

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



SINOMEDIA HOLDING LIMITED
中 視 金 橋 國 際 傳 媒 控 股 有 限 公 司
(incorporated in Hong Kong with limited liability)
(Stock Code: 623)

**DISCLOSEABLE TRANSACTION AND
CONNECTED TRANSACTIONS**

On 24 November 2008, CTV Media (Shanghai) entered into the First Capital Increase Agreement with Beijing Senmeng Media in relation to the increase of registered capital of Golden Bridge Senmeng, pursuant to which CTV Media (Shanghai) and Beijing Senmeng Media shall each make capital contribution to increase the registered capital of Golden Bridge Senmeng from RMB300,000 (equivalent to approximately HK\$340,800) to RMB10,000,000 (equivalent to approximately HK\$11,360,000). Golden Bridge Senmeng has been accounted for as a subsidiary of the Company upon the completion of the First Capital Increase Agreement on 18 December 2008.

On 9 January 2009, CTV Media (Shanghai) entered into the Second Capital Increase Agreement with Beijing Senmeng Media in relation to the increase of registered capital of Golden Bridge Senmeng, pursuant to which CTV Media (Shanghai) and Beijing Senmeng Media shall each make capital contribution to increase the registered capital of Golden Bridge Senmeng from RMB10,000,000 (equivalent to approximately HK\$11,360,000) to RMB28,000,000 (equivalent to approximately HK\$31,808,000).

On 9 January 2009, CTV Media (Shanghai) entered into the Cooperation Agreement with Beijing Senmeng Media in relation to the future equity acquisition of Golden Bridge Senmeng by CTV Media (Shanghai), pursuant to which CTV Media (Shanghai) shall acquire equity interests in Golden Bridge Senmeng held by Beijing Senmeng Media in three stages during the period from 2009 to 2011, subject to certain conditions.

On 13 January 2009, CTV Media (Shanghai) entered into the Supplemental Agreement with Beijing Senmeng Media, pursuant to which the second and third acquisitions contemplated under the Cooperation Agreement shall be subject to the approval requirement under the Listing Rules, if required.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Beijing Senmeng Media is a third party which is independent of any of the promoters, directors, supervisors, 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 save for the entering into of the Agreements.

The applicable percentage ratios (as defined in Rule 14.04(9) of Listing Rules) for the First Capital Increase Agreements are less than 5%. However, the transaction contemplated thereunder, when aggregated with the relevant transactions in relation to the Second Capital Increase Agreement, the Cooperation Agreement and the Supplemental Agreement, constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules. Such Transaction is subject to the notification and publication requirements set out in Rule 14.33 of the Listing Rules.

Immediately after and as a consequence of the completion of the transaction under the First Capital Increase Agreement, Beijing Senmeng Media is entitled to exercise 49% voting power at the general meeting of Golden Bridge Senmeng, and therefore constitutes a connected person of the Company. Hence, the transactions contemplated under the Second Capital Increase Agreement, the Cooperation Agreement and the Supplemental Agreement between CTV Media (Shanghai) and Beijing Senmeng Media constitute connected transactions of the Company under the Listing Rules.

As Beijing Senmeng Media receives a pro rata entitlement to the equity interests in Golden Bridge Senmeng in its capacity as a shareholder, the transaction contemplated under the Second Capital Increase Agreement is exempt from all the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(3)(a) of the Listing Rules.

The relevant applicable percentage ratios (as defined in Rule 14.04(9) of Listing Rules) for the first equity acquisition under the Cooperation Agreement are more than 0.1% but less than 2.5%, and therefore, the transactions contemplated thereunder constitute connected transactions subject to the reporting and announcement requirements, but will be exempt from independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules. Upon the terms and conditions of the second and third equity acquisitions contemplated under the Cooperation Agreement being finalized, the Company shall aggregate such equity acquisitions with the first equity acquisition and comply with reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14 and Chapter 14A of the Listing Rules.

The terms and conditions of the Agreements have been negotiated on an arm's length basis. The Board considers the Agreements to be on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

A. THE FIRST CAPITAL INCREASE AGREEMENT

1. Date

24 November 2008

2. Parties

- (1) Beijing Senmeng Media
- (2) CTV Media (Shanghai)

3. Transaction Nature

CTV Media (Shanghai) and Beijing Senmeng Media shall each make capital contribution to increase the registered capital of Golden Bridge Senmeng, which was registered on 6 November 2008 by Beijing Senmeng Media as its sole shareholder with a registered capital of RMB300,000 (equivalent to approximately HK\$340,800).

