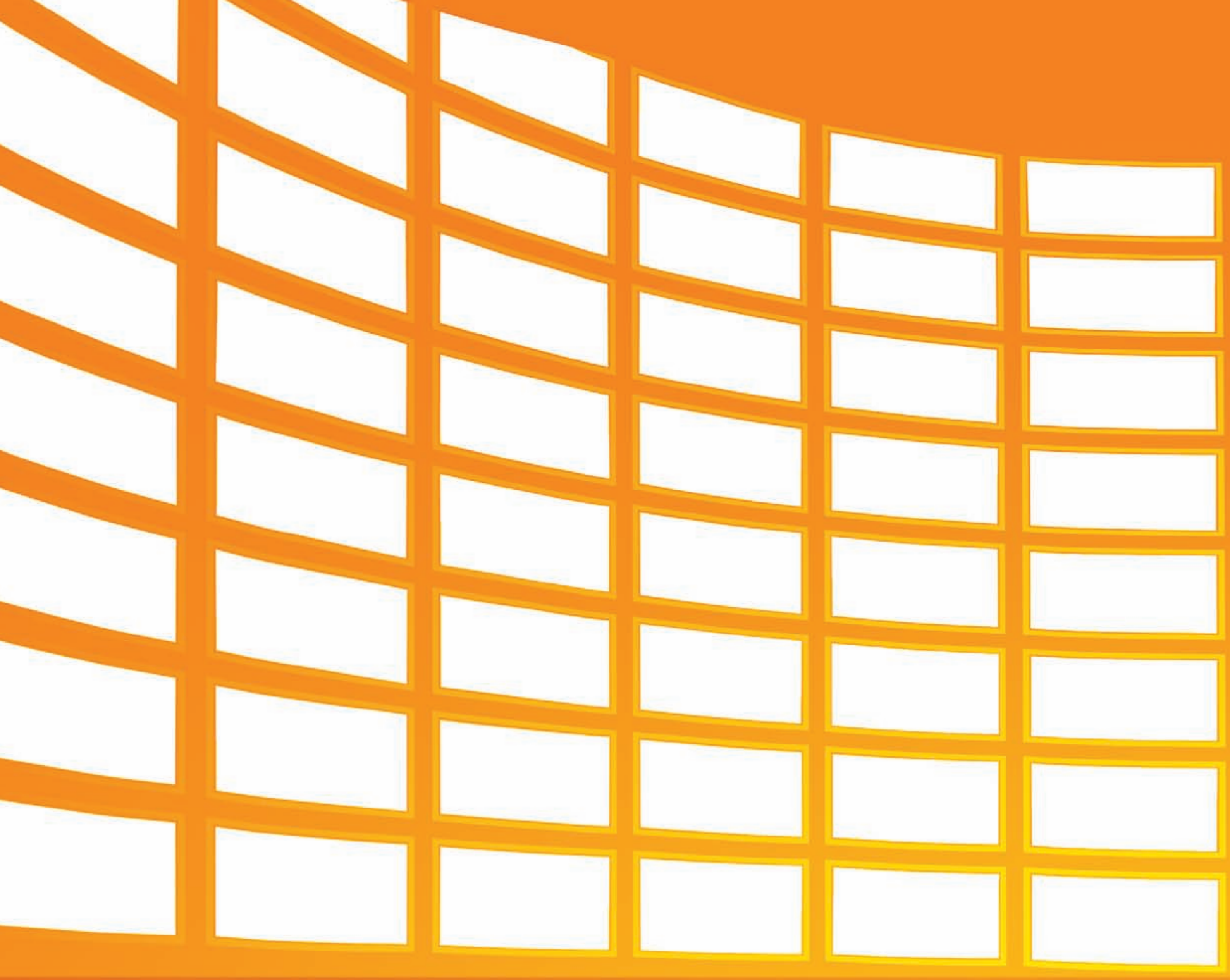
中視金橋國際傳媒控股有限公司
SinoMedia Holding Limited

(incorporated in Hong Kong with limited liability)

（於香港註冊成立之有限公司）

Stock code 股份編號: 623

Annual Report 年報 2008

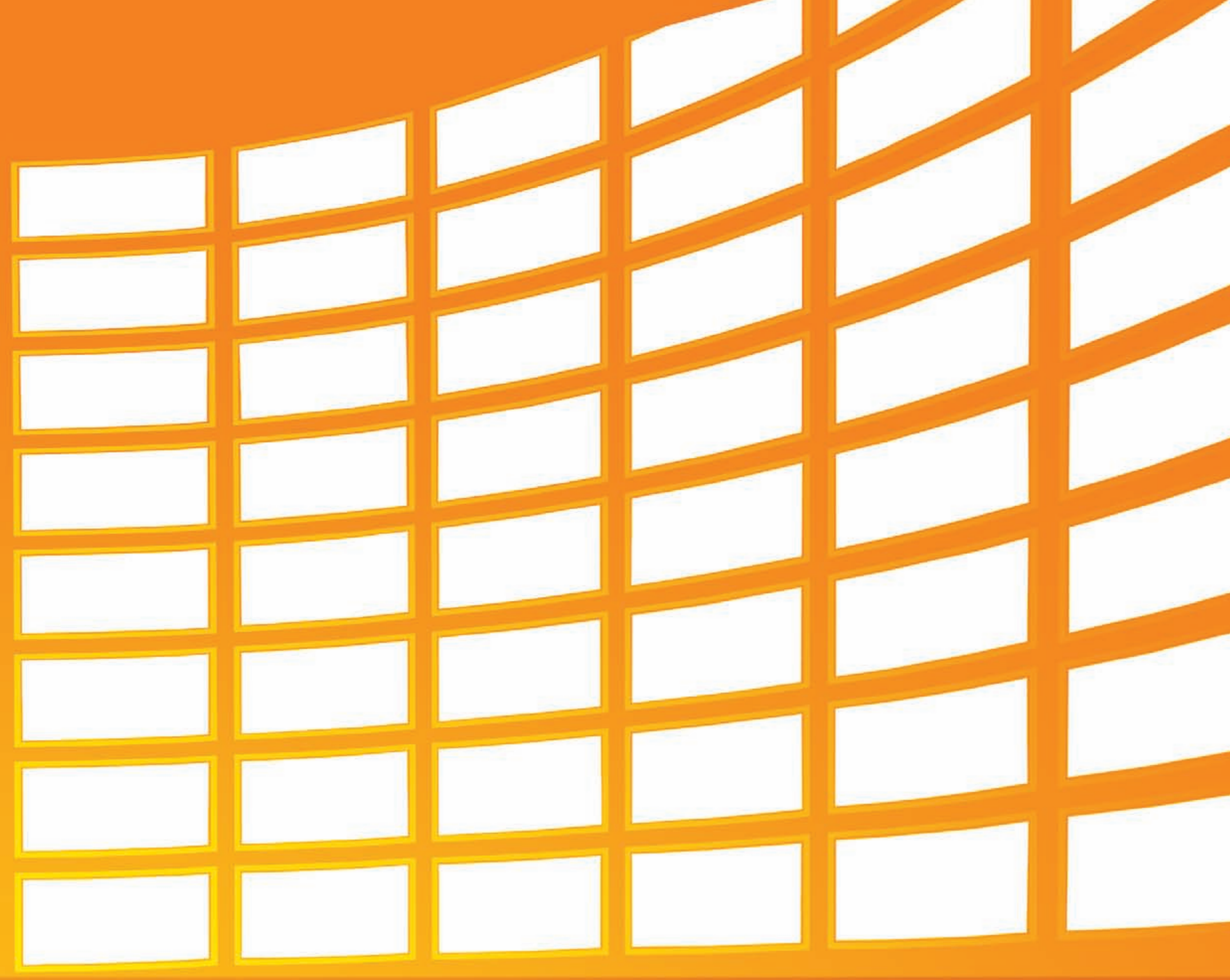


SinoMedia Holding Limited (the "Company" or "SinoMedia") and its subsidiaries (the "Group") is a leading media advertising operator in China. We enter into underwriting agreements with TV stations and provide nationwide TV advertising coverage for our clients, including advertisers and advertising agencies.

SinoMedia is one of the largest underwriters of TV advertisement time for China Central Television Station ("CCTV"). We have long-standing business cooperation with CCTV dating back to our inception in 1999.

