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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL SUMMARY

RMB'000	**For the six months ended 30 June 2011**	For the six months ended 30 June 2010	**Change (%)**
Revenue	**719,939**	599,339	+20%
Profit from operations	**107,853**	34,492	+213%
Profit attributable to equity shareholders of the Company	**72,708**	26,018	+180%
Earnings per share *(RMB)*			
— Basic	**0.128**	0.046	+178%
— Diluted	**0.127**	0.046	+176%

Revenue:

RMB'000	**For the six months ended 30 June 2011**	For the six months ended 30 June 2010	**Change (%)**
Media resources management	**721,941**	585,229	+23%
Brand communication and media procurement services	**6,603**	9,538	-31%
Creative advertisement and content production	**5,070**	10,809	-53%
Sales taxes and surcharges	**(13,675)**	(6,237)	+119%
Revenue	**719,939**	599,339	+20%

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 2011, with comparative figures for previous year.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011
(Expressed in Renminbi)

	Notes	Unaudited Six months ended 30 June 2011 *RMB'000*	Unaudited 2010 *RMB'000*
Revenue		**719,939**	599,339
Cost of services		**(567,055)**	(528,896)
Gross profit		**152,884**	70,443
Other income	*5*	**6,114**	5,987
Selling and marketing expenses		**(25,186)**	(18,379)
General and administration expenses		**(25,959)**	(23,559)
Profit from operations		**107,853**	34,492
Finance income		**4,883**	4,284
Finance costs		**(116)**	(166)
Net finance income		**4,767**	4,118
Share of loss of associates (net of income tax)		**(2,914)**	(443)
Profit before income tax	*6*	**109,706**	38,167
Income tax expense	*7*	**(35,101)**	(9,802)
Profit for the period		**74,605**	28,365
Attributable to:			
Equity shareholders of the Company		**72,708**	26,018
Non-controlling interests		**1,897**	2,347
Profit for the period		**74,605**	28,365
Earnings per share	*8*		
Basic earnings per share *(RMB)*		**0.128**	0.046
Diluted earnings per share *(RMB)*		**0.127**	0.046

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2011
(Expressed in Renminbi)

	Notes	**Unaudited At 30 June 2011** *RMB'000*	Audited At 31 December 2010 *RMB'000*
Non-current assets			
Property, plant and equipment		**54,520**	54,601
Investment property		**3,966**	—
Investment in associates		**17,086**	6,000
Other financial assets		**60,316**	—
Deferred tax assets		**5,276**	8,748
Total non-current assets		**141,164**	69,349
Current assets			
Trade and other receivables	*9*	**388,948**	419,108
Cash and cash equivalents		**776,187**	795,791
Total current assets		**1,165,135**	1,214,899
Total assets		**1,306,299**	1,284,248
Equity			
Share capital		**174**	174
Reserves		**861,119**	848,966
Equity attributable to equity shareholders of the Company		**861,293**	849,140
Non-controlling interests		**5,471**	6,904
Total equity		**866,764**	856,044
Non-current liabilities			
Other financial liability		**13,819**	13,657
Deferred tax liabilities		**1,804**	4,041
Total non-current liabilities		**15,623**	17,698

	Notes	Unaudited At 30 June 2011 *RMB'000*	Audited At 31 December 2010 *RMB'000*
Current liabilities			
Trade and other payables	*10*	**401,613**	369,185
Income tax payables		**22,299**	29,450
Other current financial liability		**—**	11,871
Total current liabilities		**423,912**	410,506
Total liabilities		**439,535**	428,204
Total equity and liabilities		**1,306,299**	1,284,248
Net current assets		**741,223**	804,393
Total assets less current liabilities		**882,387**	873,742

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2011
(Expressed in Renminbi)

	Unaudited	Unaudited
	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Cash generated from operations	**167,391**	215,287
Tax paid	**(41,018)**	(19,889)
Net cash from operating activities	**126,373**	195,398
Net cash used in investing activities	**(79,250)**	(719)
Net cash used in financing activities	**(64,013)**	(14,426)
Net increase/(decrease) in cash and cash equivalents	**(16,890)**	180,253
Cash and cash equivalents at 1 January	**795,791**	323,084
Effect of foreign exchange rates changes	**(2,714)**	(488)
Cash and cash equivalents at 30 June	**776,187**	502,849

