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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

FINANCIAL SUMMARY

RMB'000	**For the six months ended 30 June 2009**	For the six months ended 30 June 2008	**Change (%)**
Revenue	**321,598**	238,613	+34.8%
Profit attributable to equity shareholders of the Company	**12,358**	44,786	-72.4%
Earnings per share *(RMB)*			
— Basic	**0.022**	0.104	-78.8%
— Diluted	**0.022**	0.100	-78.0%

Revenue by channels:

RMB'000	**For the six months ended 30 June 2009**	For the six months ended 30 June 2008	**Change (%)**
Advertising service	**325,022**	240,943	+34.9%
— CCTV	**321,708**	235,007	+36.9%
— Regional TV	**3,124**	5,936	-47.4%
— Others	**190**	—	N/A
Agency service	**3,029**	4,890	-38.1%
Sales taxes and surcharges	**(6,453)**	(7,220)	-10.6%
Revenue	**321,598**	238,613	+34.8%

The Board of directors (the "Board") of SinoMedia Holding Limited ("SinoMedia" or the "Company") is pleased to announce the unaudited results and financial position of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009, with comparative figures for previous year.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009
(Expressed in Renminbi)

		Unaudited	Unaudited
		Six months ended 30 June	
		2009	2008
	Notes	RMB'000	RMB'000
Revenue		**321,598**	238,613
Cost of services		**(284,450)**	(167,687)
Gross profit		**37,148**	70,926
Other income	5	**4,663**	13,566
Selling and marketing expenses		**(15,043)**	(9,469)
General and administration expenses		**(20,839)**	(21,650)
Profit from operations		**5,929**	53,373
Finance income		**807**	5,341
Net finance expense		**807**	5,341
Share of loss of equity accounted investees (net of income tax)		**(132)**	—
Profit before income tax	6	**6,604**	58,714
Income tax expense	7	**(1,152)**	(13,697)
Profit for the period		**5,452**	45,017
Attributable to:			
Equity shareholders of the Company		**12,358**	44,786
Minority interests		**(6,906)**	231
Profit for the period		**5,452**	45,017
Earnings per share	8		
Basic earnings per share *(RMB)*		**0.022**	0.104
Diluted earnings per share *(RMB)*		**0.022**	0.100

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2009
(Expressed in Renminbi)

	Notes	**Unaudited At 30 June 2009 *RMB'000***	Audited At 31 December 2008 *RMB'000*
Non-current assets			
Property, plant and equipment	10	**55,053**	54,182
Investment in equity accounted investee		**710**	843
Deferred tax assets		**13,272**	6,350
Total non-current assets		**69,035**	61,375
Current assets			
Trade and other receivables	11	**142,108**	202,648
Cash and cash equivalents		**624,760**	574,503
Total current assets		**766,868**	777,151
Total assets		**835,903**	838,526
Equity			
Share capital		**173**	173
Reserves		**662,338**	670,473
Equity attributable to the equity shareholders of the Company		**662,511**	670,646
Minority interests		**6,813**	7,419
Total equity		**669,324**	678,065
Non-current liabilities			
Deferred tax liabilities		**1,451**	1,286
Total non-current liabilities		**1,451**	1,286

	Notes	Unaudited At 30 June 2009 *RMB'000*	Audited At 31 December 2008 *RMB'000*
Current liabilities			
Trade and other payables	12	**158,748**	143,175
Income tax payables		**6,380**	16,000
Total current liabilities		**165,128**	159,175
Total liabilities		**166,579**	160,461
Total equity and liabilities		**835,903**	838,526
Net current assets		**601,740**	617,976
Total assets less current liabilities		**670,775**	679,351

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009
(Expressed in Renminbi)

	Unaudited	Unaudited
	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Cash generated from operations	**89,839**	(52,409)
Tax paid	**(17,529)**	(16,579)
Net cash from/(used in) operating activities	**72,310**	(68,988)
Net cash from/(used in) investing activities	**(1,694)**	2,183
Net cash used in financing activities	**(20,086)**	(89,669)
Net increase/(decrease) in cash and cash equivalents	**50,530**	(156,474)
Cash and cash equivalents at 1 January	**574,503**	352,061
Effect of foreign exchange rates changes	**(273)**	(1,455)
Cash and cash equivalents at 30 June	**624,760**	194,132

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The condensed consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial statements have been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements. Details of these changes in accounting policies are set out in note 2.