作為中國領先的傳媒廣告營運商，中視金橋國際傳媒控股有限公司(「本公司」或「中視金橋」)及其子公司(「本集團」)與多家電視台簽訂代理合約，向包括廣告主及廣告代理商在內的客戶提供全國性電視廣告服務。

中視金橋是中國中央電視台(「央視」)最大的廣告時間買斷代理商之一，自一九九九年成立以來，與央視已建立了緊密的合作關係。



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Financial Summary

RMB'000

	For the year ended 31 December 2008	For the year ended 31 December 2007	Change (%)
Revenue	**558,356**	364,702	+53.1%
Profit from operations	**159,712**	79,630	+100.6%
Profit attributable to equity shareholders of the Company	**120,800**	42,316	+1.9 times
Earnings per share (RMB)			
— Basic	**0.243**	0.098	+1.48 times
— Diluted	**0.243**	0.096	+1.53 times

Revenue by sales channels:

	For the year ended 31 December 2008	For the year ended 31 December 2007	Change (%)
Advertising service	**570,676**	373,762	+52.7%
— CCTV	**552,950**	344,850	+60.3%
— Regional TV	**17,707**	22,990	–23.0%
— Others	**19**	5,922	–99.7%
Agency service	**10,258**	5,530	+85.5%
Others	**—**	30	N/A
Sales taxes and surcharges	**(22,578)**	(14,620)	+54.4%
Revenue	**558,356**	364,702	+53.1%

	As at 31 December 2008	As at 31 December 2007
Total assets	**838,526**	540,149
Equity attributable to equity shareholders of the Company	**670,646**	388,693

EXECUTIVE DIRECTORS
Mr. Chen Xin
Ms. Liu Jinlan
Mr. Li Zongzhou

NON-EXECUTIVE DIRECTORS
Mr. Zhu Jia
Mr. Huang Jingsheng

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Ding Junjie
Dr. Qi Daqing
Mr. Chen Tianqiao

AUDIT COMMITTEE
Dr. Qi Daqing *(Chairman)*
Mr. Ding Junjie
Mr. Huang Jingsheng

REMUNERATION COMMITTEE
Mr. Chen Xin *(Chairman)*
Mr. Ding Junjie
Mr. Chen Tianqiao

COMPLIANCE COMMITTEE
Mr. Li Zongzhou *(Chairman)*
Mr. Xu Chong (also known as Xu Songzhen)
Mr. Chan Oi Nin Derek

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT
Mr. Chan Oi Nin Derek

AUTHORISED REPRESENTATIVES
Mr. Chen Xin
Mr. Chan Oi Nin Derek

COMPLIANCE ADVISER
Cazenove Asia Limited

REGISTERED OFFICE OF THE COMPANY
Room 1505, 15th Floor, World-wide House, 19 Des Voeux Road Central, Hong Kong

CORPORATE HEADQUARTERS
Unit 15D, Xintian International Plaza, No. 450 Fushan Road, Pudong New District, Shanghai, PRC

AUDITORS
KPMG

SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
Rooms 1806–1807, 18th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

INVESTOR RELATIONS CONSULTANT
Hill & Knowlton Asia Ltd

WEBSITE
www.sinomedia.com.hk

2008 Year in Review

JANUARY 2008

SinoMedia was elected as President Company of The Association of Accredited Advertising Agencies of China (中國4A協會), and our CEO Ms. Liu Jinlan as President of the association.

MARCH 2008

Awarded “2007 Top 10 CCTV Media Advertising Agency”.

JULY 2008

Successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited.

NOVEMBER 2008

At the CCTV Golden Resources and Advertising Tender, SinoMedia achieved a turnover of nearly RMB300 million, and was ranked number 7.

BIDDING

SinoMedia has participated in the CCTV Golden Resources and Advertising Tender since 2005. Our bidding volume has grown at an average annual rate of 40%, exceeding RMB1 billion in total.

DECEMBER 2008

Worldwide broadcast of The Association of Accredited Advertising Agencies of China's Innovation Gold Seal Award (中國4A創意金印獎) by CCTV-4.

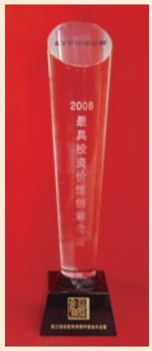
Awards and Recognition

COMPANY

Award
2008 Most Valued Innovative Enterprise in China

Time
May 2008

Awarded by
Moneyweek (理財周報), Sina Finance (新浪財經), International Financiers Institute (國際金融家協會), and Research Center of International Equity Investment (國際股權投資研究中心)



Award
2007 Top 10 CCTV Media Advertising Agency

Time
March 2008

Awarded by
Advertising Department of CCTV

Award
The Most Renowned Brand in China's TV Advertising Agency

Time
December 2008

Awarded by
Chinese Institute of Management Science (中國管理科學研究院), Commerce Times (商務時報社), World Chinese Traders Magazine (世界華商雜誌社), and Chinese Brand Association (中國品牌協會)

Award
2008 Top 10 Outstanding Corporate Image in China

Time
December 2008

Awarded by
China Culture Administration Society (中國文化管理學會)

Award
2008 Most Reliable Advertising Agency in China

Time
December 2008

Awarded by
China Media Congress Committee (中國傳媒大會組委會)

Award
2008 Top 10 CCTV Media Advertising Agency

Time
March 2009

Awarded by
Advertising Department of CCTV

CREATIVE DESIGN

Advertisement
Yankon (陽光照明)

Award
Included in IAI China's Advertising Works Yearbook

Time
October 2008

MANAGEMENT

Award
Ms. Liu Jinlan was recognised as 2008 Top 10 People in Media Advertising in China

Time
December 2008

Awarded by
China Media Congress Committee (中國傳媒大會組委會)


DIRECT TV REC
GUIDE
TV/AV
OK
MENU
EXIT
TEXT
1
4
7
8
C
0
VCR
ASPECT
N
REC
VCR
PROGRAMME
TV

SinoMedia

is a leading media advertising operator in China. We are ready to serve you with professionalism and integrity, connecting you with the entire country as well as the rest of the world.

Chairman's Statement

With our diverse advertising client base, extensive experience and strong brand recognition in the marketplace, we are confident that we can bring maximum returns to our shareholders.

Chen Xin Chairman

SinoMedia turned a new chapter in 2008 after its shares were listed on the Stock Exchange of Hong Kong Limited on 8 July 2008. As a leading media advertising operator in China, the stock listing not only has helped the Company gain access to international capital markets, but also has further accelerated our business development in the fast-growing media advertising market in China.

The year also marks the 10th anniversary of the founding of SinoMedia. Our longstanding partnership with China Central Television ("CCTV") dating back to 1999 has enabled us to market and manage quality advertising resources from the national broadcaster and other regional TV networks, covering high-ratings channels and programmes that focus on the mass affluent consumer market in China.

In 2008, the success of the Beijing Olympic Games showed the world the progress that China has made over the years and demonstrated its strength in pursuing excellence and realising its dreams. The event not only provided an effective platform for multinational corporations to reach out to China's 1.3 billion consumers but, more importantly, also gave Chinese companies the opportunity to promote their brands internationally.

In addition to the high-ratings programmes aired on CCTV-1, CCTV-2 and CCTV-4, we have added another popular channel, CCTV-7, to our portfolio of media resources, with an additional 4,800 minutes of exclusive ad time starting in 2009. This move makes SinoMedia become one of the largest privately-owned underwriters of TV advertising time on CCTV.

The Internet not only has changed our lives but also has revolutionalised the media and advertising industry. To capture business opportunities in the digital era, we have signed an exclusive agreement to market and sell online advertisements on the news page of the only official CCTV information internet portal, *www.cctv.com*. The new initiative will further fortify our strategic partnership with the mainstream media and enrich the Company's core competency in providing diverse and abundant media resources to our clients, thereby enhancing our revenue stream and profitability in the long run.

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 performance of all enterprises. The growth momentum of advertising market will be negatively affected by such difficult market circumstances. 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, thus ensuring stable demand for advertising time on TV channels.

In view of the changing external factors as well as the Company's growing competitiveness, we remain prudently optimistic about the outlook of the industry for the next two years and we have high confidence in the mid-to long-term business development of the Company. With the 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.

On behalf of the Board, I would like to extend my sincere gratitude to our fellow shareholders, clients and business partners for their unwavering support over the last decade. In addition, I would also like to take this opportunity to thank all my colleagues and staff for their contribution to SinoMedia.