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 interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 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 a number of amendments to IFRSs and one new interpretation 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:

- IAS 24 (revised 2009), Related party disclosures
- Improvements to IFRSs (2010)
- IFRIC 19, Extinguishing financial liabilities with equity instruments
- Amendments to IFRIC 14, IAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction — Prepayments of a minimum funding requirement

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The improvements to IFRSs (2010) have had no material impact on the Group's financial statements as the improvements were consistent with policies already adopted by the Group. The other developments have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction and there is no requirement to restate the amounts recorded in respect of previous such transactions.

3 Segment reporting

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has determined and presented a single reportable segment to disclose information as a whole about its services, geographical areas, and major customers.

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, utilisation rates are generally lower in the first half of the year, compared to the second half. On the other hand, cost of services consist 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	
	2011	2010
	RMB'000	*RMB'000*
Government grant	**6,101**	5,982
Others	**13**	5
	6,114	5,987

6 Profit before income tax

Profit before taxation is arrived at after charging:

	Unaudited	Unaudited
	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Depreciation	**2,707**	2,382
Impairment losses on bad and doubtful accounts	**(1,445)**	2,237

7 Income tax expense

	Unaudited	Unaudited
	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Current tax — PRC Income tax	**33,866**	8,452
Deferred taxation	**1,235**	1,350
	35,101	9,802

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 2011 and 2010.

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 RMB72,708 thousand (six months ended 30 June 2010: RMB26,018 thousand) and the weighted average number of ordinary shares of 565,987,400 (2010: 564,996,311).

Profit attributable to ordinary equity shareholders

	Unaudited	Unaudited
	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Profit for the period	**72,708**	26,018
Profit attributable to ordinary equity shareholders	**72,708**	26,018

Weighted average number of ordinary shares

	Unaudited	Unaudited
	Six months ended 30 June	
	2011	2010
	'000	*'000*
Issued ordinary shares at 1 January	**566,838**	564,310
Effect of issues of ordinary shares under share option schemes	**—**	686
Effect of share repurchased	**(851)**	—
Weighted average number of ordinary shares at 30 June	**565,987**	564,996

(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 RMB72,708 thousand (six months ended 30 June 2010: RMB26,018 thousand) and the weighted average number of ordinary shares of 574,144,520 (2010: 567,262,406).

Profit attributable to ordinary equity shareholders (diluted)

	Unaudited	Unaudited
	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Profit attributable to ordinary equity shareholders (basic and diluted)	**72,708**	26,018

Weighted average number of ordinary shares (diluted)

	Unaudited	Unaudited
	Six months ended 30 June	
	2011	2010
	'000	*'000*
Weighted average number of ordinary shares (basic)	**565,987**	564,996
Effect of share options on issue	**8,157**	2,266
Weighted average number of ordinary shares (diluted) at 30 June	**574,144**	567,262

9 Trade and other receivables

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

	Unaudited	Audited
	At 30 June	At 31 December
	2011	2010
	RMB'000	*RMB'000*
Less than three months	**40,227**	74,495
Three months to six months	**22,759**	44
Six months to one year	**5,179**	—
Trade debtors and bills receivables, net of impairment losses	**68,165**	74,539
Prepayments to media suppliers	**275,788**	303,344
Deposits	**31,897**	31,202
Advances to employees	**5,405**	3,804
Others	**7,693**	6,219
	388,948	419,108

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.