2 Changes in accounting policies

The IASB has issued one new IFRS, a number of amendments to IFRSs and new interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Revised IAS 1, *Presentation of financial statements*
- Improvements to IFRSs
- Amendment to IFRS 2, *Share-based payment — Vesting conditions and cancellations*
- Amendment to IFRS 7, *Financial instruments: Disclosures — improving disclosures about financial instruments*

The Group has early adopted IFRS 3 *Business Combinations* (2008) and IAS 27 *Consolidated and Separate Financial Statements* (2008) for business combinations occurring in the financial year starting 1 January 2009.

The amendments to IFRS 2 and improvements to IFRSs have had no material impact on the Group's financial statements as the amendments and improvements were consistent with policies already adopted by the Group. In addition, the amendments to IFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial statements.

The impact of the remainder of these developments on the interim financial statements is as follows:

(i) Accounting for acquisitions of non-controlling interests

The Group has early adopted IFRS 3 *Business Combinations* (2008) and IAS 27 *Consolidated and Separate Financial Statements* (2008) for acquisitions of non-controlling interests occurring in the financial year starting 1 January 2009. The Group has applied IAS 27 (2008) for the acquisition of non-controlling interests that occurred during the interim period ended 30 June 2009 and disclosed in note 9.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognized as a result of such transactions. Previously, goodwill was recognized arising on the acquisition of a non-controlling interest in a subsidiary; and that represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

(ii) Presentation of financial statements

As a result of the adoption of revised IAS 1, details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognized as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in the interim financial statements and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

3 Segment reporting

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.

4 Seasonality of operations

TV advertisement spending in China shows notable seasonal fluctuations, with higher customer demand and more advertisement spending occurring in the second half of each calendar year. As a result, selling prices to clients and utilisation rates are generally lower in the first half of the year, compared to the second half. On the other hand, 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, varying from one to five years. Gross profit and gross margin are therefore comparatively lower for the first half of a year.

5 Other income

	Unaudited	Unaudited
	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Net gains on sale of assets classified as held for sale	**—**	3,695
Waiver of debts	**—**	7,753
Government grant	**4,663**	2,118
	4,663	13,566

6 Profit before income tax

Profit before taxation is arrived at after charging:

	Unaudited	Unaudited
	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Depreciation	**1,759**	1,222

7 Income tax expense

	Unaudited	Unaudited
	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Current tax — PRC Income tax	**7,909**	14,021
Deferred taxation	**(6,757)**	(324)
	1,152	13,697

No provision has been made for Hong Kong profits tax as the Company did not earn any income subject to Hong Kong profits tax for the six months periods ended 30 June 2009 and 2008.

Taxation for PRC subsidiaries is calculated using the estimated annual effective rates of taxation that are expected to be applicable in the PRC.

8 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB12,358 thousand (six months ended 30 June 2008: RMB44,786 thousand) and the weighted average number of ordinary shares of 564,310,400 (2008: 432,022,400).

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB12,358 thousand (six months ended 30 June 2008: RMB44,786 thousand) and the weighted average number of ordinary shares of 564,310,400 (2008: 445,763,745).

9 Acquisition of non-controlling interest

On 9 January 2009, CTV Golden Bridge International Media Company Limited acquired 9% equity interest in Beijing Golden Bridge Senmeng Media Advertising Company Limited from Beijing Senmeng Media Advertising Company Limited, increasing its ownership from 51% to 60%, with a consideration of RMB6,520,000 in cash. The carrying amount of Golden Bridge Senmeng Media Advertising Company Limited's net assets in the consolidated financial statements on the date of the acquisition was RMB28,000,000. The Group recognised a decrease in non-controlling interest of RMB2,520,000.

