre-IPO Option Holder shall lapse immediately but temporarily. Any Pre-IPO Options which has not been exercised shall lapse and shall terminate after the relevant proposal coming into effect. If the relevant proposal has never come into effect or is terminated, the Pre-IPO Option Holder shall restore its rights to exercise the Pre-IPO Options on the date on which the relevant proposal has been terminated.

11. Life of Pre-IPO Scheme

Unless otherwise terminated by the Board of Directors or the Shareholders in a general meeting of the Company in accordance with the terms of the Pre-IPO Scheme, the Pre-IPO Scheme shall be valid for a period of not more than 8 years from the date on which the Pre-IPO Scheme is adopted. Upon the termination of the Pre-IPO Scheme, the Board shall no longer grant any Pre-IPO Option under the Pre-IPO Scheme.

12. Lapse of Pre-IPO Options

(a) Lapse of Pre-IPO Options by reason of the serious misconduct of the Pre-IPO Option Holder

The Pre-IPO Options shall forthwith lapse and shall be non-exercisable if it is found that the Pre-IPO Option Holder has been guilty of serious misconduct, or has committed any act prejudicial to the interest of the Company or has committed any act of bankruptcy or has become bankrupt or insolvent, or has been convicted of any criminal or civil offence relating to his dishonesty which disqualifies him to be person eligible for the Scheme. The Board of Directors shall have absolute discretion over such acts.

(b) Lapse of Pre-IPO Options due to a reason other than retirement, death, total permanent disability or misconduct of the Pre-IPO Option Holder

The Pre-IPO Options shall forthwith lapse if the Pre-IPO Option holder has ceased to be a person eligible to the Scheme due to a reason other than the reasons set out in paragraphs (a) and (b) above. The Board of the Company shall have absolute discretion over such acts.

(c) Any share option which has not been exercised shall automatically lapse on the following periods:

A. the expiry of the period referred to in paragraph 4 above;

B. the expiry of any periods referred to in paragraphs 10(a), (b), (c) and (d) above; and

C. when it is determined the Board that the Pre-IPO Holder has contravened paragraph 6 above and 17 below.

13. Adjustment

While any Option remains exercisable, in the event of any alternation of the capital structure of the Company arising from a capitalisation issue, rights issue, consolidation or sub-division of shares or reduction of the Share capital of the Company, the Board of Directors shall adjust the number of Shares which may be issued upon the exercise of the Pre-IPO Options and the exercise price of any Pre-IPO Options which have not been exercised.

14. Cancellation of Pre-IPO Options not exercised

Any Pre-IPO Options granted but not exercised may be cancelled with the consent of relevant Pre-IPO Option Holder.

15. Ranking of Shares

Shares to be allotted and issued upon the exercise of the Pre-IPO Options will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the Pre-IPO Options are duly exercised, including the rights arising from the winding up of the Company but exclusive of any dividend or other distribution previously declared or recommended or resolved to be paid or made on or before the date on which the Pre-IPO Options are exercised.

16. Termination

The Board of Directors may by a resolution of the Board of Directors or the Shareholders may by a resolution of the Shareholders in a general meeting of the Company at any time terminate the Pre-IPO Scheme. In any other circumstances the Pre-IPO Scheme shall be valid for a period of not more than 8 years from the date on which the Pre-IPO Scheme is adopted. Upon the termination of the Pre-IPO Scheme, the Board shall no longer grant any Pre-IPO Option under the Pre-IPO Scheme.

17. Transferability

The Pre-IPO Options granted under the Pre-IPO Scheme shall be personal to the Pre-IPO Option Holder. Unless in circumstances of a public offer, no Pre-IPO Option Holder of Pre-IPO Option shall in any way sell, transfer, charge or mortgage such options or create any security interest thereof, otherwise the Company shall have the preferential right to redeem such Shares at the original exercise price.

18. Amendment

The Board of Directors shall have the right from time to time to make any amendment to the Pre-IPO Scheme and the measures for implementation of the same. Any provisions of the Pre-IPO Scheme can be amended by the Board of Directors except that:

(a) any material change to the terms of the Pre-IPO Scheme or any change to the provisions relating to the Pre-IPO Share Options granted must be approved by the Shareholders in a general meeting of the Company;

(b) any change to the authority of the Board of Directors in relation to any amendment to the terms of Pre-IPO Scheme must be approved by the Shareholders in a general meeting of the Company.