Chen Xin
Chairman

Hong Kong, 16 April 2009

Management Discussion and Analysis

BUSINESS REVIEW

At the end of 2008, the Group acquired the exclusive underwriting rights to the advertising time of CCTV-7, totalling approximately 4,800 minutes per year. 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. Each of the advertising contracts related to CCTV-7 is valid for five years from 1 January 2009 to 31 December 2013. The advertising cost for the years 2012 and 2013 shall be negotiated and agreed by both parties before the end of 2011. The Group has already established a joint venture, in which the Group holds a controlling stake, to manage the advertisement resources of CCTV-7.

The board of directors (the “Board”) of the Company decided to acquire the advertisement resources in reference to the economic situations both internationally and in Mainland China, as well as the sales direction of potential clients. Thanks to the national policy that favours the agricultural sector, CCTV-7 has achieved a household penetration rate of 85.7% in 2008, ranking second after CCTV-1 (source: China Mainland Media Research Co., Ltd.). As the government is attaching increasing importance to the “three agricultural issues”, CCTV-7 is set to become the best platform for various commercial brands to tap consumer markets in different provinces and cities.

On 31 December 2008, the Group signed an agreement with CCTV International Network Co., Ltd., the owner and operator of the website *www.cctv.com.* Pursuant to the agreement, the Group was granted the exclusive rights to sell all the advertisement resources of the news page (新聞頻道) of *www.cctv.com* for five years between 1 January 2009 and 31 December 2013, except those in relation to 4 particular programmes, namely "News Broadcasting (新聞聯播)", "News 30' (新聞30分)", "Evening News (晚間新聞)" and "Topics in Focus (焦點訪談)".

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

CCTV-1/News Channel

"Media Headline (媒體廣場)" is the only newspaper reading programme under "The Morning News (朝聞天下)" on CCTV-1/news channel, delivering the latest daily news of more than 100 authoritative media outlets across the country. In general, the news content of up to 50 newspaper columns and about 70 newspaper headlines are introduced in the programme. It is an important channel for TV viewers to obtain news information in the morning. As the most distinctive programme under "The Morning News", "Media Headline" saw its average rating rise from 0.77% in 2007 to 0.89% in 2008 according to the study into 18 cities in Mainland China conducted by CVSC-Sofres Media. While it enjoys the highest rating compared with all morning newspaper reading programmes, it is also a reputable programme popular among many government officials, corporate managers and white collar workers. 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

CCTV-2's "China Finance Report (中國財經報導)" is one of the oldest business programmes of its kind in China. Upholding the traditional format of authoritative business programmes while constantly exploring innovative ideas, the programme is a distinguished business programme in China marked by clear presentation of information and profound business insight. According to the CVSC-Sofres Media survey into 18 cities in Mainland China for the first ten months of 2008, "China Finance Report" recorded an average rating of 0.72% in 2008, compared with 0.65% in 2007 (based on a CVSC-Sofres Media survey into 14 cities in 2007). 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

As CCTV's international Chinese-language channel, CCTV-4 is an important channel through which overseas viewers can understand China and the Chinese government's position on key international affairs. Its TV signals are accessible to almost all regions across the country as well as 92 foreign countries and regions. CCTV-4 is a news-oriented channel supplemented with programmes related to culture, entertainment and services, as well as renowned programmes and homemade TV series of top quality on other CCTV channels. As a propaganda vehicle for the state, CCTV-4 has unmatched authority, taking the lead to issue the most authoritative commentaries on major events at home and abroad, including the September 11 attacks, the US war on Iraq, the SARS outbreak, the six-party talks, Taiwanese leaders' trips to the mainland, Taiwan's election and the Olympics. The channel's widespread influence is reflected by the slogan "in case of big issues, go for channel 4". In sum, CCTV-4 is becoming increasingly important for TV viewers at home and abroad and its influence is continuing to grow, enabling it to occupy a dominant position in Mainland China's TV sector. The Group had the rights to sell the advertisement time of 33, or nearly 50%, of CCTV-4's programmes. They include "Across the Strait (海峽兩岸)", "Walk Through China (走遍中國)", "Sentiments of Chinese (中華情)", "Happy Hour Around the World (同樂五洲)", "Traditional Chinese Medicine (中華醫藥), "The Stories of Taiwanese Merchants (台商故事), "Time Together Across the World (天涯共此時)" and "Fate (緣分)", all of which are distinguished programmes of the channel. "Across the Strait" has repeatedly achieved record high daily ratings, with the highest rating amounted to 2.88% and average rating 2.36% in 2008 (according to the study into 18 cities in Mainland China conducted by CVSC-Sofres Media). With contact between officials from both sides of the strait becoming more frequent, it is believed "Across the Strait" will receive overwhelming response again in the near future. The only national geographic TV programme of CCTV, "Walk Through China" recorded an average rating of 0.77% in 2008 (source: a study into 18 cities in Mainland China conducted by CVSC-Sofres Media), up from 0.63% in 2007 (source: a study into 14 cities in Mainland China conducted by CVSC-Sofres Media). The quality and impact of the show has gained widespread recognition from urban dwellers and tourists. During the period under review, the Group had the rights to sell approximately 15,900 minutes of advertisement time. The 2009 CCTV-4 underwriting contract renewed at the end of 2008 featured all the same programmes as the previous contract, with one more programme having been added.

CCTV-9

CCTV-9 is the English-language international channel of CCTV. The Group had the exclusive underwriting rights to sell the advertisement time of its programmes between 2005 and 2008. In light of the persistent international financial crisis and China's domestic economic situation, the Board has decided not to renew the contract after it expired on 31 December 2008.

INDUSTRY AND GROUP OUTLOOK

According to the latest annual advertisements supervision report compiled by CTR Marketing Research, the total amount of advertising spending in China grew by 15% to RMB441.3 billion in 2008, thanks to the positive effects generated by the Olympics. TV advertising maintained its leading position, taking up 76% of the market share. At the 2009 CCTV Golden Resources and Advertising Tender held on 18 November 2008, the total turnover reached a new high of RMB9.3 billion, representing a 15% increase year-on-year. All these indicated that despite China's advertising market growth is slowing down in 2009 as a result of the macroeconomic slowdown, leading media outlets still manage to maintain considerable growth by taking advantage of the shortage in resources and their own solid monopolistic position. Nevertheless, the Board notices that given the uncertain macroeconomic situation, the visibility of advertising market in 2009 remains low.

The Group has been focusing on the media realm and striving to be the industry leader in media marketing, clientele development and client servicing, as well as brand communication. The Group's core competitiveness lies in its visionary development strategies in media resources development, the consistent improvement in corporate culture and management standard, as well as the continuous enhancement of the competitiveness of its professional workforce. 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*, 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.

The Board and management will continue to uphold its mission of "maintaining steady development and focusing on long-term growth" and identify any market opportunities, further consolidating its leading position as CCTV's advertising operator. In addition, the Group will continue to maintain and reinforce its strength in the traditional media sector while speeding up expansion plans related to the new media.

FINANCIAL REVIEW

Revenue and Operation Profit

The Group was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 8 July 2008, raising net proceeds of approximately HK$290 million (approximately RMB254 million).

For the financial year ended 31 December 2008, the Group recorded a revenue of RMB558,356 thousand, representing a 53.1% increase from RMB364,702 thousand recorded in 2007. It was mainly attributable to the increase in the average selling price of the advertisement time of CCTV underwritten by the Group, and the increase in sales of advertisement time of key programmes.

For the financial year ended 31 December 2008, the Group recorded an operating profit of RMB159,712 thousand, up 101% from RMB79,630 thousand recorded in 2007, while the gross profit margin increased from 34.7% in 2007 to 39.9%. The surge in operating profit was mainly attributable to (1) the surge in revenue from the operation of CCTV's media resources; (2) other income amounting to RMB14,157 thousand; and (3) regional media operation having achieved a break-even this year when compared to the RMB12,877 thousand loss in 2007.

Up to 31 December 2008, the Group had sold in advance advertisement time for 2009 for the amount of more than RMB520 million, representing a 35% increase from RMB385 million for the same period in the previous year.