4. Major Terms

(1) The increase of the registered capital of Golden Bridge Senmeng

CTV Media (Shanghai) and Beijing Senmeng Media shall make capital contribution of RMB5,100,000 (equivalent to approximately HK\$5,793,600) and RMB4,600,000 (equivalent to approximately HK\$5,225,600), respectively, to Golden Bridge Senmeng within 5 business days after the execution of the First Capital Increase Agreement.

The following table sets out the shareholding structure of Golden Bridge Senmeng before and after the increase of registered capital pursuant to the First Capital Increase Agreement:

	Registered capital before the increase of registered capital		Registered capital after the increase of registered capital	
	<i>(RMB)</i>	<i>(%)</i>	<i>(RMB)</i>	<i>(%)</i>
CTV Media (Shanghai)	0	0	5,100,000	51%
Beijing Senmeng Media	300,000	100%	4,900,000	49%
Total	<u>300,000</u>	<u>100%</u>	<u>10,000,000</u>	<u>100%</u>

CTV Media (Shanghai)'s capital contribution to Golden Bridge Senmeng will be financed by internal resources.

(2) Board composition

The board of directors of Golden Bridge Senmeng shall comprise three directors, of which 2 will be nominated by CTV Media (Shanghai) and 1 will be nominated by Beijing Senmeng Media. The directors shall be elected at the shareholders' meeting of Golden Bridge Senmeng.

Golden Bridge Senmeng has been accounted for as a subsidiary of the Company upon the completion of the First Capital Increase Agreement on 18 December 2008.

B. THE SECOND CAPITAL INCREASE AGREEMENT

1. Date

9 January 2009

2. Parties

- (1) Beijing Senmeng Media
- (2) CTV Media (Shanghai)

3. Transaction Nature

CTV Media (Shanghai) and Beijing Senmeng Media shall make capital contribution of RMB9,180,000 (equivalent to approximately HK\$10,428,480) and RMB8,820,000 (equivalent to approximately HK\$10,019,520), respectively, to Golden Bridge Senmeng within 3 business days after the execution of the Second Capital Increase Agreement.

The following table sets out the shareholding structure of Golden Bridge Senmeng before and after the increase of registered capital pursuant to the Second Capital Increase Agreement:

	Registered capital before the increase of registered capital		Registered capital after the increase of registered capital	
	<i>(RMB)</i>	<i>(%)</i>	<i>(RMB)</i>	<i>(%)</i>
CTV Media (Shanghai)	5,100,000	51%	14,280,000	51%
Beijing Senmeng Media	4,900,000	49%	13,720,000	49%
Total	<u>10,000,000</u>	<u>100%</u>	<u>28,000,000</u>	<u>100%</u>

C. THE COOPERATION AGREEMENT

1. Date

9 January 2009

2. Parties

- (1) Beijing Senmeng Media
- (2) CTV Media (Shanghai)

3. Transaction Nature

CTV Media (Shanghai) shall acquire the equity interests in Golden Bridge Senmeng held by Beijing Senmeng Media in three stages during the period from 2009 to 2011, subject to certain conditions.

4. Major Terms

(1) The first equity acquisition

a. Equity interests

9% of the registered capital of Golden Bridge Senmeng

b. Expected time of acquisition

Early 2009

c. Conditions precedent

CTV Media (Shanghai) shall acquire 9% of the registered capital of Golden Bridge Senmeng if (a) Golden Bridge Senmeng enters into certain sole advertising agency agreements in respect of CCTV-7 with a term for at least 3 years; and (b) Golden Bridge Senmeng completes the employment of necessary personnel and enters into labour contracts and non-competition agreements with key personnel.

d. Consideration

The consideration for the acquisition of the 9% of the registered capital of Golden Bridge Senmeng is RMB10,520,000 (equivalent to approximately HK\$11,950,720). The first lump of RMB6,520,000 (equivalent to approximately HK\$7,406,720) shall be paid by CTV Media (Shanghai) to Beijing Senmeng Media within 5 business days after the completion of the registration with local administration for industry and commerce. The second lump of RMB4,000,000 (equivalent to approximately HK\$4,544,000) shall be paid by CTV Media (Shanghai) to Beijing Senmeng Media if Golden Bridge Senmeng records certain amount of audited net profit as agreed in the Cooperation Agreement for the first half of 2009. Otherwise, the second lump shall be paid if Golden Bridge Senmeng records certain amount of audited net profit as agreed in the Cooperation Agreement for the year 2009. However, if neither of the above-mentioned criteria is satisfied, then CTV Media (Shanghai) will not be required to make the payment of the second lump.