Application has been made to the Listing Committee of the Hong Kong Stock Exchange for the approval of the listing of and permission to deal in the 17,920,000 Shares to be issued pursuant to the exercise of the options granted under the Pre-IPO Scheme.

Outstanding Options Granted

A full list of such grantees containing all the details in respect of each option required under paragraph 10 of the Third Schedule to the Companies Ordinance and Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix I to the Listing Rules is set out below:

Name	Position	Address	Date of Grant	Number of Pre-IPO Options Granted	Percentage of the issued share capital of the Company upon Listing (assuming no Over-allotment Option is exercised)
Directors					
Liu Jinlan	executive Director and chief executive officer	Room 102, Unit 5 6th Building Chengpin Jianzhu Area Haidian District Beijing, PRC	10 July 2007	3,200,000	0.57%
Li Zongzhou	executive Director	Room 1705 13th Building Ba Jiao South Area Shijingshan District Beijing, PRC	10 July 2007	1,600,000	0.29%
Senior Management					
Xu Chong (also known as Xu Songzhen)	chief financial officer	Room 503, Unit 1 9th Building Xin Jing Jia Yuan Phase 2 Chongwen District Beijing, PRC	4 July 2007	2,400,000	0.43%
Liu Xuming	senior vice-president	Room 1409, Unit 2 Fu Ze Yuan Yi Hai Hua Yuan Fengtai District Beijing, PRC	10 July 2007	720,000	0.13%
Jin Lanxiang	vice-president of sales	Room 522, 23rd Building Fu He Yuan Beiguan Huandao Tongzhou District Beijing, PRC	10 July 2007	640,000	0.11%
Cui Rui	vice president of research and marketing	No. 2-233 16 Xi Huangchenggen Nan Street Xicheng District Beijing, PRC	12 July 2007	480,000	0.09%
Chan Oi Nin, Derek	company secretary and qualified accountant	Flat C, 51st Floor Park Central Tseung Kwan O Hong Kong	7 March 2008	224,000	0.04%
Others					
Li Huimin	consultant	Room 301, 3rd Building Sheng Xin Jia Yuan Niwa Road Fengtai District Beijing, PRC	10 July 2007	960,000	0.17%

Name	Position	Address	Date of Grant	Number of Pre-IPO Options Granted	Percentage of the issued share capital of the Company upon Listing (assuming no Over-allotment Option is exercised)
Yan Tiehua	supervisor of CTV Media (Shanghai)	Room 301, No.8 Lane 333, Songlin Road Pudong New District Shanghai, PRC	15 July 2007	720,000	0.13%
Liu Baofu	consultant (industry cooperation)	Room 1006 36th Building Babao Village Haidian District Beijing, PRC	10 July 2007	640,000	0.11%
Sheng Zuren	consultant (public relation)	Room 401, Unit 5 2nd Building Xin Yi Garden Chongwen District Beijing, PRC	19 July 2007	640,000	0.11%
Shi Ying	consultant (Strategic Development)	Room 2A, Unit 1 Tower 2, Century New View Building No. 9 Beiwa Road Haidian District Beijing, PRC	10 July 2007	640,000	0.11%
Fu Liren	consultant (macro policy)	Room 25B, 3rd Building Century Garden No. 45 Xiaoguan Beili Chaoyang District Beijing, PRC	10 July 2007	640,000	0.11%
Wang Hong	media execution centre supervisor	Room 1705, 13th Building Bajiao Lane South Shijingshan District Beijing, PRC	10 July 2007	640,000	0.11%
Shi Leimeng	vice-president (media execution, brand)	Room 2108, 40th Building Panjiayuan Chaoyang District Beijing, PRC	16 July 2007	512,000	0.09%
Sui Wenxue	assistant to chairman	Room 1-1-200 Chengpin Jianzhu Yuanliuqingyuan Haidian District Beijing, PRC	24 October 2007	480,000	0.09%
Wu Zhongjun	general manager of Jilin office	No.2 Weiguang Street Chaoyang District Changchun, PRC	25 July 2007	480,000	0.09%
Zhao Yanyan	assistant to chief executive officer	Room 3-3-1004 Yuanliu Qingyuan Area Yunhuili Haidian District Beijing, PRC	20 July 2007	384,000	0.07%

