

[For immediate release]



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

## **SinoMedia Achieved Strong 2010 Annual Results**

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### **Revenue and net profit surged by 79.1% and 62.5% respectively**

HONG KONG, 23 March 2011 – **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 Station (“CCTV”) and other media advertising resources, today announced its annual results for the year ended 31 December 2010.

#### **Highlights**

- ❖ Delivered above-industry growth rate with revenue and profit attributable to owners of the Company up 79.1% and 62.5% year-on-year respectively
- ❖ Extensive media resources with approx. 52,737 minutes of advertising time of 45 programmes in CCTV-1/13, 4, 7 and CCTV-NEWS
- ❖ Businesses with CCTV-7 and nationwide public service advertising broadcast network recorded increased revenue and improved utilization rates
- ❖ Maintained solid balance sheet and strong cash position
- ❖ Further consolidated and expanded media resources to strengthen the Group’s highly efficient platform for brand communications
- ❖ Proposed a final dividend of HK6.6 cents per share (2009: HK3.6 cents per share) and a special dividend of HK6.6 cents per share (2009: nil)

For the year ended 31 December 2010, the Group recorded a revenue of RMB1,373,173 thousand, up 79.1% from RMB766,804 thousand last year. The increase in revenue was mainly attributable to the significant increase in average selling price of the advertisement time of the Group’s core CCTV advertising agency business, the continuous expansion of new clientele, and the increasing sales revenue and improving utilization rates from CCTV-7 agency business and nationwide public service advertising broadcast network.

Backed by the Group’s ability to achieve sustainable growth for its core operations and to expand market share, the Group recorded an advertising service revenue of RMB 1,396,783 thousand before deduction for sales taxes and surcharges, which represents a 81% increase when compared to last year. Agency service revenue amounted to RMB9,875 thousand.

Driven by the satisfactory gross profit margin of the new advertising resources, profit attributable to owners of the Company was RMB158,064 thousand in 2010, up 62.5% from

RMB97,245 thousand last year. Thanks to the Group's promotion and marketing efforts to new clients, and the clients' gradual acceptance for the significant increase in the new advertising prices in 2010, the Group continued to record an improved gross profit margin, which rose from 11.8% in the first half of 2010 to 34.7% the second half of 2010. As of 31 December 2010, the Group has already sold in advance its advertisement time of 2011 for an amount of over approximately RMB950 million, a record high since the Group's inception.

During the year under review, the Group continued to strengthen its cost control efforts to maintain a relatively low level of expenses as a percentage of revenue. The Group's selling and marketing expenses amounted to RMB67,493 thousand, accounting for 4.9% of the Group's revenue. Excluding the impairment losses on bad and doubtful debts, general and administration expenses amounted to RMB55,576 thousand, accounting for 4.0 % of the total revenue.

The Group is always committed to providing attractive returns for its shareholders and maintaining a stable dividend policy. In view of the Group's continuing strong liquidity, the board of directors recommended a final dividend of HK6.6 cents per share (2009: HK3.6 cents per share) and a special dividend of HK6.6 cents per share (2009: nil) to shareholders.

Mr. Chen Xin, Chairman of SinoMedia, said, "On the back of the growing economy and robust media and advertising industry in China, the Group was able to deliver solid results and generated remarkable growth in 2010. We also continued to strengthen our core advertising business and enrich media resources by fostering our cooperation with CCTV, completing a number of investments and acquisitions, as well as establishing new partnerships. It enabled us to offer customers an enhanced quality advertising platform with better customer service capability."

## **BUSINESS REVIEW**

During the year under review, the Group had the underwriting rights to approximately 52,737 minutes of the advertising time of 45 programmes on CCTV-1/ CCTV-13, CCTV-4, CCTV-7, and CCTV-NEWS. This represented a year-on-year increase of 129%.

Meanwhile, the Group continues to refine and enrich its media resources in accordance with changes in advertising market. Media resources of the Group in 2010 and the newly acquired media resources in 2011 are as follows:

### **CCTV-1 (General)**

During the year under review, the Group has the exclusive underwriting rights to the advertisement time of "Night News (晚間新聞)" on CCTV-1, and "News 30' (新聞 30分)" on CCTV-1/ CCTV-13. The Group renewed the contracts for the exclusive underwriting rights to the advertising resources of "Night News" and "News 30'" in 2011. It also enjoys the priority over renewing the contracts in 2012.

### **CCTV-2 (Finance)**

In 2011, the Group added the exclusive rights to sell the advertising resources of "Make More Money (生財有道)" for a term of one year.

### **CCTV-4 (Chinese International, including Europe and the US)**

During the year under review, the Group has the exclusive underwriting rights to the advertisement time of "China News Package(中國新聞套)", "Across the Strait (海峽兩岸)" and "Walk Through China (走遍中國)", which cover the entire prime time from 20:00 to 22:00. The Group also holds the exclusive underwriting rights to a number of advertisement time slots comprising the "All-Day Package (全天時段套)" on CCTV-4.