Operating Expenses

For the year ended 31 December 2008, the Group recorded RMB26,912 thousand in sales and marketing expenditure, accounting for 4.8% of its total revenue (2007: 4.5%). The increase, which amounted to RMB10,380 thousand, was mainly driven by an increase in payroll and employee benefits of approximately RMB6,143 thousand due to an increase in the number of sales staff members and the payment of performance bonus in accordance with the rise in sales revenue as part of the Group's plan to fortify business growth. Administrative expenses and other expenses totaled RMB50,222 thousand, accounting for 9.0% of the total revenue (2007: 8.4%). The increase, amounting to RMB19,503 thousand, was attributable to the following factors: (1) The Group has hired new employees and professional firms in keeping up with its development strategy and the needs of its IPO process, which added RMB4,927 thousand in salaries and professional fees to the operating expenses. (2) As a result of the financial crisis sweeping across the globe, some corporate clients had cash flow problems. In addition to its extra efforts to communicate with clients to collect receivables, the Group has also set aside RMB12,705 thousand for bad debts.

Significant Investments and Acquisitions

During the year under review, the Group based on its existing policy has carefully scrutinised strategic investment opportunities, aiming at enhancing its existing businesses and broadening its revenue base. Major acquisitions took place during the year are as follows:

1. On 25 October 2008, CTV Golden Bridge International Media Co., Ltd. ("CTV Media (Shanghai)"), a 99.7% owned subsidiary of the Company, entered into a framework agreement with two other parties to establish a joint venture, which operates a nationwide public service advertisement broadcast platform. Pursuant to the framework agreement, CTV Media Shanghai contributed RMB1.35 million to the joint venture, in which it currently holds a 45% equity interest, and shall acquire the remaining 55% equity interests of the joint venture held by other joint venture partners after 2010, subject to certain conditions.

2. On 24 November 2008, CTV Media (Shanghai) entered into a capital increase agreement with a third party, pursuant to which CTV Media (Shanghai) contributed RMB5.1 million to Beijing Golden Bridge Senmeng Media Advertising Co., Ltd. ("Golden Bridge Senmeng"), which operates and manages the advertising resources in relation to CCTV-7. Golden Bridge Senmeng is accounted for as a 51% owned subsidiary of CTV Media (Shanghai) after the capital contribution.

On 9 January 2009, CTV Media (Shanghai) entered into with the joint venture partner of Golden Bridge Senmeng (a) another capital increase agreement, pursuant to which CTV Media (Shanghai) made additional capital contribution of RMB9.18 million to Golden Bridge Senmeng, maintaining its 51% stake in the subsidiary; and (b) a cooperation agreement and a supplemental agreement, under which CTV Media (Shanghai) shall acquire further equity interests in Golden Bridge Senmeng from the joint venture partner in three stages during the period from 2009 to 2011, subject to certain conditions.

Liquidity and Financial Resources

As at 31 December 2008, total assets of the Group amounted to RMB839 million, which were financed by equity attributable to equity holders of the Company of RMB671 million, minority interests of RMB7 million, and non-current and current liabilities of RMB161 million. There was no bank borrowing or asset held under finance lease at the year end (31 December 2007: nil).

The Group consistently maintained a very liquid position. The cash and bank balances as at the year end amounted to RMB575 million (31 December 2007: RMB352 million), of which 50.1% was maintained in Renminbi, 46.5% in US dollars, and 3.4% in other currencies.

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

Human Resources

As at 31 December 2008, the Group had a total of approximately 232 employees. We implement a remuneration policy that is competitive in the industry, and we 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 scheme. We also provide benefits, such as insurance and medical check-ups, and various training programmes to employees to sustain competitiveness of the Group.

Flying high
Growing strong


CTV中视三桥®
CTV中视三桥®
CTV中视三桥

Directors and Senior Management

DIRECTORS Executive Directors

aged 42, has been our executive director since November 2006. He was appointed as our Chairman in December 2007. He is primarily responsible for the strategic development, finance and overall management of the Group. Mr. Chen has nearly 20 years of experience in the media industry. He was previously a reporter for the overseas service department and the Australian branch of Xinhua News Agency. He was also a director of the economic news office, central news office and news distribution office of the overseas service department of Xinhua News Agency from 1988 to 2004. He is also the standing vice-president of the Magazine Publishing House, which publishes the periodical "China Radio Film and Television" (中國廣播影視), under the supervision of the State Administration of Radio, Film and Television. Mr. Chen received his Bachelor of Science degree in Biology and Genetics from Fudan University in 1986, completed a Master's course in International News from Fudan University in 1988 and received an EMBA degree from the Cheung Kong Graduate School of Business (長江商學院) in 2006. Mr. Chen is the husband of Ms. Liu, our Chief Executive Officer and executive Director.

Mr. Chen Xin (陳新)

aged 40, has been our Chief Executive Officer since she founded the Group in 1999. She has served as a director since 24 October 2001. She is primarily responsible for the management of the overall business operation and customer development. Ms. Liu previously worked at CCTV as a news broadcaster, a reporter and then a director from 1995 to 1998. Since she founded our Group, she was instrumental in designing and executing advertising campaigns which have influenced the TV media industry, for which she was jointly recognised as one of the "Top Ten Female Advertising Professionals in China" (中國十大最具風采女性廣告人) by CCTV, Advertising School of the Communication University of China (中國傳媒大學廣告學院), "Advertising Guidance" (廣告導報) and "Business" magazine (經營者雜誌) in 2006. She was elected chairman of The Association of Accredited Advertising Agencies of China (中國4A協會) in January 2008, and jointly recognised as one of the "2008 Top Ten People in Media Advertising in China" (2008中國十大傳媒廣告人物) by School of Journalism and Communication of Renmin University of China (中國人民大學新聞學院), Journalism School of Fudan University (復旦大學新聞學院) and other institutions in December 2008. Ms. Liu graduated from the Beijing Broadcast College with a certificate in Linguistics, and received an EMBA degree from the Cheung Kong Graduate School of Business in 2006. Ms. Liu is the wife of Mr. Chen, our Chairman and executive Director.

Ms. Liu Jinlan (劉矜蘭)

aged 41, joined the Group in 2000 as financial supervisor and had been our general accountant since 2007, and is now a vice-president. He was appointed as a director in November 2006. Currently, Mr. Li is primarily responsible for the supervision of the financial audit and control of the Group. He was previously the chief accountant and head of the financial department of Dunhua Forest Bureau from 1987 to 2000. Mr. Li received his Bachelor of Arts degree in Economics from Remin University in 1990. Mr. Li is the husband of Ms. Liu's niece.

Mr. Li Zongzhou (李宗洲)

DIRECTORS (CONTINUED) Non-executive Directors

aged 46, has been our non-executive director since November 2006. He is currently also a Managing Director of Bain Capital LLC. Prior to joining Bain Capital LLC in 2006, Mr. Zhu was an investment banker at Morgan Stanley Asia Limited and Chief Executive Officer of its China business. While at Morgan Stanley Asia Limited, Mr. Zhu was involved in a broad range of cross border merger and acquisition and international financing transactions of PRC companies. Mr. Zhu received a Bachelor of Arts degree from Zhengzhou University in 1982, a Master of Arts degree from Nanjing University in 1984 and a Juris Doctorate from Cornell Law School in 1992.

Mr. Zhu Jia (竺稼)

aged 51, has been our non-executive director since November 2006. Currently, he is a Managing Director of Bain Capital, LLC. Prior to joining Bain Capital LLC in 2005, Mr. Huang was a Managing Director China at SOFTBANK Asia Infrastructure Fund (SAIF). Mr. Huang received an MBA degree from Harvard Business School, Master of Arts degree from Stanford University and a Bachelor of Arts degree from Beijing Foreign Studies University.

Mr. Huang currently holds directorships in the following publicly listed companies: **Gemdale Co., Ltd.** (Shanghai Stock Exchange); **Shanda Interactive Entertainment Limited** (NASDAQ) and **Clear Media Limited** (Hong Kong Stock Exchange).

