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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL SUMMARY

RMB'000	**For the year ended 31 December 2010**	For the year ended 31 December 2009	**Change (%)**
Revenue	**1,373,173**	766,804	+79.1%
Profit from operations	**208,979**	120,907	+72.8%
Profit attributable to owners of the Company	**158,064**	97,245	+62.5%
Earnings per share *(RMB)*			
— Basic	**0.279**	0.172	+62.2%
— Diluted	**0.278**	0.172	+61.6%
Proposed dividends per share *(HK cents)*			
— Final	**6.6**	3.6	
— Special	**6.6**	Nil	

Revenue by sales channels:

RMB'000	**For the year ended 31 December 2010**	For the year ended 31 December 2009	**Change (%)**
Advertising service	**1,396,783**	773,443	+80.6%
— CCTV	**1,387,719**	769,063	+80.4%
— Regional TV	**8,974**	3,245	+176.5%
— Others	**90**	1,135	-92.1%
Agency service	**9,875**	17,762	-44.4%
Sales taxes and surcharges	**(33,485)**	(24,401)	+37.2%
Revenue	**1,373,173**	766,804	+79.1%

The Board of directors (the "Board") of SinoMedia Holding Limited ("SinoMedia" or the "Company") is pleased to announce the audited results and financial position of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010, with comparative figures for previous year.

Consolidated Income Statement

For the year ended 31 December 2010

	Notes	**2010**	2009
		RMB'000	*RMB'000*
Revenue		**1,373,173**	766,804
Cost of services		**(1,033,979)**	(542,729)
Gross profit		**339,194**	224,075
Other income		**6,098**	4,663
Selling and marketing expenses		**(67,493)**	(29,060)
General and administration expenses		**(68,820)**	(78,771)
Profit from operations		**208,979**	120,907
Finance income		**20,960**	6,000
Finance costs		**(7,406)**	(354)
Net finance income		**13,554**	5,646
Share of loss of equity accounted investees (net of income tax)		**(584)**	(259)
Profit before income tax	3	**221,949**	126,294
Income tax expense	4	**(55,598)**	(37,407)
Profit for the year		**166,351**	88,887
Attributable to:			
Owners of the Company		**158,064**	97,245
Non-controlling interest		**8,287**	(8,358)
Profit for the year		**166,351**	88,887
Dividends	5	**62,944**	17,832
Earnings per share	6		
Basic earnings per share (RMB)		**0.279**	0.172
Diluted earnings per share (RMB)		**0.278**	0.172

Consolidated Statement of Financial Position

At 31 December 2010

	Notes	2010 *RMB'000*	2009 *RMB'000*
Assets			
Property, plant and equipment		**54,601**	57,062
Investment in equity accounted investee		**6,000**	584
Other financial asset		**—**	11,031
Deferred tax assets		**8,748**	9,779
Non-current assets		**69,349**	78,456
Trade and other receivables	7	**419,108**	515,466
Cash and cash equivalents		**795,791**	323,084
Current assets		**1,214,899**	838,550
Total assets		**1,284,248**	917,006
Equity			
Share capital		**174**	173
Reserves		**848,966**	736,300
Equity attributable to owners of the Company		**849,140**	736,473
Non-controlling interest		**6,904**	5,465
Total equity		**856,044**	741,938
Liabilities			
Other non-current financial liability		**13,657**	18,155
Deferred tax liability		**4,041**	2,315
Non-current liabilities		**17,698**	20,470

	Notes	2010 RMB'000	2009 RMB'000
Trade and other payables	8	**369,185**	134,917
Current taxation		**29,450**	19,681
Other current financial liability		**11,871**	—
Current liabilities		**410,506**	154,598
Total liabilities		**428,204**	175,068
Total equity and liabilities		**1,284,248**	917,006
Net current assets		**804,393**	683,952
Total assets less current liabilities		**873,742**	762,408