10 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 2011 *RMB'000*	Audited At 31 December 2010 *RMB'000*
Due within 3 months or on demand	**116,292**	130,949
Advances from customers	**266,991**	201,605
Payroll and welfare expenses payables	**6,144**	11,266
Other tax payables	**(3,323)**	18,801
Other payables and accrued charges	**15,253**	6,548
Dividends payable due to non-controlling interests of a subsidiary	**256**	16
	401,613	369,185

11 Dividends

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

	Unaudited	Unaudited
	Six months ended 30 June	
	2011 *RMB'000*	2010 *RMB'000*
Final dividend in respect of the previous financial year, paid of approximately RMB5.6 cents per share (six months ended 30 June 2010: approximately RMB3 cents per share)	**31,112**	17,786
Special dividend in respect of the previous financial year, paid of approximately RMB5.6 cents per share	**31,112**	—
	62,224	17,786

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT THE GROUP

Since 2011, according to the future strategic development priorities set out by the Board of Directors, SinoMedia has adopted an organization model aimed at maintaining rapid growth in the long run. These initiatives involve speeding up our investments in up-stream channels, content and technological platform of the value chain of the media industry, including the media applications of mobile Internet, by leveraging our leading position in operations such as media resources management and creative advertisement production. In following this strategy, the Group aims to become a leading media corporation in China with a focus on building and developing four core businesses, namely, the media resources management, new media investment and integration, creative advertisement and content production, and brand communication services.

BUSINESS REVIEW

I. Media resources management

The Group enjoys notable advantages over other industry players on China Central Television Station's ("**CCTV**") media resources management. Being one of the operators with the most abundant CCTV advertising resources, we have been listed among "CCTV's Top Ten Advertising Agencies" for many consecutive years.

During the period under review, the Group renewed its current exclusive underwriting contracts and acquired additional exclusive underwriting rights, which consolidated and strengthened the Group's position as a leading CCTV advertising resources underwriter. The Group had approximately 20,715 minutes of advertising time resources for a total of 36 programmes on seven channels including CCTV-1 (General)/News Channel, CCTV-2 (Finance), CCTV-4 (Chinese International, including Europe and US), CCTV-5 (Sports), CCTV-7 (Military and Agriculture) and CCTV-NEWS (English), representing a year-on-year growth of 7% in terms of total minutes of advertising time.

Continuing Operations

The Group's continuing operations cover the advertising resources in "Night News (晚間新聞)" on CCTV-1 (General), "News 30' (新聞 30 分)" on CCTV-1 (General)/News Channel, "China News (中國新聞)", "Across the Strait (海峽兩岸)" and "All-Day Package (全天時段套)" on CCTV-4 (Chinese International, including Europe and US), seven programmes including "Zhi Fu Jing (致富經)", "Focus on the Three Agricultural Issues (聚焦三農)"and "Daily Agricultural News (每日農經)" on CCTV-7 (Military and Agriculture), and all programmes on CCTV-NEWS (English News) in 2011.

New Operations

1. CCTV-2 (Finance)

   The Group acquired new exclusive advertising underwriting rights to "Make More Money (生財有道)" on CCTV-2 (Finance). This programme is aired at around 18:40 on a daily basis from Monday to Friday, featuring stories of how people manage their money and create wealth. Based on the positioning of the finance channel as a "window to the financial policy, guide for investment and wealth management", the programme narrates stories on how to get rich and provides information on how to create wealth. It has been one of the channel's most highly rated programmes.

2. CCTV-4 (Chinese International, including Europe and US)

   Two programmes, namely "Exposition of Chinese Culture Relics (國寶檔案)" and "China Showbiz (中國文藝)", were added to the Group's exclusive underwriting advertising resources. These new advertising resources enabled the Group to offer more flexible and higher quality advertising solutions to clients, rendering the Group a more dominant position among underwriters for CCTV-4 (Chinese International).

3. CCTV-5 (Sports)

   The Group acquired the exclusive advertising underwriting rights to "Weather Forecast" during the "Sports News" programme on CCTV-5 (Sports). This programme is aired on prime time at 7:25 and 8:25 in the morning and 18:28 in the evening. A CSM Media Research study on 35 city groups' programme time in 2010 shows that the average ratings were 0.39% and the ratings surged when a significant sports event was aired. The Group believes that the substantial number of sports loving audience among this programme's viewership will be effective in enriching the Group's existing advertising resources, so that we can satisfy the advertising needs of different clients.