Name	Position	Address	Date of Grant	Number of Pre-IPO Options Granted	Percentage of the issued share capital of the Company upon Listing (assuming no Over-allotment Option is exercised)
Chen Qing	secretary to the Board and senior manager of financial centre	No. 11-4-302 Water Resources and Hydropower Research 20 West Chegongzhuang Road Haidian District Beijing, PRC	15 July 2007	256,000	0.05%
Cui Wei	legal director	Room 502, Unit 2 1st Building Lu Gu Village Shijingshan District Beijing, PRC	29 August 2007	256,000	0.05%
Xie Hong	visual centre production director	Room 2-1409, Fu Ze Yuan Yi Hai Garden Fengtai District Beijing, PRC	10 July 2007	256,000	0.05%
Yan Zhenyi	important customer service centre supervisor	Room 98B, Floor 10 15 Jian Hua South Road Jian Guo Men Wai Street Chaoyang District Beijing, PRC	16 July 2007	256,000	0.05%
Gao Ying	human resources director	Room 1002, Unit 6 6th Building, Charmant Berlin, 59 Xidawang Road Chaoyang District Beijing, PRC	12 July 2007	192,000	0.03%
He Shixiang	business development and investment director	Room 1002, Unit 1 10th Building No.62 Tonglinge Road Xicheng District Beijing, PRC	29 October 2007	192,000	0.03%
Li Mingzhu	financial director of Jiangsu Xinqiao	Room 101, 2nd Building Si Wei Tou Area 68 Shan Xi Road Nanjing, PRC	10 July 2007	192,000	0.03%
Song Dongmei	producer	Room 602, Unit 1 2nd Building Zaoyuan Dongli Daxing District Beijing, PRC	10 July 2007	192,000	0.03%
Yan Li	web management senior manager	Room 552 11th Building Ximazhuang Community Tongzhou District Beijing, PRC	18 July 2007	128,000	0.02%
			Total:	17,920,000	3.21%

The options issued under the Pre-IPO Scheme represent approximately 3.21% of the Company's enlarged issued share capital (assuming no Over-allotment Option is exercised) as at the Listing Date. If all options are exercised, this would have a dilutive effect of approximately 1.7% on earnings per Share such that the forecasted earnings per Share for the year ending 31 December 2008 will be diluted from approximately HK$0.240 to approximately HK$0.236. No further options will be granted under the Pre-IPO Scheme before and after the Listing Date.

I. POST-IPO SCHEME

The following is a summary of all the principal terms of the Post-IPO Scheme conditionally approved and adopted by ordinary resolutions of the Shareholders on 27 May 2008.

1. Purposes of the Post-IPO Scheme

The purposes of the Post-IPO Scheme are to encourage Eligible Persons (as defined in paragraph 2 below) to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole, and to motivate them to achieve higher levels of good corporate governance.

2. Who may join

The Board may, at its absolute discretion, offer any executive director of, manager of, or other full-time employee of any member of the Group; a non-executive director (whether independent or not) of any member of the Group; or any person approved by the Board or shareholders of the Company (the "**Eligible Person**") options to subscribe for Shares at a price calculated in accordance with paragraph (4) below and subject to the other terms of the Post-IPO Scheme summarized below. Upon acceptance of the offer of an option, the grantee shall pay HK$1.00 to the Company as nominal consideration for the grant.

3. Maximum number of Shares

(a) The maximum number of Shares in respect of which options may be granted under the Post-IPO Scheme (the "**Maximum Number**") when aggregated with the maximum number of Shares in respect of any options to be granted under any other share option scheme established by the Company ("**another scheme**") (if any) is that number which is equal to 10% of the issued share capital of the Company on the Listing Date (but not taking into account of any Shares which may be allotted or issued pursuant to the exercise of the Over-allotment Option), provided, however, that:

(i) the Maximum Number of Shares may be increased or "refreshed" with the approval of the Shareholders in general meeting, up to a maximum of 10% of the issued share capital of the Company at the date of such Shareholders' approval (but not taking into account of any Shares which may be allotted or issued pursuant to the exercise of the Over-allotment Option), inclusive of the maximum number of Shares in respect of any options to be granted under another scheme, if any;