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to owners of the Company										
	Share Capital *RMB'000*	Share premium *RMB'000*	Capital redemption reserve *RMB'000*	Capital reserve *RMB'000*	Statutory reserve *RMB'000*	Translation reserve *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interest *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2009	173	461,741	18	12,469	25,538	3,294	2,308	165,105	670,646	7,419	678,065
Share-based payments	—	—	—	4,945	—	—	—	—	4,945	—	4,945
Acquisition of non-controlling interest	—	—	—	—	—	—	(1,813)	—	(1,813)	(2,520)	(4,333)
Contribution from non-controlling interest	—	—	—	—	—	—	—	—	—	9,025	9,025
Appropriation to reserves	—	—	—	—	12,197	—	—	(12,197)	—	—	—
Dividends	—	—	—	—	—	—	—	(22,386)	(22,386)	(101)	(22,487)
Expected consideration to be paid for the acquisition of non-controlling interest	—	—	—	—	—	—	(11,646)	—	(11,646)	—	(11,646)
Total comprehensive income for the year	—	—	—	—	—	(518)	—	97,245	96,727	(8,358)	88,369
Balance at 31 December 2009	173	461,741	18	17,414	37,735	2,776	(11,151)	227,767	736,473	5,465	741,938
Share-based payments	—	—	—	3,362	—	—	—	—	3,362	19	3,381
Acquisition of non-controlling interest	—	—	—	—	—	—	1,813	(35,436)	(33,623)	(6,867)	(40,490)
Dividends	—	—	—	—	—	—	—	(17,786)	(17,786)	—	(17,786)
Appropriation to reserves	—	—	—	—	17,482	—	—	(17,482)	—	—	—
Exercise of share options	1	6,665	—	(2,746)	—	—	—	—	3,920	—	3,920
Total comprehensive income for the year	—	—	—	—	—	(1,270)	—	158,064	156,794	8,287	165,081
Balance at 31 December 2010	**174**	**468,406**	**18**	**18,030**	**55,217**	**1,506**	**(9,338)**	**315,127**	**849,140**	**6,904**	**856,044**

Consolidated Cash Flow Statement

For the year ended 31 December 2010

	2010	2009
	RMB'000	*RMB'000*
Cash flows from operating activities		
Profit for the year	**166,351**	88,887
Adjustments for:		
Depreciation	**5,012**	4,118
Gain on sale of property, plant and equipment	**303**	—
Income tax expense	**55,598**	37,407
Finance costs	**7,373**	354
Finance income	**(20,889)**	(6,000)
Share of loss of equity accounted investee	**584**	259
Equity-settled share-based payments	**3,381**	4,945
	217,713	129,970
Change in trade and other receivables	**97,083**	(312,818)
Change in trade and other payables	**232,668**	(8,334)
	547,464	(191,182)
Income tax paid	**(43,072)**	(36,126)
Net cash from (used in) operating activities	**504,392**	(227,308)
Cash flows from investing activities		
Interest received	**3,835**	3,542
Proceeds from sale of property, plant and equipment	**755**	—
Acquisition of property, plant and equipment	**(3,571)**	(6,818)
Payment for purchase of investment in equity accounted investee	**(6,000)**	—
Net cash used in investing activities	**(4,981)**	(3,276)
Cash flows from financing activities		
Capital contribution from non-controlling interests	**—**	8,820
Acquisition of non-controlling interests	**(11,820)**	(6,520)
Shares issued under share option scheme	**4,172**	—
Dividends paid	**(17,786)**	(22,386)
Net cash used in financing activities	**(25,434)**	(20,086)
Net increase (decrease) in cash and cash equivalents	**473,977**	(250,670)
Cash and cash equivalents at the beginning of the year	**323,084**	574,503
Effect of exchange rate fluctuations on cash held	**(1,270)**	(749)
Cash and cash equivalents at the end of the year	**795,791**	323,084

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board 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 financial statements have been prepared on the historical cost basis except that derivative financial instruments are measured at fair value.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

2 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.

