

[For immediate release]



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

## SinoMedia Announces 2008 Interim Results

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### Revenue & Operating Profit Surged 51.9% & 187.4% Respectively

HONG KONG, 17 September 2008 – **SinoMedia Holding Limited** (“SinoMedia” or the “Company”; SEHK: 623), a leading privately-owned media advertising operator in China providing nationwide TV advertising coverage for clients on China Central Television (“CCTV”) and other TV channels, today announced the unaudited consolidated financial results of the Company for the six months ended 30 June 2008.

#### Key Highlights

- ❖ Total revenue of RMB 238,613,000, a 51.9% increase from RMB 157,114,000 recorded for the same period last year, while revenue of advertising services on CCTV channels surged 66.1% to RMB 235,007,000
- ❖ Operating profit amounted to RMB 53,373,000, representing a year-on-year increase of 187.4%
- ❖ Gross profit margin increased to 29.7%
- ❖ Net profit attributable to shareholders of the Company was RMB 44,786,000, 20.5 times over the corresponding period last year
- ❖ Basic earnings per share was RMB 0.104 (1H 2007: RMB 0.005)
- ❖ The Company successfully listed on the Main Board of the Hong Kong Stock Exchange on 8 July 2008, raising net proceeds of approximately HK\$ 286 million in total

In the first set of results after listing for the six months ended 30 June 2008, SinoMedia was able to achieve a total revenue of RMB 238,613,000, a 51.9% increase from RMB 157,114,000 recorded for the same period last year. The satisfactory performance was attributable mainly to the Company’s efforts on purchasing more TV advertisement time for key programmes from CCTV and the rise in the average selling price of advertisement time.

During the reporting period, the Company’s operating profit amounted to RMB 53,373,000, representing a year-on-year increase of 187.4%. With management’s solid experience and

profound insight in China's media industry, the Company accurately foresaw a drop in advertising expenditure in the regional advertising market as a result of the impact of the Beijing Olympics 2008. The Company has accordingly decreased the amount of resources allocated to the regional media. In addition, through accurate analysis of customers' needs, the Company adjusted the resources allocation and sales mix, leading to an increase in the gross profit margin to 29.7% from 24.3% recorded in the corresponding period last year. The net profit attributable to shareholders was RMB 44,786,000, 20.5 times over RMB 2,081,000 in the same period last year.

Mr. Chen Xin, Chairman of the Company, said, "2008 is a milestone year for SinoMedia. Our successful listing on the Main Board of the Hong Kong Stock Exchange further strengthened our financial base. Internationally renowned investment firm Bain Capital and other international institutional investors were attracted as shareholders to support the Company's long term growth. This marked a new chapter for our development and enabled us to gain access to international capital market. Coupled with our leading position in China's media advertising market, we are well positioned to penetrate further the fast growing media advertising market in China."

## **BUSINESS REVIEW**

Despite the fact that the earthquake in Sichuan of China had affected the whole advertising industry in the country, with the management's professional knowledge in China's media market and sales efforts, the Company still maintained excellent performance in terms of the business results of advertising services on CCTV channels. Before deducting sales taxes and surcharges, the revenue of the Company's advertising services on CCTV channels surged 66.1% to RMB 235,007,000 in the first half of 2008 as compared to the previous period.

According to "International Advertising" magazine, SinoMedia is one of the largest privately-owned underwriters of TV advertisement time for CCTV, with substantial media resources and underwriting rights to advertisement time on CCTV-1, CCTV-2, CCTV-4 and CCTV-9. During the reporting period, the Company purchased 18,511 minutes on CCTV, representing a 22% increase from 15,175 minutes acquired in the same period in 2007. The Company sold a total of 5,107 minutes of advertisement time, a 16.7% rise from 4,378 minutes for the corresponding period in 2007.

### *CCTV-1 News Channel*

"Media Headline" is a leading morning news programme of CCTV-1 and the Company has the right to sell its advertisement time. During the reporting period, the Company exclusively

sold 674 minutes of advertisement time on CCTV-1, amounting to an increase of 27.7% year-on-year. The satisfactory result is a reflection of the Company's efforts in strengthening its position in the tourism market.

#### *CCTV-2*

The Company has the right to sell the advertisement time of "China Finance Report (中國財經報導)" of CCTV-2. For the first half of 2008, the length of advertisement time on CCTV-2 exclusively sold by the Company grew 30.2% year-on-year to 124 minutes.

