

[For immediate release]



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

## SinoMedia Achieved Encouraging Results Amid the Challenging Business Environment

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### Revenue & Net Profit Surged by 53.1% & 185.5% Respectively

HONG KONG, 16 April 2009 – **SinoMedia Holding Limited** (“SinoMedia” or the “Group”; stock code: 623), a leading privately-owned media advertising operator in China providing nationwide TV advertising coverage for clients on China Central Television (“CCTV”) and other media advertising resources, today announced its audited annual results for the year ended 31 December 2008.

#### Financial Highlights

	<u>For the year ended 31 Dec</u>		
	<u>2008</u> <i>(audited)</i>	<u>2007</u> <i>(audited)</i>	<u>Change</u>
Total CCTV ad time purchased (minutes)	<b>33,526</b>	32,704	+2.5%
Total CCTV ad time sold (minutes)	<b>11,572</b>	10,450	+10.7%
Utilisation rate – CCTV (%)	<b>35%</b>	32%	+3pts
<i>(RMB\$ '000)</i>			
Turnover	<b>558,356</b>	364,702	+53.1%
Gross profit	<b>222,689</b>	126,845	+75.6%
Profit from operations	<b>159,712</b>	79,630	+100.6%
Net profit attributable to shareholders of the Group	<b>120,800</b>	42,316	+185.5%
Basic earnings per share (RMB)	<b>0.243</b>	0.098	+148.0%
GP margin (%)	<b>39.9%</b>	34.8%	+5.1pts
NP margin (%)	<b>21.6%</b>	11.6%	+10.0pts
Net asset value (RMB million)	<b>671</b>	389	+72.5%
Cash position (RMB million)	<b>575</b>	352	+63.4%

## **Key Performance Highlights**

- ❖ The Group successfully listed on the Main Board of the Hong Kong Stock Exchange on 8 July 2008, raising net proceeds of approximately RMB254 million
- ❖ Added CCTV-7 to media resources portfolio with additional approximately 4,800 minutes of exclusive advertisement time per year, valid for five years from 1 January 2009 to 31 December 2013
- ❖ Obtained exclusive rights for online advertisements on the news page (新聞頻道) of www.cctv.com for next five years
- ❖ Revenue and net profit surged by 53.1% and 185.5%, respectively; while gross profit margin and net profit margin improved from 34.8% to 39.9% and from 11.6% to 21.6%, respectively
- ❖ Maintained stable accounts receivable and payable days of 50 days and 30 days respectively (2007: 51 days and 51 days)
- ❖ Healthy balance sheet and rich cash position

## **Results Summary**

For the year ended 31 December 2008, SinoMedia was able to achieve a total revenue of RMB558,356,000, a 53.1% increase from RMB364,702,000 recorded in 2007. The satisfactory performance was attributable mainly to the rise in the average selling price of advertisement time and the Group's efforts on selling more TV advertisement time of key programmes on CCTV.

Net profit attributable to shareholders of the Group in 2008 amounted to RMB120,800,000, representing a year-on-year increase of 185.5%. The substantial improvement on the financial performance was mainly attributable to (1) the surge in revenue from the operation of CCTV's media resources; (2) other income amounting to RMB14,157,000; and (3) regional media operation having achieved a break-even this year when compared to the RMB12,877,000 loss in 2007.

The Board recommended a final dividend of 4.5 HK cents (equivalent to approximately 3.96 RMB cents) per share.

Mr. Chen Xin, Chairman of the SinoMedia, said, "2008 was a year of accomplishments for SinoMedia. We were successfully listed on the Stock Exchange of Hong Kong Limited, and also celebrated the 10th anniversary of the founding of the Group. Our successful listing enabled us to obtain new source of capital resources, and coupled with our leading position in China's media advertising market, we are poised to penetrate further the fast growing media advertising market in China."

## **Business Review**

To further enrich its media resources and profitability, SinoMedia adopts a proactive yet prudent approach in the acquisition of advertisement resources by making reference to the economic situations both internationally and in China, as well as the sales direction of potential clients.

At the end of 2008, the Group signed a contract with CCTV-7 to acquire the exclusive underwriting rights to approximately 4,800 minutes of CCTV-7's advertising time per year, valid for five years from 1 January 2009 to 31 December 2013. The advertising time 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)", as well as an advertising slot of 1.5 minutes every night. CCTV-7 enjoys a high household penetration rate of 85.7%, ranking the second in China. Benefited from the increasing emphasis of the "three agricultural issues" by the Central Government, CCTV-7 is poised to become the best platform for various commercial brands to tap consumer markets in different provinces and cities.

SinoMedia also expanded its digital media advertisement resources during the year under review. On 31 December 2008, the Group signed an agreement with CCTV International Network Co., Ltd. to obtain the exclusive rights to sell all the advertisement resources on the news page (新聞頻道) of the only official CCTV information internet portal, www.cctv.com for five years between 1 January 2009 and 31 December 2013.