3 Profit before income tax

Profit before income tax is arrived at after charging:

	2010	2009
	RMB'000	*RMB'000*
Impairment losses on bad and doubtful accounts	**13,244**	34,166
Depreciation	**5,012**	4,118
Professional fee	**2,397**	2,729
Auditors' remuneration	**2,800**	2,874
Operating lease rental charges	**3,477**	4,106

4 Income tax expense

	2010	2009
	RMB'000	*RMB'000*
Current tax expense		
Provision for PRC income tax	**52,841**	39,807
Deferred tax expense		
Temporary differences	**2,757**	(2,400)
Total income tax expense	**55,598**	37,407

No provision has been made for Hong Kong profits tax as the Company did not earn any income subject to Hong Kong profits tax during the year.

The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of the Group entities in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

5 Dividends

	2010	2009
	RMB'000	*RMB'000*
Dividends declared after the balance sheet date:		
Proposed final dividend of HK6.6 cents (equivalent to approximately RMB5.6 cents per ordinary share (2009: HK3.6 cents, approximately RMB3 cents)	**31,472**	17,832
Proposed special dividend of HK6.6 cents (equivalent to approximately RMB5.6 cents) per ordinary shares (2009: nil)	**31,472**	—
	62,944	17,832

The final dividend and special dividend proposed after the balance sheet date have not been recognised as a liability at the balance sheet date.

6 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity owners of the Company of RMB158,064 thousand (2009: RMB97,245 thousand) and the weighted average of 565,716 thousand ordinary shares (2009: 564,310 thousand shares) in issue during the year, calculated as follows:

Profit attributable to ordinary equity shareholders	**2010**	2009
	RMB'000	*RMB'000*
Profit for the year	**158,064**	97,245
Profit attributable to ordinary equity shareholders	**158,064**	97,245

Weighted average number of ordinary shares	**2010**	2009
	'000	*'000*
Issued ordinary shares at 1 January	**564,310**	564,310
Effect of issues of ordinary shares upon exercise of share options	**1,406**	—
Weighted average number of ordinary shares at 31 December	**565,716**	564,310

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB158,064 thousand (2009: RMB97,245 thousand) and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 569,298 thousand shares (2009: 564,325 thousand shares), calculated as follows:

Profit attributable to ordinary equity shareholders (diluted)	**2010**	2009
	RMB'000	*RMB'000*
Profit attributable to ordinary equity shareholders (basic and diluted)	**158,064**	97,245

Weighted average number of ordinary shares (diluted)	**2010**	2009
	'000	*'000*
Weighted average number of ordinary shares (basic)	**565,716**	564,310
Effect of share options on issue	**3,582**	15
Weighted average number of ordinary shares (diluted) at 31 December	**569,298**	564,325

7 Trade and other receivables

		2010	2009
	Note	***RMB'000***	*RMB'000*
Trade and bills receivables	(i)	**134,654**	88,630
Less: Impairment losses on bad and doubtful accounts	(i)	**(60,115)**	(46,871)
		74,539	41,759
Prepayments and deposits to media suppliers		**334,546**	468,030
Advances to employees		**3,804**	4,116
Other debtors		**5,240**	1,561
Interest receivables		**979**	—
		419,108	515,466

(i) Included in trade and other receivables are trade and bills receivables with the following ageing analysis as of the reporting date:

	2010		2009	
	Gross	**Impairment**	Gross	Impairment
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Less than three months	**74,495**	**—**	32,713	—
Three months to six months	**3,624**	**3,580**	2,326	153
Six months to one year	**486**	**486**	18	—
More than one year	**56,049**	**56,049**	53,573	46,718
	134,654	**60,115**	88,630	46,871

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.

8 Trade and other payables

	Note	2010 RMB'000	2009 RMB'000
Trade and bills payables	(i)	**130,949**	13,087
Payroll and welfare expenses payables		**11,266**	2,367
Other compulsory payables		**—**	2,717
Other tax payables		**18,801**	2,500
Other payables and accrued charges		**6,548**	3,355
Dividends payable due to non-controlling interest of a subsidiary		**16**	16
		167,580	24,042
Advances from customers		**201,605**	110,875
		369,185	134,917

(i) An ageing analysis of trade and bills payables is as follows:

	2010 RMB'000	2009 RMB'000
Due within three months or on demand	**130,949**	13,087
	130,949	13,087

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the "2010 CCTV Contracting Advertising Underwriting Rights Tender" held in November 2009, the Group successfully acquired the prime advertising resources (in terms of ratings and favourable air time) in CCTV-1, and further strengthened and enhanced its core advertising resources of evening programmes on CCTV-4 and CCTV-7.