Mr. Huang Jingsheng (黃晶生)

Independent Non-executive Directors

aged 45, has been our independent non-executive director since May 2008. Mr. Ding has about 20 years of experience in the media and advertisement industry. He is a faculty member of the Communication University of China (**中國傳媒大學**) (formerly known as the Beijing Broadcasting Institute (**北京廣播學院**)) and has served as the deputy head of the Advertising Teaching and Research Office, the deputy head of the Advertising Department, and the vice dean of the News and Communication School (**新聞傳播學院**). Currently, he also serves as a vice principal of the Communication University of China, a director of the Asia Media Research Centre (**亞洲傳媒研究中心**) and the Academic Committee of the Cultural Creative Industry Research Centre (**文化創意產業研究中心學術委員會**), a vice president of the China Advertising Association (**中國廣告協會**) and the Chinese Association for History of Journalism and Mass Communication (**中國新聞史學會**), and the deputy officer of the China Advertising Association of Commerce (**中國商務廣告協會**). Mr. Ding is also an editor of various periodicals, such as the International Advertising (**國際廣告**) and the Annual Book of Chinese Advertising Works (**中國廣告作品年鑒**). Mr. Ding received a Bachelor of Arts degree in Journalism in 1987 and a Ph.D. degree in communication in 2003, both from the Communication University of China.

Mr. Ding Junjie (丁俊杰)

DIRECTORS (CONTINUED) **Independent Non-executive Directors** (continued)

Dr. Qi Daqing (齊大慶)

aged 45, has been our independent non-executive director since May 2008. He taught as an assistant professor and then an associate professor in accounting at the Chinese University of Hong Kong between 1996 and 2002. Dr. Qi joined the Cheung Kong Graduate School of Business in July 2002 where he currently serves as a professor of Accounting and associate dean. He also serves as an independent director and a member of the audit committee of Sohu.com Ltd., Focus Media Holding, Ltd. and Honghua Group Limited, and an independent director of China Vanke Co., Ltd. Dr. Qi obtained a Bachelor of Science degree in biological physics in 1985 and a Bachelor of Arts degree in international mass communication in 1987, both from Fudan University in Shanghai. He received an MBA degree from the University of Hawaii at Manoa in 1992 and then a Ph.D. degree in accounting from the Michigan State University in 1996.

Dr. Qi currently holds directorships in the following publicly listed companies: **Sohu.com Ltd.** (NASDAQ); **Focus Media Holding, Ltd.** (NASDAQ); **China Vanke Co., Ltd.** (Shenzhen Stock Exchange) and **Honghua Group Limited** (Hong Kong Stock Exchange).

Through his roles as an independent director in various companies and as a result of his overall professional experience, Dr. Qi has obtained expertise in accounting and financial management. In addition to lectures and presentations in accounting issues at various professional settings, he has authored research papers on accounting, financial reporting, capital market and other related topics that are published in leading academic journals. Dr. Qi is experienced in reviewing and analysing financial statements of public companies.

Mr. Chen Tianqiao (陳天橋)

aged 35, has been our independent non-executive director since May 2008. Mr. Chen is one of the co-founders of Shanghai Shanda Networking Co., Ltd and has served as its Chairman of the board of directors and its Chief Executive Officer since December 1999. He has been the Chairman and Chief Executive Officer of NASDAQ-listed Shanda Interactive Entertainment Limited since 2003. Prior to establishing Shanghai Shanda Networking Co., Ltd, Mr. Chen served as the vice director of the office of the president of Kinghing Trust & Investment Co., Ltd. from 1998 to 1999. From 1994 to 1998, he served in various management positions with Shanghai Lujiazui Group. Mr. Chen holds a Bachelor of Arts degree in Economics from Fudan University. Mr. Chen has been a director of Actoz Soft Co., Ltd since 2 February 2005.

Mr. Chen currently holds directorships in the following publicly listed companies: **Shanda Interactive Entertainment Limited** (NASDAQ) and **Actoz Soft. Co., Ltd** (Korean Securities Dealers Automated Quotations (KOSDAQ)).

SENIOR MANAGEMENT

Mr. Xu Songzhen (徐嵩鎮) (also known as Xu Chong (徐翀)), aged 33, has been our Chief Financial Officer since he joined the Group in May 2004, except that he worked at Cazenove Asia Limited from March 2006 to July 2007. Mr. Xu is in charge of the Group's capital operations, financial management and mergers and acquisitions. He also leads the Group's financial management system and internal control processes. Mr. Xu was in the investment banking business from 2000 to 2004 and from 2006 to 2007, and at various times held investment banking positions such as analyst and associate of BOCI's (BOC International) investment banking department and vice-president of Cazenove Asia Limited's corporate finance department. During that time, he completed many projects for several PRC enterprises focusing on initial public offerings, refinancings, merger and acquisitions and private placements. He has obtained a Bachelor of Law degree from Nanjing University in 1998 and a Master of Law degree from Renmin University in 2001.

Mr. Liu Xuming (劉旭明), aged 41, has been our Senior Vice President in charge of our daily operations since 2005. He joined the Company in November 1999. Mr. Liu has 10 years of experience in TV media operation and management, advertisement design and market development, and has a strong understanding of the positioning, designing and operation of TV programmes. He was the president of Dunhua Cable TV Station in Jilin Province from 1997 to 1999. Mr. Liu received an MBA degree from California University of Management and Sciences in 2003.

Ms. Jin Lanxiang (金蘭香), aged 30, has been our Vice President in charge of sales since April 2008. She joined the Group in 2001, and was the general manager of our City Branding Centre in 2006 and 2007. Ms. Jin majored in finance at Beijing Construction University from 1996 to 1999.

Mr. Cui Rui (崔銳), aged 35, has been our Vice President in charge of research and marketing since April 2008. Mr. Cui joined the Group in March 2003. Mr. Cui has 10 years of experience in the advertising industry, and is familiar with media operations. Between 1999 and 2002, he worked for Beijing Great Dragon Advertising Co., Ltd. (**北京大道巨龍廣告有限公司**) as a media manager. From 2002 to 2003, he was the operating manager of Asia Digital Interactive Media Ltd. (**亞洲互動廣告傳播有限公司**). Mr. Cui received a Bachelor of Arts degree in Advertising from Communication University of China in 2005.

Ms. Gao Ying (高穎), aged 34, has served as the Group's Vice President since December 2008. She is in charge of human resources and administration. She joined the Group in 2007, and served as director of human resources from 2007 to 2008. In 1997, Ms. Gao obtained a bachelor's degree in history in People's University of China.

Mr. Mao Wei (毛衛), aged 37, joined the Group in 2008 and was appointed as Vice President. He is primarily leading investment and business development. Mr. Mao has over 10 years' experience in direct investment and management. Prior to joining the Group, Mr. Mao had been an Associate in Bain Capital Asia, LLC for three years. Before that, Mr. Mao had worked for New World China Enterprises Projects Ltd. as Senior Investment Manager, accomplished many investment projects and IPO at overseas stock market, and was appointed as General Manager of The Waterman Co., Ltd. Mr. Mao obtained bachelor degree of Automatic Control in Southeast University in 1993 and MBA degree in Tsinghua University in 1999.

Mr. Chan Oi Nin Derek (陳凱年), aged 41, was appointed as our Qualified Accountant and Company Secretary in May 2008. Mr. Chan has extensive experience in accounting and auditing and was the financial controller and qualified accountant of TCL Multimedia Technology Holdings Limited before joining us. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan received a Bachelor of Science degree from the Chinese University of Hong Kong in 1989 and an MBA degree from Monash University in 1995.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to attaining and upholding a high standard of corporate governance practices and procedures to protect the interests of shareholders and the Company as a whole. The Company has made continuous efforts to constantly review and enhance its corporate governance system in light of changes in regulations and developments in best practices and to ensure that the Group is under the leadership of an effective board to optimise return for shareholders.

Throughout the period from the Company's listing on the Stock Exchange on 8 July 2008 ("Listing Date") to 31 December 2008, the Company had complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") 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") except for the deviation from CG Code C.2.1 as described in this report.

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 made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code during the period from the Listing Date to 31 December 2008.

THE BOARD OF DIRECTORS

The Board steers the Group's business direction. It is responsible for formulating the Group's long-term strategies, setting business goals, assessing results of management policies, monitoring the management's performance, and ensuring strict compliance with relevant statutory requirements and effective implementation of risk management measures on a regular basis. The biographical details of the Directors and relationship between members of the Board are set out in Directors and Senior Management section on pages 20 to 22 of this annual report.

The non-executive Directors, more than half of whom are independent, play an important role in the Board. They possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. Accounting for the majority of Board members, they are providing adequate checks and balances for safeguarding the interests of shareholders and the Group as a whole.