The following summarises the effect of changes in the Group's (parent) ownership interest in Beijing Golden Bridge Senmeng Media Advertising Company Limited:

	Unaudited
	2009
	RMB'000
Parent's ownership interest at 1 January	**5,100**
Effect of capital injection on 9 January	**9,180**
Effect of acquisition of non-controlling interest	**2,520**
Share of comprehensive income	**(9,910)**
Parent's ownership interest at 30 June	**6,890**

10 Property, plant and equipment

During the six months ended 30 June 2009, the Group acquired items of property, plant and equipment with a cost of RMB2,630 thousand (six months ended 30 June 2008: RMB3,617 thousand).

11 Trade and other receivables

Included in trade and other receivables are debtors and bills receivable (net of impairment losses) with the following ageing analysis:

	Unaudited At 30 June 2009 *RMB'000*	Audited At 31 December 2008 *RMB'000*
Current	**19,047**	89,857
Less than 3 months past due	**9,666**	8,680
More than three months but less than 12 months past due	**45,460**	6,740
More than 12 months past due	**11,328**	5,656
Trade debtors and bills receivables, net of impairment losses	**85,501**	110,933
Prepayments to media suppliers	**22,966**	61,438
Deposits	**25,376**	24,418
Advances to employees	**2,701**	3,314
Others	**5,564**	2,545
	142,108	202,648

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.

12 Trade and other payables

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	Unaudited At 30 June 2009 *RMB'000*	Audited At 31 December 2008 *RMB'000*
Due within 3 months or on demand	**27,259**	5,379
Due after 3 months but within 1 year	**7,824**	7,830
Total creditors	**35,083**	13,209
Advances from customers	**116,256**	116,082
Payroll and welfare expenses payables	**1,857**	1,590
Other compulsory payables	**527**	1,603
Other tax payables	**976**	2,476
Other payables and accrued charges	**3,929**	8,095
Dividends payable due to minority interests of a subsidiary	**120**	120
	158,748	143,175

13 Dividends

(a) *Dividends payable to equity shareholders attributable to the interim period*

No dividend attributable to the interim period has been declared and paid by the Group.

(b) *Dividends payable to equity shareholders attributable to the previous financial year approved and paid during the interim period*

	Unaudited	Unaudited
	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid of approximately RMB4 cents per share (six months ended 30 June 2008: approximately RMB21 cents per share)	**22,386**	89,669

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group had the underwriting rights to approximately 12,296 minutes of the advertising time of 43 programmes and time slot belonging to CCTV-1/news channel, CCTV-2, CCTV-4 (Chinese International/Europe and US) and CCTV-7. In addition, the Group had the exclusive underwriting rights to sell all the advertising resources of the news page of *www.cctv.com*, except for those in relation to 4 particular programmes. The Group has also joined hands with its business partners to establish China's first and only nationwide public service advertising broadcast network (百家電視台公益廣告聯播網), providing diversified advertising services to clients.

During the review period, the advertisement time of "Media Headline (媒體廣場)" on CCTV-1/news channel exclusively owned by the Group was up 23% to 858 minutes, compared with 695 minutes in the first half of 2008.

The Group had the underwriting rights to the advertising time of more than 50% of the programmes on CCTV-4, amounting to 8,287 minutes, representing a 6% increase from the same period last year.

The length of advertisement time of the CCTV-2 programme "China Finance Report (中國財經報導)", to which the Group had underwriting rights, was down 17% to 110 minutes when compared with the same period last year.

CCTV-7 is the Group's new media advertising resource acquired on 1 January 2009. The advertising resource covers all advertising time of seven programmes including "Zhi Fu Jing (致富經)", "Daily Agricultural News (每日農經)" and "Focus on the Three Agricultural Issues (聚焦三農)". The advertising contracts are valid for five years. Thanks to the national policy that favours the agricultural sector, CCTV-7 has achieved a household penetration rate of 78.13% in 2008, ranking number two after CCTV-1 (Source: CVSC-Sofres Media Co., Ltd). As the government is attaching greater importance to the "three agricultural issues", CCTV-7 is set to become the best platform for various commercial brands to tap consumer markets in different provinces and cities. During the period under review, the Group had the underwriting rights to about 3,041 minutes of the channel.