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 (Chinese International, including Europe and the US), CCTV-7 (Military and Agriculture), and the English news channel CCTV-NEWS. This represented a year-on-year increase of 129%. Details of specific channels and programmes are as follows:

CCTV (General)

The Group has the exclusive underwriting rights to the advertisement time of "Night News (晚間新聞)" on CCTV-1 (General), and "News 30' (新聞30分)" on CCTV-1/CCTV-13.

"Night News" is one of the longest-run and the most influential CCTV programmes. It has been around for more than two decades since its launch in 1985. The programme is aired during the prime time from 22:00 to 22:25. Consisting of four parts, namely "Current Affairs (時政要聞)", "Domestic News (國內報導)", "World News (世界報導)" and "Sports News (體育報導)", the programme caters to the needs of high-end viewers in large and medium-sized cities for swift access to daily news. With the deepening of CCTV's reforms in the past two years, "Night News", being an authoritative news programme of CCTV, strives to become the second dominant news programme. This has fully-realized the mission of CCTV to emphasize on "news + infotainment".

Established in April 1995, "News 30'" has become one of the top 10 CCTV programmes soon after its inception. Its innovative and versatile news reporting style has won plaudits and appreciation from viewers. For years, its rating has remained at a steady level, being a peak in the daytime. According to the latest survey by CTR Market Research on the satisfaction level for CCTV news programmes (source: CTR Market Research Co. Ltd., June 2010), "News 30'" ranked the second in terms of viewers' satisfaction level, trailing closely behind "China Central News Daily (新聞聯播)".

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

The Group holds the exclusive underwriting rights to the advertisement time of three programmes, namely "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.

The Chinese international channel of CCTV-4 is characterized by "news" and "culture". Based in China, it has an international outlook and excels in reporting news, commenting on current affairs and disseminating information in a timely and impartial manner. The high professional standard and authoritative nature of its news reports have won widespread recognition. Promoted under the slogan of "Watch CCTV-4 to Learn About Big Issues", CCTV-4 is the natural choice for viewers at home and abroad.

CCTV-7 (Military and Agriculture)

The Group holds 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 has signed a contract with CCTV, which entitles the Group the exclusive underwriting rights to the advertising resources of all programmes on CCTV-NEWS, the English news channel of CCTV.

SINOMEDIA'S MEDIA RESOURCES IN 2011

The Group continues to refine and enrich its media resources in accordance with changes in advertising market, with a view to offering customers a quality advertising platform.

Media resources which the Group has acquired for 2011 are as follows:

CCTV-1 (General)

The Group has renewed the contracts for the exclusive underwriting rights to the advertising resources of the two programmes on CCTV-1, namely "Night News" and "News 30". It also enjoys the priority over renewing the contracts in 2012.

CCTV-2 (Finance)

The Group added the exclusive rights to sell the advertising resources of "Make More Money (生財有道)" (formerly known as "Finance Management (理財在線)" and renamed as "Make More Money" in December 2010) on CCTV-2 (Finance), for a term of one year from 1 January to 31 December 2011. Launched in September of 2009, the programme features how people manage their money and create wealth. With a focus on new business owners, it tells the stories of different people venturing into new businesses and creating wealth, and also offers substantial information on ways to build up one's wealth. The programme is widely regarded as "a dark horse" among finance TV programmes.

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

The Group has renewed the contracts with CCTV for the exclusive underwriting rights to the advertising resources of "Across the Strait", "China News Package" and "All-Day Package" on CCTV-4 (Chinese International, including Europe and the US). The Group also enjoys 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)". The adjustment to the underwriting rights to different programmes is set to attract new clients and offer existing clients a broader portfolio of programmes which they can choose to suit their advertising campaigns. The acquisition of the exclusive underwriting rights to the advertising time of the above five programmes (including packages) enables the Group to enjoy a dominant position on the exclusive underwriting rights to the advertising resources of the entire Chinese international channel of CCTV-4.