(ii) the Company may obtain a separate approval from its Shareholders in general meeting to permit the granting of options which will result in the number of Shares in respect of all the options granted under the Post-IPO Scheme exceeding the then Maximum Number of Shares provided that such options are granted only to Eligible Persons specifically identified by the Company before Shareholders' approval is sought (in which case such options granted shall not be counted towards the then applicable Maximum Number of Shares); and

(iii) the total maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Scheme and any other options granted and yet to be exercised under another scheme shall not exceed 30% of the issued share capital of the Company from time to time.

(b) Unless approved by the Shareholders in general meeting (with the relevant Eligible Person and his associates abstaining from voting), no Eligible Person shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to such Eligible Person in any 12-month period up to the date of the latest grant would exceed 1% of the issued share capital of the Company from time to time.

4. Subscription price

The amount payable for each Share to be subscribed for under an option in the event of the option being exercised in accordance with the terms of the Post-IPO Scheme shall be determined by the Board and notified to an Eligible Person at the time of offer of the option and shall be the highest of (subject to any adjustments made as described in paragraph 11 below):

(a) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date, which must be a business day, of the written offer of the option (the "**Grant Date**");

(b) the average closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five Trading Day immediately preceding the Grant Date; or

(c) the nominal value of the Shares.

5. Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option.

6. Options granted to directors or substantial shareholders

Where any grant of options to a Director, chief executive or substantial Shareholder (other than a proposed independent non-executive Director) of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1% of the Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, such further grant of options must be approved by the Shareholders. The Company shall send a circular to its Shareholders. All connected persons of the Company must abstain from voting in favour at such general meeting.

7. Grant of option

An offer of the grant of an option shall be by letter, specifying the number of Shares, the subscription price, the option period in respect of which the offer is made, the date by which the option must be applied for and further requiring the Eligible Person to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Post-IPO Scheme.

The Directors shall not offer the grant of any option to any Eligible Person after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published or disclosed in accordance with the requirements of the Listing Rules. In particular, no option may be offered during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for the Company to publish its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.

8. Exercise of option

No performance targets are to be achieved before an option can be exercised except as otherwise imposed by the Board and stated in the relevant offer letter.

An option may be exercised in accordance with the terms of the Post-IPO Scheme at any time during a period to be notified by the Board to each grantee (subject to any vesting schedule, if applicable) ("**Option Period**").

9. Cancellation of options

Any cancellation of any subsisting options shall be subject to the approval by the Board.

In the event that options are to be cancelled and new options issued to the same grantee, the issue of such new options shall be made with available unissued options (excluding the cancelled options) within the limits described in paragraph 3 above.

10. Voting and dividend rights

No voting rights shall be exercisable and no dividends shall be payable in relation to options that have not been exercised.

11. Effects of alterations in the capital structure of the Company

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than an issue of Shares as consideration in respect of a transaction to which the

Company is a party), such corresponding adjustments (if any) shall be made to (i) the number or nominal amount of Shares in respect of which options may be granted subject to outstanding options so far as unexercised; and/or (ii) the aggregate number of Shares subject to outstanding options; and/or (iii) the subscription price per Share of each outstanding option, as the auditors of the Company or an independent financial adviser shall confirm in writing to the Board that the adjustments satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Hong Kong Stock Exchange on 5 September 2005 or otherwise comply with the Listing Rules or other rules, practices or directions of the Hong Kong Stock Exchange in effect from time to time (other than any adjustment made on a capitalisation issue, in which case such adjustment shall be made as the Board shall consider to be in its opinion fair and reasonable). Subject to the foregoing, any such adjustments will be made on the basis that the proportion of the issued share capital of the Company to which a grantee is entitled after such adjustment shall remain as nearly as possible the same as but no greater than that to which he/she was entitled before such adjustment, and no such adjustment will be made the effect of which would be to enable a Share to be issued at less than its nominal value or to increase the proportion of the issued share capital of the Company for which any grantee would have been entitled to subscribe had he/she exercised all the options held by him/her immediately prior to such adjustments.

