



中視金橋國際傳媒控股有限公司  
SinoMedia Holding Limited

(incorporated in Hong Kong with limited liability)

Stock code: 623

Interim Report **2009**

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# Corporate Information

## EXECUTIVE DIRECTORS

Mr. Chen Xin  
Ms. Liu Jinlan  
Mr. Li Zongzhou

## NON-EXECUTIVE DIRECTORS

Mr. Zhu Jia  
Mr. Huang Jingsheng

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ding Junjie  
Dr. Qi Daqing  
Mr. Chen Tianqiao

## AUDIT COMMITTEE

Dr. Qi Daqing (*Chairman*)  
Mr. Ding Junjie  
Mr. Huang Jingsheng

## REMUNERATION COMMITTEE

Mr. Chen Xin (*Chairman*)  
Mr. Ding Junjie  
Mr. Chen Tianqiao

## COMPLIANCE COMMITTEE

Mr. Li Zongzhou (*Chairman*)  
Mr. Xu Chong (also known as Xu Songzhen)  
Mr. Chan Oi Nin Derek

## COMPANY SECRETARY

Mr. Chan Oi Nin Derek

## AUTHORISED REPRESENTATIVES

Mr. Chen Xin  
Mr. Chan Oi Nin Derek

## REGISTERED OFFICE OF THE COMPANY

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

## AUDITORS

KPMG

## SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Rooms 1806–1807, 18th Floor, Hopewell Centre,  
183 Queen's Road East, Wanchai, Hong Kong

## INVESTOR RELATIONS CONSULTANT

Hill & Knowlton Asia Ltd

## WEBSITE

[www.sinomedia.com.hk](http://www.sinomedia.com.hk)

## Financial Summary

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

### Revenue by channels:

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

# 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](http://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.

## **FINANCIAL REVIEW** (continued)

### **Revenue and Profit Attributable to Equity Shareholders** (continued)

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.

## Management Discussion and Analysis

### **FINANCIAL REVIEW** (continued)

#### **Revenue and Profit Attributable to Equity Shareholders** (continued)

##### 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 RMB72,310,000, 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.

## FINANCIAL REVIEW (continued)

### 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 10 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.

# Condensed Consolidated Income Statement

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

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

The notes on pages 13 to 20 are an integral part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 15.

# Condensed Consolidated Statement of Comprehensive Income

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

	<b>Six months ended 30 June</b>	
	<b>2009</b> <i>RMB'000</i>	<b>2008</b> <i>RMB'000</i>
<b>Profit for the period</b>	<b>5,452</b>	45,017
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>	<b>(144)</b>	(2,343)
Exchange differences on translation of financial statements of the Company	(144)	(2,343)
<b>Total comprehensive income for the period</b>	<b>5,308</b>	42,674
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>12,214</b>	42,443
Minority interests	<b>(6,906)</b>	231
<b>Total comprehensive income for the period</b>	<b>5,308</b>	42,674

The notes on pages 13 to 20 are an integral part of these financial statements.

# Condensed Consolidated Balance Sheet

As at 30 June 2009 – unaudited  
(Expressed in Renminbi)

	Notes	At 30 June 2009 <b>RMB'000</b>	At 31 December 2008 <b>RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>55,053</b>	54,182
Investment in equity accounted investee		<b>710</b>	843
Deferred tax assets		<b>13,272</b>	6,350
<b>Total non-current assets</b>		<b>69,035</b>	61,375
<b>Current assets</b>			
Trade and other receivables	12	<b>142,108</b>	202,648
Cash and cash equivalents	13	<b>624,760</b>	574,503
<b>Total current assets</b>		<b>766,868</b>	777,151
<b>Total assets</b>		<b>835,903</b>	838,526
<b>Equity</b>			
Share capital		<b>173</b>	173
Reserves		<b>662,338</b>	670,473
<b>Equity attributable to the equity shareholders of the Company</b>		<b>662,511</b>	670,646
<b>Minority interests</b>		<b>6,813</b>	7,419
<b>Total equity</b>		<b>669,324</b>	678,065
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>1,451</b>	1,286
<b>Total non-current liabilities</b>		<b>1,451</b>	1,286
<b>Current liabilities</b>			
Trade and other payables	14	<b>158,748</b>	143,175
Income tax payables		<b>6,380</b>	16,000
<b>Total current liabilities</b>		<b>165,128</b>	159,175
<b>Total liabilities</b>		<b>166,579</b>	160,461
<b>Total equity and liabilities</b>		<b>835,903</b>	838,526
<b>Net current assets</b>		<b>601,740</b>	617,976
<b>Total assets less current liabilities</b>		<b>670,775</b>	679,351