#### *CCTV-4*

"Across the Strait (海峽兩岸)", "Fate (緣分)", "7 pm Drama Series (19 點電視劇)" and "Happy Hour Around the World (同樂五洲)" are among the top 10 rating programmes of CCTV-4 which the Company has exclusive rights to sell their advertisement time. During the reporting period, the Company analysed customers' demand carefully and designed a number of products to match peak and non-peak hours, leading to 24.5% year-on-year growth in TV advertisement time to 3,055 minutes.

#### *CCTV-9*

CCTV-9 is the only 24-hour English-language TV channel of CCTV. For the period ended 30 June 2008, the Company's revenue from sales of advertisement time on CCTV-9 grew 32.6% year-on-year, while utilisation rate decreased by 3.5%. This indicates that the Company's years of efforts in promoting the CCTV-9 market have started to pay off, with customers beginning to recognize the channel's communication value and to make investment.

#### *Regional media*

During the reporting period, the Company accurately grasped the mainland's advertising environment and changed the resources allocation. Fewer resources were invested in the regional media in a bid to avoid the negative impact brought about by the shrinkage of the infomercial programmes. Meanwhile, the Company has signed more flexible sales agreements with regional media resources suppliers, including Jiangsu TV City Channel and Shenzhen Satellite TV Channel. The agreements effectively reduced business risk while maintaining the stability of the Company's media supply. As at 30 June 2008, the Company had RMB 5,936,000 in advertising income from the regional media. Gross loss of the regional media decreased significantly to RMB 3,106,000 this year from RMB 7,515,000 last year. The fall proves the Company's efforts in boosting efficiency and sales ability in the regional media. The Company will further upgrade the professional standard of the sales teams of regional media and refine its sales strategy for the regional media, in a bid to make the regional media business one of the Company's key growth drivers.

### *Other business operations*

While offering exclusive advertising services during the first half of 2008, the Company also maintained other business operations. During the period, RMB 4,890,000 was generated from other business operations, including agency and other services provision. This compares with RMB 2,457,000 for the same period in 2007.

### **FUTURE OUTLOOK**

China has the highest number of TV viewers in the world. With the continuous growth of its GDP and the persistent increase in income and consumption, China's media industry continues to develop rapidly. With the mainland's industry policy becoming more open, competition in the media industry is set to be more intense than ever. We believe that China's media industry will see further consolidation. As one of the leading privately-owned underwriters of TV advertisement time for CCTV, SinoMedia will benefit from the consolidation and will continue to fortify its leading position in the media advertising industry in China.

SinoMedia was successfully listed on The Stock Exchange of Hong Kong Limited in July 2008. Looking ahead, we will continue to strengthen collaboration with CCTV, regional TV stations and the digital media to further enrich its media resources and boost the Company's profitability and core competitiveness in the industry. Meanwhile, the Company is on the lookout for new opportunities in the new media, including the Internet and mobile phones, with a view to building strategic partnerships with other advertising operators to complement existing operations.

Mr. Chen Xin, Chairman of the Company, said, "With a population of over 1.3 billion and as one of the fastest growing economies, China contains immense opportunities in the media advertising market. We will be committed to our corporate mission and strive to become a leading advertising operator in China, providing first-class services to customers and creating value for shareholders."

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## **APPENDIX 1: CONDENSED CONSOLIDATED INCOME STATEMENT**

For the six months ended 30 June 2008

	Unaudited Six months ended 30 June <u>2008</u>	Unaudited Six months ended 30 June <u>2007</u>
	RMB'000	RMB'000
Revenue	238,613	157,114
Cost of services	<u>(167,687)</u>	<u>(118,938)</u>
<b>Gross profit</b>	<b>70,926</b>	<b>38,176</b>
Other income	13,566	36
Selling and marketing expenses	(9,469)	(7,179)
General and administration expenses	<u>(21,650)</u>	<u>(12,461)</u>
<b>Profit from operations</b>	<b>53,373</b>	<b>18,572</b>
Finance income	5,341	1,693
Finance expenses related to convertible redeemable preference shares	-	(14,397)
Other finance expenses	<u>-</u>	<u>(434)</u>
<b>Net finance expense</b>	<b>5,341</b>	<b>(13,138)</b>
<b>Profit before income tax</b>	<b>58,714</b>	<b>5,434</b>
Income tax expense	<u>(13,697)</u>	<u>(3,482)</u>
<b>Profit for the period</b>	<b><u>45,017</u></b>	<b><u>1,952</u></b>
<b>Attributable to:</b>		
Equity holders of the Company	44,786	2,081
Minority interests	<u>231</u>	<u>(129)</u>
<b>Profit for the period</b>	<b><u>45,017</u></b>	<b><u>1,952</u></b>
<b>Earnings per share</b>		
Basic earnings per share (RMB)	0.104	0.005
Diluted earnings per share (RMB)	0.100	0.005