The consideration of RMB10,520,000 was determined after considering the book value of the registered capital of Golden Bridge Senmeng, and the potential of Golden Bridge Senmeng to achieve a certain amount of profit at the end of the year 2009 by leveraging on the resources of Beijing Senmeng Media as previously one of the largest underwriters of TV advertisement time for agricultural programmes on CCTV- 7 and its extensive experience in the marketing strategy development and advertisement operation in Chinese rural market.

After the completion of the first equity acquisition, CTV Media (Shanghai) and Beijing Senmeng Media shall hold 60% and 40% of the registered capital of Golden Bridge Senmeng, respectively.

(2) The second equity acquisition

a. Equity interests

20% of the registered capital of Golden Bridge Senmeng

b. Expected time of acquisition

2010

c. Conditions precedent

CTV Media (Shanghai) shall acquire 20% of the registered capital of Golden Bridge Senmeng if (a) the audit of the financial information of Golden Bridge Senmeng for the year 2009 is complete; and (b) the sole advertising agency agreement in respect of CCTV-7 for the year 2010 is secured by Golden Bridge Senmeng.

If Golden Bridge Senmeng records certain audited net profit for the year 2009 as agreed in the Cooperation Agreement, CTV Media (Shanghai) must proceed with such equity acquisition. Otherwise, CTV Media (Shanghai) has the option to acquire 20% of the registered capital of Golden Bridge Senmeng in the year 2010 or in the following years. Such option will lapse by 1 January 2013.

d. Consideration

The consideration for the acquisition of the 20% of the registered capital of Golden Bridge Senmeng shall be determined with reference to the audited net profit of Golden Bridge Senmeng for the year 2009.

Nonetheless, the consideration shall not be less than 20% of the audited net assets of Golden Bridge Senmeng at the end of the year 2009, and should such minimum consideration be applied, it shall not be more than the aggregation of cash, deposits and notes receivables of Golden Bridge Senmeng.

If the second equity acquisition is proceeded and completed, CTV Media (Shanghai) and Beijing Senmeng Media shall hold 80% and 20% of the registered capital of Golden Bridge Senmeng, respectively.

(3) The third equity acquisition

a. Equity interests

20% of the registered capital of Golden Bridge Senmeng

b. Expected time of acquisition

2011

c. Conditions precedent

CTV Media (Shanghai) shall acquire 20% of the registered capital of Golden Bridge Senmeng if (a) the audit of the financial information of Golden Bridge Senmeng for the year 2010 is complete; and (b) the sole advertising agency agreement in respect of CCTV-7 for the year 2011 is secured by Golden Bridge Senmeng.

If Golden Bridge Senmeng records certain audited net profit for the year 2010 as agreed in the Cooperation Agreement, CTV Media (Shanghai) must proceed with such equity acquisition. Otherwise, CTV Media (Shanghai) has the option to acquire 20% of the registered capital of Golden Bridge Senmeng in the year 2011 or in the following years. Such option will lapse by 1 January 2014.

d. Consideration

The consideration for the acquisition of the 20% of the registered capital of Golden Bridge Senmeng shall be determined with reference to the audited net profit of Golden Bridge Senmeng for the year 2010.

Nonetheless, the consideration shall not be less than 20% of the audited net assets of Golden Bridge Senmeng at the end of the year 2010, and should this minimum consideration be applied, it shall not be more than the aggregation of cash, deposits and notes receivables of Golden Bridge Senmeng.

If the third equity acquisition is proceeded and completed, CTV Media (Shanghai) shall hold 100% of the registered capital of Golden Bridge Senmeng.