In 2008, the Group had 33,526 minutes of advertisement time on CCTV (2007: 32,704 minutes), and the CCTV programmes owned by the Group showed consistent improvements in terms of viewer ratings and level of satisfaction of audience:

### ***CCTV-1 / News Channel***

"Media Headline (媒體廣場)" is the only newspaper reading programme on CCTV-1 news channel and delivers the latest daily news of nearly 100 authoritative media outlets across the country. The advertisement time of the programme exclusively owned by the Group grew by 4% from 1,282 minutes in 2007 to approximately 1,333 minutes in 2008.

### ***CCTV-2***

The Group has the right to sell the advertisement time of "China Finance Report (中國財經報導)" of CCTV-2. In 2008, the Group had the underwriting rights to around 264 minutes of advertisement time of the programme, which was consistent with that in 2007.

### **CCTV-4**

SinoMedia had the rights to sell the advertisement time of 33, or nearly 50%, of CCTV-4's programmes, with approximately 15,900 minutes of advertisement time in 2008. During the year, the Group extended the 2009 CCTV-4 underwriting contract which added one more programme for CCTV-4.

### **CCTV-9**

CCTV-9 is the English-language international channel of CCTV. In light of the persistent international financial crisis and China's domestic economic situation, the Group has decided not to renew the contract after it expired on 31 December 2008.

### ***Regional media***

To boost the efficiency and sales ability in the regional media, SinoMedia has signed more flexible sales agreements with regional media resources suppliers in 2008, including Jiangsu TV City Channel and Shenzhen Satellite TV Channel. The Group achieved a break-even in this segment when compared to the RMB12,877,000 loss in 2007.

### ***Other significant investments and acquisitions***

To enhance its existing businesses and broaden revenue base, SinoMedia have made a couple of strategic investment initiatives during the year. On 25 October 2008, the Group entered into a framework agreement with two other parties to establish a joint venture for the operation of a nationwide public service advertisement broadcast platform.

In addition, the Group has contributed capital to a joint venture to acquire a controlling stake for the operation and management of the advertisement resources of CCTV-7.

### **Future Outlook**

Looking ahead, the business environment in the media industry is set to become more challenging and volatile in 2009. Poor market sentiment and weakened confidence in the consumer market brought about by the recent financial crisis will overshadow the market, thus affecting the business for all enterprises. However, China's economy is expected to maintain a stable and relatively fast growth under the recent stimulus packages proposed by the Central Government. Investment and domestic consumption in both urban and rural regions are expected to be boosted by proactive government policies and thus ensuring a stable demand for advertising time on TV channels.

The Group has continued to establish a highly efficient platform for brand communication through the consolidation of its resources, including more than 50 quality programmes on CCTV-1, 2, 4 and 7, the news page of [www.cctv.com](http://www.cctv.com), the nationwide public service advertisement broadcast platform, and such magazines as “Tourism (旅遊)” and “China Radio, Film & TV (中國廣播影視)”. In addition, the Group strives to enhance the utilisation rate of existing mainstream media resources, while seeking to expand its regional TV businesses by means of forging joint venture, collaboration with partners and acquisition. Such initiatives aim at enriching the Group’s already versatile media resource system and create synergy so as to maintain steady growth.

“In view of the changing external factors as well as the improving competitiveness of the Group, we remain prudently optimistic about the outlook of the industry for the next two years and have high confidence in the mid-to-long term business development. With strong support from CCTV as our respectable long-term business partner, and our diverse advertising client base, extensive management experience and strong brand recognition in the marketplace, we will continue to strive to offer the best advertising service to our clients, and to deliver the best values to our shareholders and business partners”, Mr. Chen Xin said.

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## **CONDENSED CONSOLIDATED INCOME STATEMENT**

For the year ended 31 December 2008

	<b><u>2008</u></b>	<b><u>2007</u></b>
	RMB'000	RMB'000
Revenue	558,356	364,702
Cost of services	<u>(335,667)</u>	<u>(237,857)</u>
<b>Gross profit</b>	<b>222,689</b>	<b>126,845</b>
Other income	14,157	36
Selling and marketing expenses	(26,912)	(16,532)
General and administration expenses	<u>(50,222)</u>	<u>(30,719)</u>
<b>Profit from operations</b>	<b>159,712</b>	<b>79,630</b>
Finance income	6,761	3,045
Finance expenses related to convertible redeemable preference shares	--	(26,453)
Other finance expenses	<u>(13,920)</u>	<u>(200)</u>
<b>Net finance expense</b>	<b>(7,159)</b>	<b>(23,680)</b>
Share of profit of equity accounted investees (net of income tax)	<u>(107)</u>	<u>-</u>
<b>Profit before income tax</b>	<b>152,446</b>	<b>56,022</b>
Income tax expense	<u>(31,343)</u>	<u>(13,247)</u>
<b>Profit for the year</b>	<b><u>121,103</u></b>	<b><u>42,775</u></b>
<b>Attributable to:</b>		
Equity holders of the Company	120,800	42,316
Minority interests	<u>303</u>	<u>459</u>
<b>Profit for the year</b>	<b><u>121,103</u></b>	<b><u>42,775</u></b>
<b>Earnings per share</b>		
Basic earnings per share (RMB)	0.243	0.098
Diluted earnings per share (RMB)	0.243	0.096