CCTV-5 (Sports)

The Group has acquired the exclusive underwriting rights to the advertising resources of "Weather Forecast (天氣預報)" in Sports News on CCTV-5, for a term of one year from 1 January to 31 December 2011.

The programme's air time falls on prime time, at 7:25 and 8:25 in the morning and 18:28 in the evening. Its average rating amounted to 0.39% in 2010 (Source: a study into 35 cities in Mainland China conducted by CVSC-Sofres Media), and tends to go up significantly when major events are on. The Group believes that the large number of young viewers of the programme will effectively enrich the clientele of its existing media resources and fulfil different advertising needs of its clients.

CCTV-7 (Military and Agriculture)

The Group continues to hold the exclusive underwriting rights to all advertising resources of seven programmes on CCTV-7, including "Zhi Fu Jing", "Daily Agricultural News", and "Focus on the Three Agricultural Issues". The exclusive rights are valid until 31 December 2013.

With the support of national agricultural policies, the growing consumption power of rural village residents, as well as the concessionary measures such as allowances for rural villagers to buy electrical appliances, cars and construction materials, the consumer market in first-tier counties and townships is set to grow continuously. As the only national-level agricultural channel, CCTV-7 is expected to gain even wider recognition among advertisers.

CCTV-NEWS

The Group has renewed its contracts with CCTV for the exclusive underwriting rights to the advertising resources of all programmes on CCTV-NEWS, the English news channel, and enjoys the priority over renewing the contracts in 2012.

Under the current media outlet setting, the Group believes that CCTV-NEWS, the only English news channel of CCTV, will effectively complement the Group's advertising resources on CCTV-4, the Chinese international channel of CCTV, and thereby effectively enrich the Group's advertising packages.

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. These advertising resources provide customers an opportunity to establish their brand and corporate image at a cost lower than the general TV commercial advertisements.

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 (including Channel NewsAsia and other TV channels) in China.

MediaCorp is Singapore's largest media company, with platforms spanning television, radio, newspapers, magazines, movies, digital and out-of-home media. Channel NewsAsia, one of the first Asian-owned English news channels with a regional reach, is widely influential in Singapore and has an audience of some 29 million households and hotel rooms in more than 20 territories across Asia. The partnership represents an important milestone of the Group's expansion into the international markets.

In summary, by renewing existing contracts and acquiring additional exclusive underwriting rights to prime advertising time of key programmes on CCTV-1, CCTV-2, CCTV-4, CCTV-5, CCTV-7 and CCTV-NEWS, the Group has more advertising time available for sale to its clients (including advertisers and advertising agents) in 2011. In addition, it will be able to offer clients a wider variety of product portfolio options to fit clients' advertising and promotion campaigns. This will definitely help to enhance the Group's revenue and to create greater values for its shareholders.

FINANCIAL REVIEW

Revenue and Profit Attributable to Owners of the Company

For the year ended 31 December 2010, the Group recorded a revenue of RMB1,373,173 thousand, up 79% from RMB766,804 thousand last year. The increase in revenue was mainly attributable to: (1) a significant increase in average selling price of the advertisement time of the Group's core CCTV advertising agency business; (2) the continuous expansion of new clientele; (3) CCTV-7 agency business and nationwide public service advertising broadcast network have moved from a start-up stage to a growth period and recorded increases in revenue due to improved utilization rates.

It includes:

(a) Before deduction for sales taxes and surcharges, advertising service revenue of RMB1,396,783 thousand, up 81% from RMB773,443 thousand last year. The continuous increase in advertising service revenue has proved the Group's ability to achieve sustainable growth for its core operations and to expand market share.

(b) Before deduction for sales taxes and surcharges, agency service revenue of RMB9,875 thousand, down 44% from RMB17,762 thousand year-on-year. During the year, the Group acquired a significant amount of new advertising resources through tender and negotiation. With a view to generating higher returns, the Group devoted more resources and time to promote and nurture its exclusive underwritten resources, which in turn reduced the input to its agency service business. However, agency service revenue is expected to return to its normal level amid growing customer demand and the Group's expansion in the future.