D. THE SUPPLEMENTAL AGREEMENT

1. Date

13 January 2009

2. Parties

- (1) Beijing Senmeng Media
- (2) CTV Media (Shanghai)

3. Transaction Nature

The second and third acquisitions contemplated under the Cooperation Agreement shall be subject to the approval requirement under the Listing Rules, if required. Therefore CTV Media (Shanghai) shall not proceed with the second and third acquisitions, despite the binding effects, when shareholders' approval cannot be obtained (if such is required).

E. INFORMATION OF GOLDEN BRIDGE SENMENG

Golden Bridge Senmeng shall engage principally in the advertising agency business in respect of CCTV-7 and related activities. As at 31 December 2008, Golden Bridge Senmeng recorded a net assets value of approximately RMB9,988,000 (equivalent to approximately HK\$11,346,000) and a net loss of RMB12,000 (equivalent to approximately HK\$14,000).

F. REASONS FOR THE TRANSACTION

Beijing Senmeng Media was previously one of the largest underwriters of TV advertisement time for agricultural programmes of CCTV-7, with extensive experience in the marketing strategy development and advertisement operation in Chinese rural market. The cooperation between CTV Media (Shanghai) and Beijing Senmeng Media by investment in Golden Bridge Senmeng will not only have promising development potential for the advertising business operation in respect of CCTV-7, but also provide a wider range of high quality media choices to the existing clients of the Company and expand the Company's client base by incorporating more small to mid-sized clients.

In order to evidence and give effect to certain arrangements relating to the acquisition of the equity interests of Golden Bridge Senmeng by CTV Media (Shanghai) at stages, CTV Media (Shanghai) and Beijing Senmeng Media entered into the Cooperation Agreement.

The Company has taken the following commercial considerations for arranging two capital contributions and the subsequent equity acquisitions in accordance with the timing and manner as stipulated in the Agreements:

1. the First Capital Increase Agreement involving an initial capital contribution of a relatively less significant amount was entered into first as it was not certain whether the exclusive rights to sell the advertisement time of certain programmes on CCTV-7 could be secured by Golden Bridge Senmeng at the time of the execution of the First Capital Increase Agreement, hence the parties were not ready to make significant financial commitments at the outset;
2. the second capital increase agreement was entered into subsequently as Golden Bridge Senmeng has obtained the exclusive underwriting rights on certain programmes on CCTV-7 and the parties agreed that more working capital should be injected into Golden Bridge Senmeng for its business operation;
3. the first equity acquisition shall take place first as the Company is of the view that Golden Bridge Senmeng will capitalize on Beijing Senmeng Media's extensive experience in the advertisement time underwriting business for CCTV-7 and it is reasonable to acquire from Beijing Senmeng Media additional equity interest in Golden Bridge Senmeng by paying a premium over the existing book value of the interest; and
4. the second and third equity acquisitions will be entered into subsequently, subject to certain conditions, as it would take time for the Company to determine whether Golden Bridge Senmeng will operate smoothly and effectively as planned. In the event that Golden Bridge Senmeng does not meet with, inter alia, the profit requirements specified in the Cooperation Agreement, CTV Media (Shanghai) is not obliged to proceed with the second and third equity acquisitions, subject to the terms of the Cooperation Agreement and the Supplemental Agreement. The Company is of the view that acquisition at stages is effective in reducing the initial capital outlay of the Company and thus helps to reduce the risk of investment.

The Directors have confirmed that the terms and conditions of the Agreements have been negotiated on an arm's length basis. Such terms are normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

G. LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Beijing Senmeng Media is a third party which is independent of any of the promoters, directors, supervisors, 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 save for the entering into of the Agreements.

The applicable percentage ratios (as defined in Rule 14.04(9) of Listing Rules) for the First Capital Increase Agreements are less than 5%. However, the transaction contemplated thereunder, when aggregated with the relevant transactions in relation to the Second Capital Increase Agreement, the Cooperation Agreement and the Supplemental Agreement, constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules. Such Transaction is subject to the notification and publication requirements set out in Rule 14.33 of the Listing Rules.

Immediately after and as a consequence of the completion of the transaction under the First Capital Increase Agreement, Beijing Senmeng Media is entitled to exercise 49% voting power at the general meeting of Golden Bridge Senmeng, and therefore constitutes a connected person of the Company. Hence, the transactions contemplated under the Second Capital Increase Agreement, the Cooperation Agreement and the Supplemental Agreement between CTV Media (Shanghai) and Beijing Senmeng Media constitute connected transactions of the Company under the Listing Rules.