The Company has received written annual confirmation from each independent non-executive Directors of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The Company has arranged directors' and officers' liability insurance for all directors and senior officers against any legal liability arising from performance of their duties.

1. Composition of the Board

As at 31 December 2008, the Board comprised the following eight directors:

Executive Directors:
Mr. Chen Xin *(Chairman)*
Ms. Liu Jinlan
Mr. Li Zongzhou

Non-executive Directors:
Mr. Zhu Jia
Mr. Huang Jingsheng

Independent non-executive Directors:
Mr. Ding Junjie
Mr. Qi Daqing
Mr. Chen Tianqiao

2. Chairman and Chief Executive Officer

The positions of the Chairman of the Board and the Chief Executive Officer are held by separate individuals to ensure that a segregation of duties and a balance of power and authority is achieved. The Chairman is responsible for overseeing all Board functions in accordance with good corporate governance practice, developing strategies and instilling corporate culture. The Chief Executive Officer is responsible for formulating detailed plans for implementation of the objectives set by the Board and mainly focuses on day-to-day management and operation of the Group's business. Currently, the Chairman of the Board is Mr. Chen Xin and the Chief Executive Officer of the Company is Ms. Liu Jinlan.

3. Non-executive Directors

The non-executive Directors of the Company are appointed for a term of three years and are subject to the re-election at the Company's annual general meetings upon retirement in rotation at least every three years in accordance with the Articles of Association of the Company.

4. Board Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate in person or through electronic means of communication. Four meetings were held by the Board during the year. Its composition and the attendance of each Director were set out as follows:

DIRECTORS	NUMBER OF MEETINGS ATTENDED/HELD
Executive Directors	
Chen Xin	4/4
Liu Jinlan	4/4
Li Zongzhou	4/4
Non-executive Directors	
Zhu Jia	4/4
Huang Jingsheng	4/4
Independent non-executive Directors	
Ding Junjie*	2/2
Qi Daqing*	2/2
Chen Tianqiao*	1/2

** Appointed on 27 May 2008 and only two Board meetings were held after their appointment as Directors.*

All Directors are provided with relevant materials in relation to the matters brought before the meetings. Reasonable notices of meetings are given to the Directors and the Directors are encouraged to propose new items as Any Other Business for discussion at the meetings. The Board and each Director have separate access to the Company's senior management for information at all time and may seek independent professional advice at the Company's expense, if necessary. All minutes are kept by the Company Secretary and are open for inspections by all Directors at any reasonable time. Procedures for convening meetings of the Board and Board committees and preparing minutes of the meetings have complied with the requirements of the Articles of Association of the Company and the applicable rules and regulations.

5. Nomination of Directors

During the period from the Listing Date to 31 December 2008, the Company had not set up a nomination committee. The Board as a whole is responsible for considering the suitability of a candidate to act as Director, approving the appointment of a Director and nominating a Director for election and re-election by the shareholders of the Company.

Each of the Directors has entered into a service contract with the Company for a specific term and is subject to his/her re-election upon retirement at an annual general meeting in rotation every three years. In accordance with the Articles of Association of the Company, three Directors shall retire at the next following annual general meeting of the Company and shall then be eligible for re-election.

6. Remuneration of Directors

The executive Directors and the non-executive Directors did not receive any allowance for service provided as directors throughout the period from the Listing Date to 31 December 2008. Executive Directors who are also Company's staff are also entitled to receive respective salaries according to their respective positions taken on a full-time basis in the Company.

Independent non-executive Directors shall have a remuneration of HKD100 thousand for service provided from the Listing Date to 31 December 2008.

Information relating to remuneration of each Director for 2008 is set out in note 13 to the financial statements on page 73 to 74 of this annual report.

7. Board Committees

The Board has established three board committees with defined terms of reference, namely Audit Committee, Remuneration Committee, and Compliance Committee. The terms of reference of Audit Committee and Remuneration Committee are on terms no less exacting than those set out in the CG Code.

Audit committee

The Audit Committee was established in May 2008, comprising the chairman Dr. Qi Daqing and the other members Mr. Ding Junjie and Mr. Huang Jingsheng. It is responsible for the review and supervision of the Group's financial reporting process and internal controls, and the review of the Company's financial statements.

The Audit Committee met twice during the year ended 31 December 2008 and all members of the committee attended the meeting. At the meetings, the committee has:

- reviewed the unaudited financial statements and interim report for the period ended 30 June 2008 with the management;

- reviewed the Group's accounting policies and practices, statutory and Listing Rules compliance, other financial reporting matters and internal controls; and

- reviewed the terms of appointment of external auditors, and ensured the continuing independence of external auditors and the effectiveness of its audit process adopted.

Remuneration committee

The Remuneration Committee was established in May 2008 to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The committee is chaired by Mr. Chen Xin, and the members are Mr. Ding Junjie and Mr. Chen Tianqiao.

During the period from the Listing Date to 31 December 2008,, there was no meeting held by the Remuneration Committee, and in early 2009, a meeting was held to review the remuneration packages for 2009 of the Group's senior management members, including three executive Directors.

Compliance committee

The Compliance committee was established to oversee the Group's compliance with regulatory requirements and make recommendations to the Board on improvements of corporate governance of the Group. It comprises Mr. Li Zongzhou as the chairman and Mr. Xu Chong and Mr. Chan Oi Nin Derek as members.

Two meetings with all members attended were held during the period from the Listing Date to 31 December 2008, and measures taken by the Company for (a) ensuring timely and proper reporting and disclosure of related party transactions and (b) monitoring the timing of preparation of the accounts and tax reporting by members of the Group have been reviewed.

FINANCIAL REPORTING AND INTERNAL CONTROL

1. Financial Reporting

Management provides the explanation and information to the Board to facilitate an informed assessment of the financial and other information put before the Board for its approval. The Board acknowledges its responsibility for the preparation of financial statements that give a true and fair view of the Company's state of affairs. In the preparation of financial statements, the International Financial Reporting Standards have been adopted and appropriate accounting policies have been consistently used and applied.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

The reporting responsibilities of the Group's external auditors, KPMG, are set out in the Independent Auditor's Report on page 40 of this annual report.

2. External Auditors

Management performs a review of remuneration to external auditors on an annual basis. The fees for audit services have been reviewed by the Audit Committee, and the fees for non-audit services, if any, are approved by management.

3. Auditors' Remuneration

The total fee charged by the auditors generally depends on the scope and volume of the auditors' work. During the year, RMB2,827 thousand was charged by the Group's external auditors for annual audit services.

INTERNAL CONTROL

The Board has overall responsibility for maintaining sound and effective internal control system in the Group. The system of internal control has been designed to safeguard assets from unauthorised use or disposition, ensure maintenance of proper accounting records, and ensure compliance with relevant laws and regulations, thereby providing reasonable assurance regarding effective operation of the Group's business.

The Group has established a clear organisational structure, including the delegation of appropriate responsibilities from the Board to the board committees, members of senior management, and to the heads of operating divisions.

The Company has not yet adopted CG Code C.2.1 which provides that the Company should at least annually conduct a review of the effectiveness of the system of internal control of the Group. During the year, the Group conducted general review of and monitor on its internal management and operations. An internal audit department has been established to review major operational and financial systems of the Group on a continuing basis and it aims to cover all significant functions within the Group on a rotational basis. The scope of the internal audit department's review and the audit programmes have been approved by the Audit Committee. The department reports directly to the Audit Committee and the Chairman of the Company, and submits regular reports for their review in accordance with the approved programme. As such, the Company considers that the work performed by the Group and the internal audit department is sufficient to meet the underlying objective of the relevant provision of the CG Code.

External auditors will also report on weaknesses in the Group's internal control and accounting procedures which come to their attention during the course of their audits.

Each of the executive Directors of the Company has taken 10 hours of training during the year on regulatory requirements relating to directors' duties of a publicly listed company provided by the Company's compliance advisor and Hong Kong legal advisor.

COMMUNICATIONS WITH SHAREHOLDERS

The Company has established and maintained various channels of communications with its shareholders and the public to ensure that they are kept abreast of the Company's latest news and development. Information about the Company's financial results, corporate details and major events are disseminated through publication of announcements, circulars, interim and annual reports, and press release. All published information is promptly uploaded to the Company's website at *www.sinomedia.com.hk*.