For the year ended 31 December 2010, profit attributable to owners of the Company was RMB158,064 thousand, up 63% from RMB97,245 thousand last year. The increase was mainly driven by the satisfactory gross profit margin of the new advertising resources while more revenue was derived from the new advertising resources. The gross profit margin for the first half and second half of 2010 amounted to 11.8% and 34.7% respectively. The gross profit margin for the second half of the year was much higher than that for the first half due to the usual seasonal factors, the increasing achievements of 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. This growth momentum continues and, as a result, up to 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.

Operating Expenses

For the year ended 31 December 2010, the Group's selling and marketing expenses amounted to RMB67,493 thousand, accounting for 4.9% of the Group's revenue (3.8% for the previous year). Reasons for the increase in selling and marketing expenses are: (1) Following the sharp increase in revenue, performance-based payroll of sales personnel (rose by RMB10,960 thousand year-on-year) increased. (2) For the year under review, the number of new programmes of which the Group has the exclusive underwriting rights for their advertising resources accounted for more than half of the total number of the Group's underwritten programmes. In order to shorten the start-up stage, the Group stepped up its efforts for the promotion of the new advertising resources and strove to obtain a better understanding of customers' demands through organizing dozens of media promotion activities during the year (the annual average was less than three in the past). The Group also conducted market research and industry analyses at various stages. Such promotional activities led to an increase of RMB21,474 thousand in selling and marketing expenses. Nonetheless, the Group's investment in the promotion and marketing campaigns laid a solid foundation for achieving satisfactory results for the year and generating good profits for its shareholders.

For the year ended 31 December 2010, the Group's general and administration expenses amounted to RMB68,820 thousand, representing a decrease of RMB9,951 thousand over last year. 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 (5.8 % in 2009). Despite the significant increase in revenue during the year, the expenses as a percentage of revenue remained at a relatively low level, thanks to the Group's effective control of such expenses. Also, as a result of the Group's efforts to reinforce the management of receivables, impairment losses on bad and doubtful debts for the year was only RMB13,244 thousand, representing a 61% decrease from RMB34,166 thousand in 2009.

Finance Income and Costs

For the year ended 31 December 2010, the Group's net finance income amounted to RMB13,554 thousand, up RMB7,908 thousand over the last year. The increase was mainly attributable to: (1) the change in fair value of derivative financial asset in relation to the option to acquire by the Group additional equity interest in a non-wholly owned subsidiary of the Group, Beijing Golden Bridge Senmeng Media Advertising Co., Ltd. ("Golden Bridge Senmeng"), and (2) the change in the expected consideration to be paid for such acquisitions, with a net impact of RMB8,703 thousand (2009: RMB2,335 thousand) credited to the consolidated income statement in 2010. Financial income and cost derived from such derivative financial asset and liability are considered as non-recurring and may vary from year to year.

Significant Investments and Acquisitions

Major acquisitions took place during the year are as follows:

1. On 11 November 2010, CTV Golden Bridge International Media Co., Ltd., a subsidiary of the Group, entered into equity transfer agreements with the minority shareholders of Beijing Taihe Ruishi Culture and Media Company Limited ("Beijing Taihe Ruishi") to acquire a combined

55% equity interest in Beijing Taihe Ruishi at an initial consideration of approximately RMB11.82 million in total. After completion of the equity transfer, Beijing Taihe Ruishi became a wholly-owned subsidiary of the Group.

Taihe Ruishi operates a nationwide public service advertising broadcast network of over 120 local television channels in China. The acquisition will enable the Group to open up local TV markets and build up its TV advertising resources spanning CCTV and various localities.