As Beijing Senmeng Media receives a pro rata entitlement to the equity interests in Golden Bridge Senmeng in its capacity as a shareholder, the transaction contemplated under the Second Capital Increase Agreement is exempt from all the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(3)(a) of the Listing Rules.

The relevant applicable percentage ratios (as defined in Rule 14.04(9) of Listing Rules) for the first equity acquisition under the Cooperation Agreement are more than 0.1% but is less than 2.5%, and therefore, the transactions contemplated thereunder constitute connected transaction subject to the reporting and announcement requirements, but will be exempt from Independent Shareholders' approval requirements set out in Chapter 14A of the Listing Rules. Upon the terms and conditions of the second and third equity acquisitions contemplated under the Cooperation Agreement being finalized, the Company shall aggregate such equity acquisitions with the first equity acquisition and comply with reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14 and Chapter 14A of the Listing Rules.

The terms and conditions of the Agreements have been negotiated on an arm's length basis. The Board considers the Agreements to be on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

H. GENERAL

The Company is a company listed on The Stock Exchange of Hong Kong Limited and is principally engaged in media advertising business.

Beijing Senmeng Media is principally engaged in the business of advertising agency, design and publication.

I. DEFINITIONS

In this announcement, the following expressions shall have the respective meanings set opposite thereto:

“Agreements”	collectively, the First Capital Increase Agreement, the Second Capital Increase Agreement, the Cooperation Agreement and the Supplemental Agreement
“Beijing Senmeng Media”	北京森盟傳媒廣告有限公司 (Beijing Senmeng Media Advertising Co., Ltd.), a limited liability company established in the PRC and a third party independent of the Company
“Board”	the board of Directors of the Company
“CCTV”	China Central Television Station (中國中央電視台), the national television broadcaster of the PRC
“Company”	SinoMedia Holding Limited (中視金橋國際傳媒控股有限公司), a company incorporated in Hong Kong with limited liability and whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited
“Cooperation Agreement”	the agreement entered into between CTV Media (Shanghai) and Beijing Senmeng Media on 9 January 2009 in relation to Golden Bridge Senmeng
“CTV Media (Shanghai)”	CTV Golden Bridge International Media Co., Ltd. (中視金橋國際傳媒有限公司), a sino-foreign equity joint venture enterprise which is owned as to 99.7% by the Company

“Director(s)”	the director(s) of the Company
“First Capital Increase Agreement”	the agreement entered into between CTV Media (Shanghai) and Beijing Senmeng Media in relation to the increase of registered capital of Golden Bridge Senmeng from RMB300,000 to RMB10,000,000 on 24 November 2008
“Golden Bridge Senmeng”	北京金橋森盟傳媒廣告有限公司 (Beijing Golden Bridge Senmeng Media Advertising Co., Ltd.), a limited liability company established in the PRC on 6 November 2008
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Second Capital Increase Agreement”	the agreement entered into between CTV Media (Shanghai) and Beijing Senmeng Media in relation to the increase of registered capital of Golden Bridge Senmeng from RMB10,000,000 to RMB28,000,000 on 9 January 2009
“Shareholder(s)”	registered holder(s) of the shares of the Company
“Supplemental Agreement”	the agreement entered into between CTV Media (Shanghai) and Beijing Senmeng Media in relation to certain amendments to the Cooperation Agreement on 13 January 2009
“Transaction”	the establishment of Golden Bridge Senmeng and the transactions contemplated by the Agreements

“RMB”	Renminbi, the lawful currency of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent

For illustrative purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1=HK\$1.136. No representation is made that any amount in RMB could have been or could be converted at such rate or any other rates.

On behalf of the Board
SinoMedia Holding Limited
Chen Xin
Chairman

Hong Kong, 14 January 2009

Notes:
As at the date of this announcement, the Board comprises Mr. Chen Xin, Ms. Liu Jinlan and Mr. Li Zongzhou as executive directors, Mr. Zhu Jia and Mr. Huang Jingsheng as non-executive directors and Mr. Ding Junjie, Mr. Qi Daqing and Mr. Chen Tianqiao as independent non-executive directors.