II. New media investment and integration

The Group strongly believes that the Internet, especially mobile Internet, will significantly influence the media industry and will enjoy dramatic growth in the next decade. As such, as it develops into a leading media corporation in China, SinoMedia will continue to pay particular attention to developments in the new media. Several key strategic investments were made or completed during the period, including investments in *www.lotour.com*, FoneNet Inc. ("**100TV**") and Beijing Zhongtoushixun Cultural Media Co., Ltd. ("**Zhongtoushixun**"). Details are set out as follows:

1. www.lotour.com

In December 2010, the Group entered into an agreement with Beijing Lotour Internet Technology Co., Ltd. to establish a joint venture for the exclusive operation of *www.lotour.com*, the largest Internet portal for the travel industry. During the period under review, the Group successfully completed its investment in this joint venture.

By promoting tourism brands and image of cities, SinoMedia has opened up a new niche in China's advertising industry. In the past 12 years and following the idea of "introducing Chinese cities to the world and letting the world discover the beauty of Chinese cities", SinoMedia has set the trend of promoting culture and image of Chinese cities. Utilising case studies on the promotion of cities over the years, SinoMedia initiated the publication of the "Research Report on City Brands Communication", setting an industry standard for cities' brand communication.

www.lotour.com is a leading online portal site for travel industry in China. Integrating the respective communication advantages on TV and the Internet of the joint venture partners, the investment in *www.lotour.com* will enrich the communication channels and means for cities and tourist attractions, and enhance the Group's resources advantages in city-oriented tourism. This cooperation has strengthed the Group's foundation to offer more effective TV and Internet advertising portfolio services to clients engaged in the promotion of city-oriented tourism.

2. *100TV*

With the investment in 100TV completed in July 2011, the Group became the third largest shareholder of 100TV and appointed a member with preferred voting rights to join its board of directors. 100TV is one of the largest mobile TV platforms and service providers in China, focusing on the development of mobile TV technology and video players, and has obtained business licenses for telecommunications and information services and value-added telecommunications services. 100TV's investors include well-known international institutions such as Cisco and iD TechVenture. 100TV is an industry leader in terms of its business scale and operational capabilities and has established full network business relationships with major telecommunications operators in China. It is committed to providing mobile subscribers with a full range of integrated mobile TV services in China.

3. *Zhongtoushixun*

The Group's acquisition of 5% stake in Zhongtoushixun was completed in July 2011. With the China Internet Information Center holding the controlling stake, Zhongtoushixun is a mobile TV operator that is responsible for the production of audio and visual content for CNLive's mobile TV platform, as well as mobile TV services through the mobile communication network. The company also provides video services to its subscribers through the Internet. Zhongtoushixun is well experienced in value-added services operation in mobile Internet and possesses technological expertise in mobile TV. Its sales revenue and market share in the mobile TV market have grown substantially since 2010, making it a leader in the mobile TV industry.

During the period under review, the three projects mentioned above did not yet deliver profit contribution to the Group. The Group expects to nurture the market with the project co-operators and develop the Group's integration and operation capability in the related new media sector in the next one year and a half. Given the promising outlook of the aforementioned projects and our good expectation on the increasing synergy of our operations in the future, the Group believes that these sectors will soon become new revenue drivers of the Group after two years, and will play a positive role in the Group's growth in the long run.

III. Creative advertisement and content production

1. *Creative production services for commercial advertising*

   Since establishment, the Group has created numerous advertisement projects that feature creativity and high value. We possess extensive implementation experience in project planning, brand creativity, visual design and filming of advertisement. Facing a wide range of client demands, the Group has accumulated creative advertisement production experience at all levels and has produced a large quantity of excellent advertising commercials. During the period, the Group won several prestigious awards both domestically and internationally. At the same time, the Group's total number of client and order placement had also experienced significant growth.

2. *Production and syndication of public service creative advertising*

   The Group's wholly owned subsidiary Beijing Taihe Ruishi Culture and Media Company Limited is the only operator in China that has a nationwide public service advertising broadcast network of 140 regional television channels. This platform not only helps SinoMedia to increase its influence in the creative production sector, but also supplements the Group's existing advertising media resources. With the trend of emphasizing public services for corporate branding, through the creativity, shooting and production of public service advertisements and the syndication of the advertisements to a wide range of regional television channels, this platform has attracted the interest of a large number of clients, bringing in increasing sponsorship revenue from corporate clients.