At the annual general meeting, shareholders can raise any questions relating to performance and future direction of the Group with the Directors. Press conferences and analysts briefings are held at least twice a year subsequent to the interim and final results announcements in which the Directors and management are available to answer questions on the Group. Investors can also put enquiries to management by sending emails to *ir@sinomedia.com.hk*. In addition, the Company's dedicated investor relations team takes a proactive approach to communicate with the existing and potential investors in a timely manner by making regular face-to-face meetings and conference calls with investors.

Directors' Report

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2008.

PRINCIPAL PLACE OF BUSINESS

SinoMedia Holding Limited (the "Company") is a company incorporated and domiciled in Hong Kong and has its registered office at Room 1505, 15th Floor, World-wide House, 19 Des Voeux Road Central, Hong Kong, and principal place of business at Unit 15D, Xintian International Plaza, No. 450 Fushan Road, Pudong New District, Shanghai, PRC.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, subsidiaries of which are providing nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agents.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries (the "Group") during the financial year ended 31 December 2008 are set out in note 1 and note 24 to the financial statements.

USE OF PROCEEDS FROM LISTING

The net proceeds (after deduction of related issuance costs) from the Company's initial public offering including the exercise of the over-allotment option amounted to approximately RMB254 million. The net proceeds were partially applied during the period from the Company's listing on 8 July 2008 ("Listing Date") up to 31 December 2008 and such application is consistent with the proposed usage of the net proceeds disclosed in the Company's prospectus dated 25 June 2008 (the "Prospectus").

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year ended 31 December 2008 is as follows:

	Percentage of the Group's total purchases
The largest supplier	93%
Five largest suppliers in aggregate	99%

The Group's five largest customers accounted for less than 30% of the Group's revenue.

None of the directors, their associates and any shareholder (who or which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has any interest in any of the Group's five largest suppliers and customers.

RESULTS AND APPROPRIATIONS

The profit of the Group for the year ended 31 December 2008 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 41 to 44.

Profits attributable to equity shareholders of the Company, before dividends, of RMB120,800 thousand (2007: RMB42,316 thousand) have been transferred to reserves. Other movements in reserves are set out in the Consolidated Statements of Changes in Equity on page 45.

A dividend of RMB89,669 thousand (2007: nil) was paid in June 2008. The directors now recommend the payment of final dividend of 4.5 HK cents (equivalent to approximately 3.96 RMB cents) per share to the shareholders in the register of members of the Company on 12 June 2009, amounting in aggregate to approximately RMB22.3 million.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2008, before deducting the proposed final dividends for 2008, amounted to approximately RMB26,500 thousand.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year ended 31 December 2008 amounted to RMB151 thousand (2007: nil).

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group are set out in note 18 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2008 are set out in note 25 to the financial statements.

Except for the repurchase of the Company's own ordinary shares as set out in note 25(c) to the financial statements, 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 2008.

DIRECTORS

The directors during the year were:

Executive directors
Chen Xin
Liu Jinlan
Li Zongzhou

DIRECTORS (CONTINUED)

Non-executive directors
Zhu Jia
Huang Jingsheng

Independent non-executive directors
Ding Junjie (appointed in May 2008)
Qi Daqing (appointed in May 2008)
Chen Tianqiao (appointed in May 2008)

In accordance with Article 105 of the Company's Articles of Association, Liu Jinlan, Li Zongzhou, and Zhu Jia shall retire at the forthcoming annual general meeting ("AGM") of the shareholders of the Company and, being eligible, offer themselves for re-election.

No director proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2008, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debenture of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be (a) notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(i) Interests in the Company

Director	Nature of interest	Long/short position	Number of shares held	Percentage of the issued share capital of the Company
Liu Jinlan	Corporate interest, settler of discretionary trusts, beneficiary of a trust and beneficial interests *(Note 1)*	Long	280,549,513	49.72%
Chen Xin	Corporate interest, settler of discretionary trusts and beneficiary of a trust *(Note 2)*	Long	251,428,165	44.55%
Li Zongzhou	Beneficial interests *(Note 3)*	Long	1,600,000	0.28%

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(ii) Interests in associated corporations

Director	Associated corporation	Long/short position	Nature of interest	Percentage of the issued share capital of the associated corporation
Chen Xin	Golden Bridge Int'l Advertising Holdings Limited ("Golden Bridge Advertising")	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 2)*	100%
	Golden Bridge International Culture Limited ("Golden Bridge Culture")	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 2)*	100%
	CTV Golden Bridge International Media Co., Ltd. ("CTV Media (Shanghai)")	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 2, 4)*	99.7%
	Jiangsu Xinqiao Tongying Advertising and Broadcast Co., Ltd. ("Jiangsu Xinqiao")	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 2, 4)*	100%
	Beijing Golden Bridge Senmeng Media Advertising Co., Ltd. ("Golden Senmeng")	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 2, 4)*	51%
	Beijing Taihe Ruishi Culture and Media Company Limited ("Taihe Ruishi")	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 2, 4)*	45%
Liu Jinlan	Golden Bridge Advertising	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 1)*	100%
	Golden Bridge Culture	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 1)*	100%
	CTV Media (Shanghai)	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 1, 4)*	99.7%

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(ii) Interests in associated corporations (continued)

Director	Associated corporation	Long/short position	Nature of interest	Percentage of the issued share capital of the associated corporation
	Jiangsu Xinqiao	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 1, 4)*	100%
	Golden Senmeng	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 1, 4)*	51%
	Taihe Ruishi	Long	Corporate interest, settlor of discretionary trusts and beneficiary of a trust *(Note 1, 4)*	45%

Notes:

1 Liu Jinlan is deemed to be interested in 280,549,513 ordinary shares of the Company ("Share(s)"), (1) 203,941,513 Shares of which are directly held by Golden Bridge Culture, a wholly-owned subsidiary of Golden Bridge Advertising, which is wholly owned by CLH Holding Limited. CLH Holding Limited is wholly owned by Equity Trustee Limited as trustee of the CLH Trust, a discretionary trust set up by Chen Xin and Liu Jinlan for the benefit of Chen Xin, Liu Jinlan and charitable organisations approved and registered under the Ministry of Civil Affairs of the PRC; (2) 25,921,344 Shares of which are directly held by United Marine Enterprise Company Limited, a wholly-owned subsidiary of UME Holding Limited, which is wholly owned by Equity Trustee Limited as trustee of the UME Trust, a discretionary trust set up by Liu Jinlan for the benefit of the elder daughter of Chen Xin and Liu Jinlan; (3) 21,565,312 Shares of which are directly held by SinoMedia Investment Ltd ("SinoMedia Investment"), a wholly-owned subsidiary of DFS Management Limited which is wholly owned by Equity Trustee Limited as trustee of the DFS (No.2) Trust, a discretionary trust set up by Liu Jinlan for the benefit of her mother and sister; (4) 3,200,000 Shares are the Shares which may be subscribed by Liu Jinlan upon her exercise of the options granted to her under the Pre-IPO Scheme (as defined below); and (5) 25,921,344 Shares were directly held by Merger Holding Service Company Limited, a wholly-owned subsidiary of MHS Holding Limited, which is wholly owned by Equity Trustee Limited as trustee of the MHS Trust, a discretionary trust set up by Chen Xin for the benefit of the younger daughter of Chen Xin and Liu Jinlan.

2 Chen Xin is deemed to be interested in 251,428,165 Shares, (1) 203,941,513 Shares of which are directly held by Golden Bridge Culture, a wholly-owned subsidiary of Golden Bridge Advertising, which is wholly owned by CLH Holding Limited. CLH Holding Limited is wholly owned by Equity Trustee Limited as trustee of the CLH Trust, a discretionary trust set up by Chen Xin and Liu Jinlan for the benefit of Chen Xin, Liu Jinlan and charitable organizations approved and registered under the Ministry of Civil Affairs of the PRC; and (2) 25,921,344 Shares of which are directly held by Merger Holding Service Company Limited, a wholly-owned subsidiary of MHS Holding Limited, which is wholly owned by Equity Trustee Limited as trustee of the MHS Trust, a discretionary trust set up by Chen Xin for the benefit of the younger daughter of Chen Xin and Liu Jinlan; and (3) 21,565,308 Shares of which are directly held by Digital Finance Service Company Limited, a wholly-owned subsidiary of DFS Holding Limited which is wholly owned by Equity Trustee Limited as trustee of the DFS (No.1) Trust, a discretionary trust set up by Chen Xin for the benefit of his parents.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(ii) Interests in associated corporations (continued)

Notes: (continued)

3 1,600,000 Shares are the Shares which may be subscribed by Li Zongzhou upon his exercise of options granted to him under the Pre-IPO Scheme.