During the review period, the Group no longer held the underwriting rights to the advertising time of programmes on CCTV-9.

FINANCIAL REVIEW

Revenue and Profit Attributable to Equity Shareholders

For the six months ended 30 June 2009, the Group recorded RMB321,598,000 in revenue, up 35% from RMB238,613,000 for the same period last year. The increase was attributable mainly to an increase in the average selling price of advertising time of the Group's existing business (i.e. CCTV-1, 2 and 4, to which the Group had exclusive underwriting rights), as well as the income generated by CCTV-7, a new advertising resource of the Group.

As a result of economic uncertainties and a notable decline in the growth rate of advertising spending in general during the first half of 2009, the growth of the Group's revenue has slowed down. In the first quarter, the revenue totalled RMB138,556,000, representing a year-on-year increase of 24% which was much lower than the average annual revenue growth rate of 45.5% recorded for the past three years. Revenue for the second quarter was RMB183,042,000, up 44% from the same period last year. The growth rate was nearly up to the average annual revenue growth rate recorded for the past three years.

For the six months ended 30 June 2009, profit attributable to equity shareholders of the Company was RMB12,358,000, down by RMB32,428,000 from RMB44,786,000 for the same period last year. In particular, for the first quarter, there was a year-on-year decrease amounting to RMB29,302,000. The decline was mainly attributable to the following factors:

1. Existing businesses (advertising agency of CCTV-1, 2 and 4 programmes):

   For the first quarter of 2009, gross profit of the Group's existing business dropped slightly due to weaker performance of the advertising industry in general. However, year-on-year increase was recorded for the second quarter. On the whole, the Group recorded RMB289,225,000 in revenue, up 26.6% from the same period last year.

2. New businesses:

   The contracts in relation to the Group's exclusive underwriting rights to the newly developed CCTV-7 and *cctv.com* businesses are both on a five-year term. The underwriting cost is to escalate on an annual basis based on contract terms. According to international accounting standards, the underwriting cost should be spread evenly over the entire contract period. Therefore, an additional non-cash cost of RMB11,846,000 was recorded in the financial statements for the first half of 2009 due to the above mentioned accounting treatment, when compared with the actual payments made based on contract terms.

   The newly acquired CCTV-7 business was in a start-up stage (in particular during the first quarter), hence gross loss of RMB20,474,000 (including the non-cash cost mentioned above) was incurred in the first half of 2009. The gross loss for the first quarter alone amounted to RMB17,767,000 (including the non-cash cost mentioned above).

   The newly acquired *cctv.com* business was also in an early stage of development. Gross loss of RMB9,495,000 (including the non-cash cost mentioned above) was made during the review period.

   The nationwide public service advertising broadcast network, another new business being cultivated, recorded RMB2,134,000 in gross profit.

3. Non-operating income:

   For the first half of 2009, the Group logged RMB4,663,000 in other income, a significant year-on-year drop from RMB13,566,000. The decline was due to the fact that one-off income totalling RMB11,448,000 was derived from dissolution of a subsidiary and net gains on sale of assets classified as held for sale in the same period last year. Meanwhile, changes in the interest rate and the exchange rate led to considerable decrease in finance income to RMB807,000 for the first half of 2009 from RMB5,341,000 for the same period in 2008. The two types of non-operating income mentioned above amounted to an overall decrease of RMB13,437,000.

Operating Expenses

For the six months ended 30 June 2009, the Group recorded RMB15,043,000 in selling and marketing expenses, accounting for 4.7% of revenue (4.0% for the same period last year). The rise, which amounted to RMB5,574,000, was mainly attributable to increase in sales campaigns pushed by the Group in a bid to maintain steady business growth in the long term despite the current sluggish economic environment.