2. On 17 November 2010, CTV Golden Bridge International Media Co., Ltd. entered into agreements with the minority shareholder of Golden Bridge Senmeng on the acquisition of 40% interest in Golden Bridge Senmeng by stages. The consideration of the acquisition comprises both cash consideration and the grant of share options of the Company. The acquisition of the first 30% interest in Golden Bridge Senmeng is expected to be completed by early 2011, while the acquisition of the last 10% interest will take place in 2014 given that certain conditions are fulfilled. Upon completion of the acquisitions, Golden Bridge Senmeng will become a wholly-owned subsidiary of the Group.

   The minority shareholder of Golden Bridge Senmeng was one of the biggest TV advertising agents for the agricultural programmes on CCTV-7 and has built up a wealth of experience in implementing marketing strategies and running advertisements in the rural villages of China. The investment in Beijing Senmeng Media will not only bring to the Group promising development potential for the advertising business operation in respect of CCTV-7, but also help the Group provide a wider range of quality advertising choices to its clients. Since the agricultural programmes on CCTV-7 are supervised by the China Agriculture Film & Television Centre, the Group can diversify its media resources supply through Golden Bridge Senmeng.

3. On 8 December 2010, Beijing Bozhiruicheng Information Consultancy Co., Ltd. ("Bozhiruicheng"), a subsidiary of the Group, and Beijing Lotour Internet Technology Co., Ltd. ("Lotour") entered an agreement, under which Bozhiruicheng and Lotour will establish a joint venture known as Beijing Lotour Huicheng Internet Technology Co., Ltd. ("Lotour Huicheng") to operate a travel-related website. Bozhiruicheng will contribute 38% of the register capital of Lotour Huicheng by injection of an aggregate sum of approximately RMB30 million in cash and other assets.

   www.lotour.com is a leading internet portal for travel industry in China. The joint venture will enable the Group to provide more advertising channels to its clients in the travel sector. Through the investment, the Group can also take advantage of the fast-growing Internet advertising market and offer a cost-effective alternative to small and medium travel industry clients who cannot afford TV advertisements.

The Group is confident that the above three business segments will contribute to the Group's business growth and continue to thrive from 2011 onwards.

Liquidity and Financial Resources

During the year under review, the Group maintained adequate working capital and a strong financial position.

As at 31 December 2010, the Group's cash and bank balances amounted to RMB795,791 thousand, up 146% from RMB323,084 thousand last year, of which 96% was maintained in Renminbi and 4% in US dollar and other currencies.

In light of the significant increase in purchasing cost resulting from the Group's efforts in acquiring quality media resources, the Group has strengthened liquidity management to maintain adequate cash flow. During the year, net cash inflow from the Group's operating activities amounted to RMB504,392 thousand, which increased remarkably when compared to the net cash outflow of RMB227,308 thousand last year. The Group has reinforced the management of receivables and imposed strict control over delayed payments for advertisements. As a result, while the Group's revenue has increased significantly year-on-year, its receivables remained at a relatively low level. As at the end of the year, the Group's outstanding accounts receivables after provision for bad and doubtful debts amounted to RMB67,399 thousand.

As at 31 December 2010, total assets of the Group amounted to RMB1,284,248 thousand, which were financed by equity attributable to owners of the Company of RMB849,140 thousand and non-controlling interest of RMB6,904 thousand. At year end, there was no bank borrowing or asset held under finance lease.

The majority of the turnover, expenses and capital investment was denominated in Renminbi.

Human Resources

As at 31 December 2010, the Group had more than 330 employees in total, up approximately 20% from the beginning of the year. We implement a remuneration policy that is competitive in the industry, and pay commissions to our sales people and discretionary bonus to 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 schemes. Share options that have been granted and remained unexercised as at the end of the year amounted to 36,768,000 units. We also provide employees with benefits such as insurance, medical check-ups and various training courses, with a view to maintaining the Group's competitiveness.

INDUSTRY AND GROUP OUTLOOK

The Order No. 61 of the State Administration of Radio, Film and Television, concerning the Administrative Measures for the Broadcasting of Radio and TV Advertisements, was effective from 1 January 2010. Accordingly, the amount of available TV advertisement time was reduced significantly. According to statistics released by CTR Market Research on 28 January 2011, for 2010 advertising spending on traditional media in China went up by 13%, in which the advertising spending on TV advertisements was up 11%, slightly lower than the overall growth rate. Nonetheless, TV advertising spending still accounted for 76% of the total advertising spending on all traditional media.