IV. Brand communication and media procurement services

In order to satisfy clients' different needs, in addition to recommending advertising placement on our exclusive underwritten media resources, SinoMedia also offers a full range of campaign strategy and execution services that target our clients' brand communication needs. A comprehensive advertising procurement system that includes coverage on CCTV, regional television channels, digital media, print media and outdoor media placement is in place. This system includes brand positioning, media strategy and procurement execution. During the period, this business achieved significant growth in turnover.

Besides providing brand communication services in China, the Group is the first domestic company in the industry to strategically expand into the international media domain. In 2011, we entered into cooperation agreements with MediaCorp from Singapore and CNBC, the world's largest financial TV, becoming their advertising agency in Mainland China. Expansion into the international media domain at the right time and pace not only demonstrates the Group's strategic development towards internationalisation, but also enables Chinese clients to develop global business with effective brand and advertising exposure in overseas markets through our abundant and high quality domestic and international media resources. This also allows the Group to gain firsthand experience from international broadcasting services, paving ways for further development.

1. *MediaCorp's TV channels*

   The Group has become the master advertising agent for MediaCorp Pte Ltd's TV channels in China since January 2011. As the largest media group in Singapore, MediaCorp's flagship TV channels include Singapore's most popular local channels, as well as Channel NewsAsia which is broadcast throughout the entire Asia Pacific region.

2. *CNBC Finance TV*

   In August 2011, the Group entered into a cooperation agreement with CNBC, the world's leading finance TV channel, becoming its exclusive advertising sales representative in Mainland China. The Group believes that collaboration with CNBC will enable us to offer our Chinese customers a more effective channel for international brand communication. Headquartered in the US, CNBC provides in-depth financial market analysis, real-time market data and important business information to more than 380 million households worldwide. Its speed and practical information and in-depth market analysis are well regarded by the business professionals around the world.

FINANCIAL REVIEW

Revenue and Profit Attributable to Equity Shareholders of the Company

For the six months ended 30 June 2011, the Group recorded a revenue of RMB719,939 thousand, up 20.1% from RMB599,339 thousand for the same period last year. The increase in revenue was mainly attributable to the followings:

I. Before the deduction for sales taxes and surcharges, revenue recorded from media resources management was RMB721,941 thousand, up 23.4% from RMB585,229 thousand year-on-year. The sustained revenue growth in this business was attributable to the continuous improvement in the sales performance of TV advertising time, with an increase in the advertising time of key exclusive underwritten resources sold, as compared with the same period last year. The Group managed to promote sales by enhancing sales efforts, offering a more diversified product portfolio and strengthening regional sales and promotional initiatives. Besides, the Group continued to enhance our professional services provided for clients from the consumer goods, finance and insurance, and tourism industries.

II. The Group increased efforts in promoting and nurturing brand communication and media procurement services during the period under review. Before the deduction for sales taxes and surcharges, turnover from our procurement of external media resources for clients amounted to RMB474,766 thousand, representing an increase of 66.4% year-on-year. According to International Accounting Standards, as the Group handles media procurement for clients in the role of an agency, only net commission after the deduction of related procurement costs is recognized as the Group's revenue. Media procurement service revenue was 6,603 thousand (the first half of 2010: RMB9,538 thousand). The decline in revenue despite the increase in turnover was mainly due to the fact that the commission income from TV stations receivable in 2011 was only booked in July this year as a result of a lag in the settlement of media accounts, while the corresponding commission income receivable in 2010 had been accounted for in the first half of 2010. Excluding this factor, the media procurement service revenue recorded during the period under review would have been higher than that of the same period last year. In view of the order placements on hand, it is expected that the revenue of this business will continue to grow throughout the year.