The notes on pages 13 to 20 are an integral part of these financial statements.

# Condensed Consolidated Statement of Changes in Equity

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

	Capital								Minority	Total	
	Share capital	Capital reserves	Share premium	redemption reserve	Statutory reserves	Translation reserves	Other reserves	Retained earnings	Total	interests	equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2008</b>	137	5,457	207,852	16	31,502	10,923	3,992	128,814	388,693	928	389,621
<b>Changes in equity for the six months ended 30 June 2008:</b>											
Share-based payments	—	4,898	—	—	—	—	—	—	4,898	—	4,898
Dividends	—	—	—	—	—	—	—	(89,669)	(89,669)	—	(89,669)
Release of reserves	—	—	—	—	(18,817)	(1,874)	(1,926)	22,617	—	—	—
Total comprehensive income for the period	—	—	—	—	—	(2,343)	—	44,786	42,443	231	42,674
<b>Balance at 30 June 2008 and 1 July 2008</b>	137	10,355	207,852	16	12,685	6,706	2,066	106,548	346,365	1,159	347,524
<b>Changes in equity for the six months ended 31 December 2008</b>											
Issuance of ordinary shares in public offering, net of issuance costs	38	—	253,889	—	—	—	—	—	253,927	—	253,927
Share-based payments	—	2,114	—	—	—	—	—	—	2,114	—	2,114
Acquisition of subsidiaries	—	—	—	—	—	—	242	—	242	6,550	6,792
Contribution from minority shareholders	—	—	—	—	—	—	—	—	—	(242)	(242)
Dividends	—	—	—	—	—	—	—	—	—	(120)	(120)
Share repurchased											
— par value paid	(2)	—	—	—	—	—	—	—	(2)	—	(2)
— premium paid	—	—	—	—	—	—	—	(4,602)	(4,602)	—	(4,602)
— transfer between reserves	—	—	—	2	—	—	—	(2)	—	—	—
Appropriation to reserves	—	—	—	—	12,853	—	—	(12,853)	—	—	—
Total comprehensive income for the period	—	—	—	—	—	(3,412)	—	76,014	72,602	72	72,674
<b>Balance at 31 December 2008 and 1 January 2009</b>	173	12,469	461,741	18	25,538	3,294	2,308	165,105	670,646	7,419	678,065
<b>Changes in equity for the six months ended 30 June 2009:</b>											
Acquisition of minority interest	—	—	—	—	—	—	—	—	—	(2,520)	(2,520)
Share-based payments	—	2,037	—	—	—	—	—	—	2,037	—	2,037
Contribution from minority shareholders	—	—	—	—	—	—	—	—	—	8,820	8,820
Dividends	—	—	—	—	—	—	—	(22,386)	(22,386)	—	(22,386)
Total comprehensive income for the period	—	—	—	—	—	(144)	—	12,358	12,214	(6,906)	5,308
<b>Balance at 30 June 2009</b>	173	14,506	461,741	18	25,538	3,150	2,308	155,077	662,511	6,813	669,324

The notes on pages 13 to 20 are an integral part of these financial statements.

# Condensed Consolidated Cash Flow Statement

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

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

The notes on pages 13 to 20 are an integral part of these financial statements.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1 REPORTING ENTITY

SinoMedia Holding Limited (the "Company") is a company domiciled in Hong Kong. The address of the Company's registered office is Room 1505, 15th Floor, World-wide House, 19 Des Voeux Road Central, Hong Kong. The interim financial report of the Company as at and for the six months ended 30 June 2009 comprises the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is primarily involved in providing nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agents.