It should also be noted that the tender amount of CCTV 2011 Prime Resources Tender reached approximately RMB12.6 billion, the highest in the previous 17 years. The three major satellite TV stations (i.e. Hunan Satellite TV, Jiangsu Satellite TV and Anhui Satellite TV) together achieved a record high tender amount of around RMB4.3 billion in total. Indeed, the TV sector is still going strong at a time when new forms of media continue to emerge. With the shrinking of TV advertisement time, the Group believes that the value of “high quality yet scarce advertising resources” (i.e. advertising resources in prime TV channels with favourable time slots) will continue to soar. The Group will strive to maintain its leading advantage in identifying and acquiring high quality yet scarce advertising resources and step up its efforts to unlock the investment potential arising from its existing quality resources and clientele. For example, the Group will strengthen the cooperation with its tourism clients on their promotion campaigns for cities and scenic areas, thereby consolidating the Group’s position in the industry related to cities and tourism brand promotions.

Amid scientific and technological development and relentless progress in information dissemination today, mobile Internet has become an integral part of modern life. Meanwhile, China’s 3G network is also in a stage of high-speed growth, with the explosive growth in the number of users expected to peak in the coming two years. Since the second half of 2010, mobile terminals such as mobile phones have become a popular way for young Chinese people to obtain information and maintain contact with others. The Group takes a strong interest in the realm of mobile Internet and will actively look for development opportunities.

The Group is of the view that the influence of content and value of channel are the foundation of all forms of media regardless of how the media industry evolves. Since our listing on the Hong Kong Stock Exchange in July 2008, we have actively stepped up our strategic development in the industry with the capital raised. With the effective and well-defined corporate strategies set by our board of directors and management team, we have achieved significant success in expanding our business and enhancing our profitability. Moving forward, we will further strengthen our leading position in the media industry and speed up the process of consolidating our media resources layout with respect to areas including video channels and content production through self-development and capturing investment opportunities.

With the Chinese economy continuing to grow, the Group will endeavour to capitalise on new opportunities arising from the robust growth of the media industry. Cemented by the corporate culture of family values, the Board of Directors, the management and all employees will work together with a goal of making SinoMedia a leading industry player in China, and a first-class international media operator. We are all united and committed to strive for greater success, thereby continuously bringing fruitful returns to our investors.

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

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 December 2010.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2010, 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 of Hong Kong Limited (the "Listing Rules").

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 year ended 31 December 2010.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has, together with the management of the Company, reviewed the Group's audited consolidated financial statements and the annual report for the year ended 31 December 2010, including the accounting principles and practices adopted by the Group.

FINAL AND SPECIAL DIVIDENDS

The Company 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 recommended a final dividend of HK6.6 cents (2009: HK3.6 cents) per share and a special dividend of HK6.6 cents (2009: nil) per share, with an aggregate value of approximately RMB62.9 million, to shareholders. Subject to the approval of shareholders at the forthcoming annual general meeting to be held on Friday, 20 May 2011 (the "AGM"), the final and special dividends will be paid in Hong Kong dollars on or about Friday, 3 June 2011 to those members registered in the Company's register of members as at Friday, 20 May 2011.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 20 May 2011. Notice of the AGM together with the Company's annual report for the year ended 31 December 2010 will be dispatched to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 17 May 2011 to Friday, 20 May 2011 (both days inclusive), during which period no transfer of shares of the Company will be registered.

In order to qualify for (1) attendance and voting at the AGM of the Company to be held on Friday, 20 May 2011 (or any adjournment thereof) and (2) the proposed 2010 final dividend and special dividend, all transfers accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Monday, 16 May 2011.

On behalf of the Board
SinoMedia Holding Limited
CHEN Xin
Chairman

Hong Kong, 23 March 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. Huang Jingsheng as non-executive directors and Mr. Ding Junjie, Mr. Qi Daqing and Mr. Chen Tianqiao as independent non-executive directors.