III. Before the deduction for sales taxes and surcharges, creative advertisement and content production revenue was RMB5,070 thousand, down RMB5,739 thousand from RMB10,809 thousand year-on-year. This revenue included revenue from production services for commercial advertising and revenue from the production and distribution of advertisements by the nationwide public service advertising broadcast network. During the period under review, the Group successfully won several large commercial advertisement production projects through creative proposals and competitive presentation, and achieved a significant increase in contract amounts compared to the same period last year. Since the service cycle of some major production projects are longer and were yet to be completed as at 30 June 2011, production revenue recognized during the period was only RMB465 thousand, compared to RMB5,102 thousand during the same period last year. It is expected that this revenue will increase as the aforementioned large scale production projects are gradually completed in the second half of 2011. The nationwide public service advertising broadcast network continued to develop favorably, recording revenue similar to that of the same period last year.

As the revenue recorded from media resources management business grew significantly, while the cost of services and operating expenses were maintained at reasonable levels, the profit attributable to equity shareholders of the Company for the six months ended 30 June 2011 rose to RMB72,708 thousand, representing a significant increase by 179.5% from RMB26,018 thousand year-on-year.

Operating Expenses

For the six months ended 30 June 2011, the Group's overall operating expenses increased by RMB9,207 thousand from the same period last year to RMB51,145 thousand, accounting for 7.1% of the Group's revenue (first half of 2010: 7.0%). Of these expenses, selling and marketing expenses amounted to RMB25,186 thousand, representing an increase of RMB6,807 thousand year-on-year and accounting for 3.5% of the Group's revenue (first half of 2010: 3.1%). One reason for the increase in selling and marketing expenses was the rise in personnel expenses (including the rise in the sales staff's performance linked remuneration) of approximately RMB2,367 thousand as a result of the significant increase in sales during the period under review. In addition, the Group restructured the existing business segments in the first half this year, and increased promotional and marketing efforts for our products. Expenses relating to the stepped up promotional and marketing efforts as well as production costs increased by approximately RMB3,746 thousand year-on-year. General and administration expenses amounted to RMB25,959 thousand, representing an increase of RMB2,400 thousand from the same period last year and accounting for 3.6% of the Group's revenue (first half of 2010: 3.9%). The Group maintained strong and effective management of our general and administration expenses while achieving continuous growth in operating scale.

The Group will further improve and perfect our overall budget management system for operating costs in an aim to maintain the percentage of cost to revenue within a reasonable range.

Liquidity and Financial Resources

During the period under review, the Group maintained adequate working capital and a robust financial position.

As at 30 June 2011, the Group's cash and bank balances amounted to RMB776,187 thousand (as at 31 December 2010: RMB795,791 thousand), of which 95% was denominated in Renminbi and 5% in US dollars.

During the period under review, the net cash inflow from operating activities amounted to RMB126,373 thousand (first half of 2010: RMB195,398 thousand). While the Group's revenue increased significantly, our receivables still remained at a relatively low level, which was attributable to our appropriate receivables management and stringent control over advertising payments to prevent unreasonable delays. As at period end, the total balance of trade and bills receivables amounted to RMB68,165 thousand, net of impairment losses (as at 31 December 2010: RMB74,539 thousand). During the period under review, the net cash outflow from investing activities amounted to RMB79,250 thousand. The Group optimized and diversified our investment allocation in the first half of 2011, and invested in several key investment projects. Thus, the net cash used in investing activities saw a significant increase over the same period last year. Besides, as a reward for shareholders, final and special dividends amounting to a total of 62,464 thousand were declared in 2010. These dividends were fully paid in the first half of 2011. As a result, cash outflow from financing activities during the period under review was higher than the same period last year.

As at 30 June 2011, the Group's total assets amounted to RMB1,306,299 thousand, which were financed by equity attributable to equity shareholders of the Company of RMB861,293 thousand, and non-controlling interest of RMB5,471 thousand. As at period end, there were no bank borrowings or assets held under financial lease.

The majority of the turnover, expenses and capital investments of the Group are denominated in RMB.

Human Resources

As at 30 June 2011, the Group had over 350 employees in total. We implement a remuneration policy that is competitive in the industry, and pay commissions to our sales people and discretionary bonuses to our other employees in view of the 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 schemes. Share options that have been granted and remained unexercised as at the end of the review period amounted to 35,432,500 units. At the same time, we continued to provide employees with benefits like insurance, medial check-ups and various training courses with a view to maintaining the Group's competitiveness.