## 2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, Interim financial reporting, issued by the International Accounting Standards Board ("IASB"). It was authorised for issuance on 16 September 2009.

The interim financial report has 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 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2008 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"). This interim financial report is unaudited.

The financial information relating to the financial year ended 31 December 2008 that is included in the interim financial report as being previously reported information does not constitute the company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2008 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 16 April 2009.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 3 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 10.

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.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 3 CHANGES IN ACCOUNTING POLICIES (continued)

### (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.

## 4 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.

## 5 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.

## Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

### 6 OTHER INCOME

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

### 7 PROFIT BEFORE INCOME TAX

Profit before taxation is arrived at after charging:

	<b>Six months ended 30 June</b>	
	<b>2009</b> <i>RMB'000</i>	<b>2008</b> <i>RMB'000</i>
Depreciation	<b>1,759</b>	1,222

### 8 INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2009</b> <i>RMB'000</i>	<b>2008</b> <i>RMB'000</i>
Current tax — PRC Income tax	<b>7,909</b>	14,021
Deferred taxation	<b>(6,757)</b>	(324)
	<b>1,152</b>	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.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 9 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).

## 10 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:

	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

## Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

### 11 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).

### 12 TRADE AND OTHER RECEIVABLES

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

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

## Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

### **13 CASH AND CASH EQUIVALENTS**

	<b>At 30 June 2009 <i>RMB'000</i></b>	At 31 December 2008 <i>RMB'000</i>
Cash at bank and in hand	<b>624,760</b>	574,503

### **14 TRADE AND OTHER PAYABLES**

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

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

## Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

### 15 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

	Six months ended 30 June	
	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
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

### 16 NON-ADJUSTING POST BALANCE SHEET EVENTS

#### Capitalisation issue

By a resolution passed at the board meeting held on 21 July 2009, the registered capital of CTV Golden Bridge International Media Company Limited was increased from USD20,000,000 to USD30,000,000 by means of capitalization of undistributed earnings, which represents 99.7% from the Company and 0.3% from Shanghai CTV Golden Bridge International Culture and Communication Company Limited, respectively.

## Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

### 17 COMPARATIVE FIGURES

As a result of the application of revised IAS 1, *Presentation of financial statements*, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 3.

# Other Information

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2009, the interests and short positions of the directors (the "Directors") and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### Interests in shares of the Company

Director	Long/Short position	Nature of interest	Number of shares held	Percentage of the issued share capital
				of the Company
Liu Jinlan	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust (Note 1)	277,349,513	49.15%
Chen Xin	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust (Note 2)	251,428,165	44.55%

### Interests in underlying shares of the Company — share options

The following share options were outstanding under the share option scheme during the period under review:

Director	Number of options outstanding as at 1 January 2009	Number of options granted during period	Number of options exercised during the period	Number of options forfeited during the period	Number of options outstanding as at 30 June 2009	Date of grant	Exercise price	Exercise period
Liu Jinlan	3,200,000	—	—	—	3,200,000	10 July 2007	RMB1.56	Note 4
Li Zongzhou	1,600,000	—	—	—	1,600,000	10 July 2007	RMB1.56	Note 5

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES,  
UNDERLYING SHARES AND DEBENTURES (continued)**

**Interests in associated corporations of the Company**

Director	Associated corporation	Long/ Short position	Nature of interest	Percentage
Chen Xin	Golden Bridge Int'l Advertising Holdings Limited ("Golden Bridge Advertising")	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust (Note 2)	100%
	Golden Bridge International Culture Limited ("Golden Bridge Culture")	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust (Note 2)	100%
	CTV Golden Bridge International Media Co., Ltd. ("CTV Media (Shanghai)")	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust (Note 2, 3)	99.4%
	CTV Golden Bridge International Media Jiangsu Co., Ltd. ("CTV Media (Jiangsu)"; formerly Jiangsu Xinqiao Tongying Advertising and Broadcast Co., Ltd.)	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust (Note 2, 3)	100%
	Golden Bridge Advertising	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust (Note 1)	100%
Liu Jinlan	Golden Bridge Culture	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust (Note 1)	100%
	CTV Media (Shanghai)	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust (Note 1, 3)	99.4%
	CTV Media (Jiangsu)	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust (Note 1, 3)	100%