General and administration expenses totalled RMB20,839,000, accounting for 6.5% of revenue (9.1% for the same period last year). The decrease, amounting to RMB811,000, reflected the Group's tighter control over administrative expenses amid the unfavourable market condition.

Liquidity and Financial Resources

To cope with the unfavourable market condition, the Group has tightened control over its cash flow, with a view to boosting its financial security. Net cash inflow from operating activities for the first half of 2009 amounted to RMB 72,310,000, showing significant improvement when compared with a net cash outflow of RMB68,988,000 for the same period last year.

The Group consistently maintained a very liquid position. As at the end of the review period, its bank and cash balances amounted to approximately RMB625 million (31 December 2008: approximately RMB575 million), of which 69% was maintained in Renminbi, 28% in US dollar and 3% in other currencies.

As at 30 June 2009, total assets of the Group amounted to approximately RMB836 million. The assets were financed by equity attributable to equity shareholders of the Company of approximately RMB663 million, minority interests of approximately RMB7 million, and non-current and current liabilities of approximately RMB166 million. There was no bank borrowing or asset held under finance lease as at the end of the review period.

The majority of the turnover, expenses and capital investment is denominated in Renminbi.

Significant Investments and Acquisitions

In accordance with a cooperation agreement signed by the Group and a minority shareholder of the Group's subsidiary Beijing Golden Bridge Senmeng Media Advertising Company Limited ("Golden Bridge Senmeng") on 9 January 2009, the Group acquired 9% of equity interest in Golden Bridge Senmeng from the minority shareholder in early 2009. As a result, the Group's interest in the subsidiary was increased from 51% to 60%. The acquisition was made at an initial consideration of RMB6.52 million. If Golden Bridge Senmeng's profit for the year 2009 reaches a designated amount, an additional consideration of RMB4 million will be paid. Details of the transaction are disclosed in note 9 to the condensed consolidated financial statements.

Human Resources

As at 30 June 2009, the Group had approximately 250 employees in total. We implement remuneration policy that is competitive in the industry, and pay commissions to our sales people and discretionary bonus to our other employees with reference to performance of the Group and individual employees. In order to align the interests of employees with those of shareholders, share options were granted to employees under the Company's share option scheme. Share options granted and remained outstanding at the period end amounted to 17,920,000 units.

INDUSTRY AND GROUP OUTLOOK

The uncertainties surrounding the macro economy that emerged in the second half of 2008 affected China's media advertising industry during the review period. According to an analysis by China Gravitation Media on CVSC-TNS Research's data, "advertising spending on the top four mainstream media amounted to a total of RMB365.1 billion in the first half of 2009, up 16 % year-on-year. TV remained the leader of the media industry, accounting for 87% of the market share, with spending on TV up 19% year-on-year. Coming second was radio, spending on which grew by 14%, followed by magazine, spending on which increased by 4%. However, spending on newspaper shrank by 3%."

The impact on the Group's business of the overall advertising expenditure as mentioned above was more notable in the first quarter. In the second quarter, the Group's business performance improved markedly. During the review period, the Group delivered a revenue growth rate that was notably higher than the overall growth rate of the whole TV advertising sector. This suggested the Group's market share had been expanding. In view of existing data and past experience, together with the economic outlook of various institutions and specialists, the Group is cautiously optimistic about a possible improvement of the TV advertising industry and it expects China's advertising market to rebound from its trough in the second half of 2009.

The Board and management of the Group will maintain and solidify its position as a leading advertising operator in the mainstream media, and will speed up its diversification into the new media as well.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2009, the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of the Mode Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard of dealings set out in the Model Code and its code of conduct regarding securities transactions throughout the six months ended 30 June 2009.

AUDIT COMMITTEE

The Audit Committee has, together with the management of the Company, reviewed the Group's unaudited condensed consolidated financial statements and the interim report for the six months ended 30 June 2009, including the accounting principles and practices adopted by the Group.

On behalf of the Board
SinoMedia Holding Limited
CHEN Xin
Chairman

Hong Kong, 16 September 2009

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.