INDUSTRY AND GROUP OUTLOOK

With respect to the entire advertising market, according to CTR Market Research's advertisers research study over the years, 51%, 66% and 73% of advertisers showed their willingness to increase advertising spending in the respective years between 2009 and 2011. The growth momentum in the advertising industry will remain strong this year. The Group therefore maintains a positive outlook for the advertising market in 2011 and 2012.

According to report conducted by CTR Market Research entitled "China's Advertising Market Review During the First Half of 2011", during the first six months of 2011, total TV advertising spending grew by an average of 14%. With respect to the total advertising time sold by different levels of TV channels during the period, state-level channels rose by 0.35%, being the only category with an increase in advertising time sold. Thus, the Group's strategy of maintaining CCTV as our core resources will remain unchanged.

As China's economy stands out in the international arena, more Chinese enterprises and cities will seize this opportunity to expand internationally. From our perspective, the demand for international brand communication will gradually increase. To cater to these demands, the Group will not only continue to strengthen our business with Chinese mainstream English channels such as CCTV-NEWS, but will also continue to explore opportunities for collaboration with well-established overseas TV channels.

More importantly, the development and integration of the media in recent years provides advertisers with a wide range of choices. According to the "28th Statistical Report on Internet Development in China" published by the China Internet Network Information Center (CNNIC), as of the end of June 2011, China had a total of 485 million Internet users and 318 million mobile Internet users. To provide clients with a more comprehensive range of communication services, the Group will continue to pay particular attention to and put more effort into digital media, especially the mobile Internet media, and will actively develop high quality resources in the new media industry. We believe that this will lay a solid foundation for our rapid growth in the long run.

From the perspective of the industry's overall development trend, we consider that the boundary between traditional media, advertising and public relations companies are becoming blurred while media integration accelerates. The tools and means of communication will be restructured in the digital era to create new marketing models and techniques. In view of this, the Group will continue to enhance our input to the expansion and integration of various links of the value chain, including new media investment and integration, creative content production and syndication, as well as brand communication services. During this process, we will actively promote our wide range of media operation domains and business expansion.

We believe that with the continued growth of China's economy and the opportunity in the vibrant domestic media industry, the Board of Directors, the management and the Group's entire team will all aim at realizing the mission of becoming a leading media corporation in China and worldwide. With the Group's concerted effort and proactive attitude, we will continue to deliver the best investment returns to our shareholders.

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

During the six months ended 30 June 2011, the Company repurchased 851,000 ordinary shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at an aggregate price of HK$2,151,110. The repurchased shares had been cancelled subsequently in July 2011. The details of the repurchased shares are as follows:

Day/Month/Year	**Number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate price paid**
		HKD	*HKD*	*HKD*
22/06/2011	322,000	2.47	2.39	786,290
23/06/2011	325,000	2.57	2.47	822,110
24/06/2011	50,000	2.54	2.54	127,000
27/06/2011	1,000	2.61	2.61	2,610
29/06/2011	140,000	2.70	2.70	378,000
30/06/2011	13,000	2.70	2.70	35,100
	851,000			2,151,110

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2011, the Company had complied with all the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**"), save for the deviation from code provision B.1.1 which provides that a majority of the members of the remuneration committee should be independent non-executive directors. Since 20 May 2011, after the retirement of Mr. Chen Tianqiao from being an independent non-executive director and a member of the remuneration committee of the Company, the committee has only two members, one of whom is an independent non-executive director. The Board is in the process of identifying a replacement member of the remuneration committee of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions.

Having been made specific enquiry, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2011.

AUDIT COMMITTEE

The Audit Committee has, together with the management of the Company, reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2011, including the accounting principles and practices adopted by the Group.

On behalf of the Board
SinoMedia Holding Limited
CHEN Xin
Chairman

Hong Kong, 25 August 2011

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. He Hui David as non-executive directors and Mr. Ding Junjie, Mr. Qi Daqing and Mr. Lian Yuming as independent non-executive directors.