In 2011, the Group renewed the exclusive underwriting contracts to the advertising resources of "Across the Strait", "China News Package" and "All-Day Package" with the priority over renewing the contracts in 2012. In light of clients' demand and market conditions, the management decided not to renew the underwriting contract for the programme "Walk Through China". Instead, it added the full-year exclusive rights to sell the advertising resources of "Exposition of Chinese Culture Relics (國寶檔案)" and "China Showbiz (中國文藝)".

### **CCTV-5 (Sports)**

In 2011, the Group acquired the exclusive underwriting rights to the advertising resources of "Weather Forecast (天氣預報)" in Sports News on CCTV-5.

### **CCTV-7 (Military and Agriculture)**

During the year under review, the Group has the exclusive underwriting rights to the advertisement time of seven programmes on CCTV-7, 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 exclusive rights are valid until 31 December 2013.

### **CCTV-NEWS**

The Group signed a contract with CCTV in 2010, which entitles the Group the exclusive underwriting rights to the advertising resources of all programmes on CCTV-NEWS, the English news channel of CCTV. The Group renewed the exclusive underwriting contracts in 2011, and enjoys the priority over renewing the contracts in 2012.

### **Nationwide Public Service Advertising Broadcast Network**

The Group will continue to expand the business of nationwide public service advertising broadcast network, which covers 120 local TV channels with the advertisement time of each

channel covering no less than 30 seconds of evening prime time.

### **MediaCorp**

The Group entered into a media agency agreement with a wholly-owned subsidiary of MediaCorp Pte Ltd ("MediaCorp"), under which the Group has become the master advertising agent of MediaCorp's TV channels in China.

### **Beijing Lotour**

Tapping into the fast-growing Internet advertising market, the Group established a joint venture with Beijing Lotour Internet Technology Co., Ltd. in December 2010 for the exclusive operation of the largest Internet portal for travel industry in China, [www.latour.com](http://www.latour.com).

### **Other Investments and Acquisitions**

In November 2010, SinoMedia acquired a combined 55% equity interest in Beijing Taihe Ruishi Culture and Media Company Limited and the remaining 40% interest in Golden Bridge Senmeng Media Advertising Co., Ltd.. Upon the completion of the acquisitions, the two companies, which are already making profit contribution, will become the wholly-owned subsidiaries of the Group.

### **Outlook**

Looking ahead to 2011, it is expected that the media and advertising industry in China to continue its steady growth on the back of continuous improvements in the economy and improving consumer confidence. The TV sector will continue to go strong amid the emergence of new media.

"To drive future success, we will continue to actively explore strategic development opportunities to enrich and strengthen our media resources, as well as providing more comprehensive advertising services to our customers. With our diverse client base, extensive management experience and strong reputation in the marketplace, we will seize the growth opportunities in the industry to create greater present and long-term value for our shareholders and business partners." Mr. Chen said.

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For further information, please contact Hill and Knowlton Asia Ltd.:

Crystal Yip      Tel: (852) 2894 6211 / 9720 6445; [crystal.yip@hillandknowlton.com.hk](mailto:crystal.yip@hillandknowlton.com.hk)

Gary Li            Tel: (852) 2894 6239 / 9652 9002; [gary.li@hillandknowlton.com.hk](mailto:gary.li@hillandknowlton.com.hk)

## **CONSOLIDATED INCOME STATEMENT**

For the year ended 31 December 2010

	<u>2010</u>	<u>2009</u>
	RMB'000	RMB'000
Revenue	1,373,173	766,804
Cost of services	<u>(1,033,979)</u>	<u>(542,729)</u>
<b>Gross profit</b>	<b>339,194</b>	<b>224,075</b>
Other income	6,098	4,663
Selling and marketing expenses	(67,493)	(29,060)
General and administration expenses	<u>(68,820)</u>	<u>(78,771)</u>
<b>Profit from operations</b>	<b>208,979</b>	<b>120,907</b>
Finance income	20,960	6,000
Finance costs	<u>(7,406)</u>	<u>(354)</u>
<b>Net finance income</b>	<b>13,554</b>	<b>5,646</b>
Share of loss of equity accounted investees (net of income tax)	<u>(584)</u>	<u>(259)</u>
<b>Profit before income tax</b>	<b>221,949</b>	<b>126,294</b>
Income tax expense	<u>(55,598)</u>	<u>(37,407)</u>
<b>Profit for the year</b>	<b><u>166,351</u></b>	<b><u>88,887</u></b>
<b>Attributable to:</b>		
Owners of the Company	158,064	97,245
Non-controlling interest	<u>8,287</u>	<u>(8,358)</u>
<b>Profit for the year</b>	<b><u>166,351</u></b>	<b><u>88,887</u></b>
<b>Earnings per share</b>		
Basic earnings per share (RMB)	0.279	0.172
Diluted earnings per share (RMB)	0.278	0.172