12. Rights on a general offer

If a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares, the Company shall use its best endeavours to procure that such offer is extended to all the grantees (on the same terms *mutatis mutandis*, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the grantee shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

13. Rights on schemes of compromise or arrangement

If, pursuant to the Companies Ordinance, a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all grantees on the same date as it despatches to each Shareholder or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each grantee shall be entitled to exercise all or any of his/her options in whole or in part at any time prior to 12:00 noon on the day immediately preceding the date of the meeting directed to be convened by the court for the purposes of considering such compromise or arrangement. With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine.

14. Rights on a voluntary winding up

In the event of an effective resolution being passed for the voluntary winding-up of the Company or an order of the court is made for the winding-up of the Company, the Company shall give notice thereof ("**winding-up notice**") to all grantees on the same day as such resolution is passed or order is made. The grantee may by notice in writing to the Company within 21 days after the date of the winding-up notice elect to be treated as if the option (to the extent not already exercised) had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the grantee's notice, such notice to be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon the grantee will be entitled to receive out of the assets available in the liquidation pari passu with the holders of Shares such sum as would have been received in respect of the Shares the subject of such election.

15. Ranking of Shares

Shares to be allotted upon the exercise of an option shall rank equally in all respects with fully paid up Shares in issue at the date of allotment and will be subject to the Articles of Association for the time being in force. A share issued upon the exercise of an option shall not carry voting rights until the registration of the grantee (or any other person) as the holder thereof.

16. Present status of the Post-IPO Scheme

The Post-IPO Scheme shall take effect subject to the following conditions being fulfilled:

(i) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the options; and

(ii) the commencement of dealings in the Shares on the Hong Kong Stock Exchange,

in each case, on or before 30 days after the date of this prospectus.

As at the Latest Practicable Date, no option had been granted under the Post-IPO Scheme. However, at the Board meeting convened on 27 May 2008, it was approved that 16,257,792 options are to be granted after the Listing, including 660,000 options to be granted to the independent non-executive Directors. The number of Shares in respect of such proposed grant of options represents 2.8% of the total number of issued Shares of the Company immediately after Listing.

17. Duration of the Post-IPO Scheme

Unless otherwise terminated by the Board or the Shareholders in general meeting in accordance with the terms of the Post-IPO Scheme, the Post-IPO Scheme shall be valid and effective for a period of 10 years from the date on which dealings in the Shares commence on the Hong Kong Stock Exchange (the "**Scheme Period**"), and after which no further options will be granted or offered but the provisions of the Post-IPO Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted within the Scheme Period or otherwise as may be required in accordance with the provisions of the Post-IPO Scheme.

18. Amendment of the Post-IPO Scheme

(a) Subject to sub-paragraphs (b) to (d) below, the Board may amend any of the provisions of the Post-IPO Scheme at any time.

(b) No alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Shareholders under the Articles of Association for the time being for a variation of the rights attached to the Shares. The provisions of the Post-IPO Scheme relating to the following matters cannot be altered to the advantage of grantees or prospective grantees except with the prior sanction of a resolution of the Shareholders in general meeting:

- the purpose of the Post-IPO Scheme;
- the participants;
- the authority of the Board in relation to any alteration to the terms of the Post-IPO Scheme;
- the limitations on the number of Shares which may be issued under the Post-IPO Scheme;
- the individual limit for each grantee under the Post-IPO Scheme;
- the determination of the amount payable for each Share to be subscribed for under an option;
- any rights attaching to the options and the Shares;
- the terms of the granted options;
- the rights of grantees in the event of a capitalisation issue, rights issue, subdivision or consolidation of shares or reduction or any other variation of capital of the Company;
- the provisions under the Post-IPO Scheme as described in paragraph 8 above; and
- any matters set out in rule 17.03 of the Listing Rules as amended from time to time.

(c) Any alterations to the terms and conditions of the Post-IPO Scheme of a material nature or any change to the terms of the options granted shall be subject to the approval of the Shareholders, save where such alterations take effect automatically under the existing terms of the Post-IPO Scheme.

(d) The amended terms of the Post-IPO Scheme shall comply with the relevant requirements of the Listing Rules.