## Other Information

### **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)**

#### **Interests in associated corporations of the Company (continued)**

Notes:

1. Liu Jinlan is deemed to be interested in 277,349,513 shares of the Company ("Shares"), (1) 203,941,513 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 Chen Xin and Liu Jinlan for the benefit of Chen Xin, Liu Jinlan 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 Liu Jinlan for the benefit of the elder daughter of Chen Xin and Liu Jinlan; (3) 21,565,312 Shares of which are directly held by SinoMedia Investment Ltd, 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 Liu Jinlan for the benefit of her mother and sister; and (4) 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 Chen Xin for the benefit of the younger daughter of Chen Xin and Liu Jinlan.
2. Chen Xin is deemed to be interested in 251,428,165 Shares, (1) 203,941,513 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 Chen Xin and Liu Jinlan for the benefit of Chen Xin, Liu Jinlan 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 Chen Xin for the benefit of the younger daughter of Chen Xin and Liu Jinlan; and (3) 21,565,308 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 Chen Xin for the benefit of his parents.
3. CTV Media (Jiangsu) is wholly owned by CTV Media (Shanghai). The Company owns 99.7% equity interest (previously 99.4%) in CTV Media (Shanghai). The remaining 0.3% equity interest in CTV Media (Shanghai) is owned by Shanghai CTV Golden Bridge International Culture and Communication Company Limited which is ultimately owned by Liu Jinlan and her trustees, namely Liu Menglan and Yan Tiehua, as to 100%.
4. Share options granted to Liu Jinlan at a consideration of RMB0.1 per option are exercisable from 8 January 2009 to 9 July 2015 and subject to the following rules: a maximum of 50% of the total number of the share options granted is exercisable after the elapse of 365 days from the acceptance of the share options; a further maximum of another 25% of the total number of the share options granted is exercisable for every subsequent full year of continuous service with the Company up to eight years from the date of grant.
5. Share options granted to Li Zongzhou at a consideration of RMB0.1 per option are exercisable from 8 January 2009 to 9 July 2015 and subject to the following rules: a maximum of 25% of the total number of the share options granted is exercisable after the elapse of 365 days from the acceptance of the share options; a further maximum of another 25% of the total number of the share options granted is exercisable for every subsequent full year of continuous service with the Company up to eight years from the date of grant.

Save as disclosed above, as at 30 June 2009, none of the Directors and the chief executives of the Company and their associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2009, the interests and short positions of the persons, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company under Section 336 of the SFO were as follows:

<b>Substantial shareholders</b>	<b>Long/Short position</b>	<b>Nature of interests</b>	<b>Total number of ordinary shares held</b>	<b>% of total issued shares</b>
Equity Trustee Limited	Long	Trustee (Note 1)	298,914,821	52.97%
CLH Holding Limited	Long	Corporate interests (Note 1)	203,941,513	36.14%
Golden Bridge Advertising	Long	Corporate interests (Note 1)	203,941,513	36.14%
Golden Bridge Culture	Long	Beneficial interests	203,941,513	36.14%
Bain Capital CTVGB Holding L.P. ("Bain Holding")	Long	Corporate interests (Note 2)	117,624,579	20.84%
Bain Capital CTVGB Holding Ltd. ("Bain Capital")	Long	Beneficial interests	117,624,579	20.84%

Notes:

1. Equity Trustee Limited is deemed to be interested in 298,914,821 Shares, being all the Shares directly held by Golden Bridge Culture, SinoMedia Investment Ltd, Merger Holding Service Company Limited, United Marine Enterprise Company Limited and Digital Finance Service Company Limited, as trustee of certain discretionary trusts. For further details, please also refer to notes (1) and (2) in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".
2. 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.

Save as disclosed above, as at 30 June 2009, no other person (other than a Director or chief executive of the Company whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above) had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register of the Company under Section 336 of the SFO.

## 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.

## Other Information

### 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 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 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 Mode 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