19. Lapse of options

An option shall lapse automatically (to the extent not already exercised) on the earliest of the following events:

(i) expiry of the Option Period;

(ii) the grantee ceasing to be an Eligible Person for any reason other than his/her death or the termination of his/her office or employment on any ground specified in sub-paragraph (vi) below;

(iii) the first anniversary of the death of the grantee (and in the 12 months following such death, the personal representative may exercise the option (to the extent not already exercised) in whole or in part in accordance with the terms of the Post-IPO Scheme);

(iv) the expiry of any of the periods referred to in paragraphs 12, 13 and 14 above;

(v) subject to the right as set out in paragraph 14 above, the date of the commencement of the winding-up of the Company;

(vi) the date on which the grantee ceases to be an Eligible Person on any one or more of the following grounds:

- the grantee's misconduct;
- the grantee being convicted of any criminal offence involving his/her integrity or honesty; or
- any other grounds on which his/her employer would be entitled to summarily terminate his/her office or employment at common law or pursuant to any applicable laws or under his/her service contract;

(vii) the date on which the grantee ceases to be an Eligible Person on or after becoming bankrupt or insolvent or making any arrangements or composition with his/her creditors generally; or

(viii) the date on which the grantee commits a breach of paragraph 5 above.

20. Termination

The Board or the Shareholders by resolution in general meeting may at any time terminate the Post-IPO Scheme and in such event, no further option shall be granted or offered but the provisions of the Post-IPO Scheme shall remain in force in all other respects. All options granted prior to such termination and not then exercised shall continue to be valid and exercisable in accordance with the terms of the Post-IPO Scheme.

21. Disclosure of the Post-IPO Scheme

The Company shall disclose all information as required by the Listing Rules or any other applicable rules and regulations in its annual and interim reports.

J. FURTHER INFORMATION ABOUT THE SELLING SHAREHOLDER

Certain particulars of the Selling Shareholder as at the Latest Practicable Date are set out as follows:

Name: Golden Bridge Culture

Address: Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands

Number of issued shares: 84,771,000 ordinary shares of HK$0.001 each and 50,236,000 Cayman Series A Shares

Shareholders: Golden Bridge Advertising, Bain Capital and SinoMedia Investment

Description of business: Investment holding

The Selling Shareholder is offering 13,940,000 Shares in the Global Offering, assuming no Over-allotment Option is exercised, and 16,031,000 Shares if the Over-Allotment Option is exercised in full.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE, YELLOW** and **GREEN** Application Forms, the written consents referred to in the paragraph headed "Consents of experts" in Appendix VII, details of the Selling Shareholder, including their addresses and other information as required by Section 38(1) of the Companies Ordinance, the statement of adjustments to the accountants' report set out in Appendix I and copies of the material contracts referred to in the paragraph headed "Summary of the Material Contracts" in Appendix VII.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Coudert Brothers in association with Orrick, Herrington & Sutcliffe LLP at 39th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date, which is 14 days from the date of this prospectus:

(1) the Memorandum and the Articles of the Company;

(2) the Accountants' Report and the letter from the reporting accountants on unaudited pro forma financial information prepared by KPMG, the text of which is set out in Appendices I and II to this prospectus, respectively;

(3) the audited consolidated financial statements of the companies now comprising the Group for each of the three years ended 31 December 2007;

(4) the letters relating to the profit forecast, the texts of which are set out in Appendix III to this prospectus;

(5) the letter, summary of values and valuation certificates relating to the property interests of the Group prepared by Jones Lang LaSalle Sallmanns Limited, the texts of which are set out in Appendix IV to this prospectus;

(6) the material contracts referred to in the paragraph headed "Summary of the Material Contracts" of Appendix VII to this prospectus;

(7) the service contracts and engagement letters with Directors, referred to in the paragraph headed "Directors' service contracts" of Appendix VII to this prospectus;

(8) the written consents referred to in the paragraph headed "Consents of experts" of Appendix VII to this prospectus;

(9) the legal opinions prepared by Haiwen & Partners, the Company's legal adviser as to the PRC law, in respect of certain aspects of the Group and the property interests of the Group;

(10) the rules of the Pre-IPO Scheme and the Post-IPO Scheme;

(11) the statement of adjustments by KPMG; and

(12) the statement of particulars of the Selling Shareholder.