4 Jiangsu Xinqiao is a wholly-owned subsidiary of, and Golden Senmeng and Taihe Ruishi are non-wholly owned subsidiaries of CTV Media (Shanghai), respectively. CTV Media (Shanghai) is wholly owned as to 99.7% by the Company.

Apart from the foregoing, as at 31 December 2008, none of the directors and the chief executives of the Company had any interests or short positions in the shares, underlying shares and debenture of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

(i) Pre-IPO Share Option Scheme

The Company has adopted a share option scheme (the "Pre-IPO Scheme") on 29 June 2007 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any subsidiaries in the Group, to take up options (the "Pre-IPO Options") to subscribe for shares of the Company. The purpose of the scheme is to provide an opportunity for employees of the Group to acquire an equity participation in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Unless otherwise terminated by the board of directors (the "Board") of the Company or the shareholders of the Company in a general meeting in accordance with its terms, the Pre-IPO Scheme is valid and effective for period of not more than eight years from the date on which the Pre-IPO Scheme is adopted.

The total number of securities available for issue under the share option scheme as at 31 December 2008 was 17,920,000 shares which represented approximately 3% of the issued share capital of the Company at 31 December 2008. The number of securities issued and to be issued upon exercise of the options granted to each participant in any 12-month period is limited to 1% of the Company's ordinary shares in issue.

The options are unlisted. Each option gives the holder the right to subscribe for one ordinary share of the Company. At 31 December 2008, the directors and employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share as at 31 December 2008 was HK$0.81) granted for RMB1.56 consideration under the Pre-IPO Scheme of the Company.

SHARE OPTION SCHEME (CONTINUED)

(i) Pre-IPO Share Option Scheme (continued)

Movements of the options under the Pre-IPO Scheme for the year ended 31 December 2008 are as follows:

	No. of options outstanding at the beginning of year	No. of options granted during year	No. of options exercised during the year	No. of options forfeited during the year	No. of options outstanding at the end of the year	Date of grant	Exercise price	Exercise period *(Note 1)*
Directors								
Liu Jinlan	3,200,000	—	—	—	3,200,000	10 July 2007	RMB1.56	*Note 3*
Li Zongzhou	1,600,000	—	—	—	1,600,000	10 July 2007	RMB1.56	*Note 2*
Employees								
in aggregate	13,760,000	—	—	(640,000)	13,120,000	4 July 2007 to 7 March 2008	RMB1.56	*Note 2, 3*

Notes:

1 The Pre-IPO Options are only exercisable six months after listing of the Company.

2 A Pre-IPO Options holder may exercise a maximum of 25% of the total number of the Pre-IPO Options granted after the elapse of 365 days from the acceptance of the Pre-IPO Options. Subsequently, for every full year of continuous service with the company, the holder may exercise a maximum of another 25% of the total number of the Pre-IPO Options granted, up to eight years from the date on which the Pre-IPO Options are granted.

Pre-IPO Options granted to Li Zongzhou are exercisable from 8 January 2009 to 9 July 2015, subject to the vesting requirement mentioned above. Exercisable period of the Pre-IPO Options granted to employees of the Group commences on 8 January 2009 and expires on a date ranging from 3 July 2015 to 6 March 2016 (depending on their respective date of grant of the option), also subject to the vesting requirement mentioned above.

3 An exception to the vesting requirement mentioned in (2) above is that each of Liu Jinlan and an employee of the company may exercise a maximum of 50% of the total number of the Pre-IPO Options granted after the elapse of 365 days from the acceptance of the options. Subsequently, for every full year of continuous service with the Company, each of Liu Jinlan and the employee may exercise a maximum of another 25% of the total number of the options granted, up to eight years from the date of grant.

Pre-IPO Options granted to Liu Jinlan and the employee are exercisable respectively from 8 January 2009 to 9 July 2015 and from 8 January 2009 to 3 July 2015, subject to the vesting requirement mentioned above.

(ii) Post-IPO Share Option Scheme

Pursuant to the ordinary resolutions of the shareholders of the Company passed on 27 May 2008, the Company has adopted a share option scheme (the "Post-IPO Scheme") whereby directors of the Company may, at their discretion, invite any full time employee, director or any person approved by the Board or shareholders of the Company to take up options which entitle them to subscribe for Shares. The share option scheme shall be valid and effective for a period of ten years ending on 7 July 2018. No share option has been granted under the Post-IPO Scheme during the year.

SHARE OPTION SCHEME (CONTINUED)

(ii) Post-IPO Share Option Scheme (continued)

Information on the accounting policy for share options granted and the weighted average value per option is provided in note 3(h)(iii) and note 29 to the financial statements, respectively.

Apart from the foregoing, at no time during the year was the Company, or any of its holding Company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2008, so far as known to the directors and chief executive of the Company, the following persons (other than a director or chief executive of the Company) had, or were deemed or taken to have interests or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO:

Substantial shareholders	Long/ Short Position	Nature of interests	Total number of ordinary shares held	% of total issued shares
Equity Trustee Limited	Long	Trustee *(Note 1)*	298,914,821	52.97%
CLH Holding Limited	Long	Corporate interests *(Note 1)*	203,941,513	36.14%
Golden Bridge Advertising	Long	Corporate interests *(Note 1)*	203,941,513	36.14%
Golden Bridge Culture	Long	Beneficial interest	203,941,513	36.14%
Bain Capital CTVGB Holding L.P. ("Bain Holding")	Long	Corporate interests *(Note 2)*	117,624,579	20.84%
Bain Capital CTVGB Holding Ltd. ("Bain Capital")	Long	Beneficial interests	117,624,579	20.84%

Notes:

(1) Equity Trustee Limited is deemed to be interested in 298,914,821 Shares, being all the Share directly held by Golden Bridge Culture, SinoMedia Investment, Merger Holding Service Company Limited, United Marine Enterprise Company Limited and Digital Finance Service Company Limited, as trustee of certain discretionary trusts. For future details, please also refer to notes (1) and (2) in the section headed "Directors' interests and short positions in shares, underlying shares and debenture."

(2) Bain Holding is deemed to be interested in the 117,624,579 Shares directly held by Bain Capital, which is wholly owned by Bain Holding, which is in turn wholly owned by Bain Capital Fund IX, L.P., BCIP Associates III, LLC and BCIP Associates III-B, LLC.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Save as disclosed above, so far as known to the directors and chief executive of the Company, as at 31 December 2008, there was no other person (other than a director or chief executive of the Company) who had any interests or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of the Division 2 and 3 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained the prescribed public float under the Listing Rules from the Listing Date to the end of 2008.

CONNECTED TRANSACTIONS

During the year ended 31 December 2008, the following transactions constitute continuing connected transactions of the Company and require disclosure under Chapter 14A of the Listing Rules:

1. On 31 December 2007, CTV Media (Shanghai) entered into a lease agreement with Shanghai CTV Golden Bridge International Culture and Communication Company Limited, in which Liu Jinlan holds 100% equity interest, to lease from the latter office premises at Xintian International Building, 450 Fushan Road, Pudong New Area, Shanghai. The lease agreement is for a term of three years from 1 January 2008 to 31 December 2010 with an annual rent of approximately RMB577,500 (excluding utility fees). Details of the lease agreement have been set out in the Prospectus. During the year ended 31 December 2008, rental of approximately RMB577,500 was paid for the lease.

2. On 31 December 2007, CTV Media (Shanghai) and Liu Jinlan entered into a lease agreement to lease from the latter office premises at e-Tower, 12 Guanghua Road, Chaoyang District, Beijing. The lease agreement was for a term of three years from 1 January 2008 to 31 December 2010, but had been terminated before the year end. Rental of approximately RMB141,000 was paid for the lease during the year ended 31 December 2008.

3. On 1 February 2008, CTV Media (Shanghai) and Liu Jinlan entered into a lease agreement to lease from the latter office premises at Xinzhou Commercial Building, 58 Fucheng Road, Haidian District, Beijing. The lease agreement is for a term of one year from 1 February 2008 to 31 January 2009 with an annual rental of approximately RMB1,167,300. During the year, rental of approximately RMB1,070,000 was paid for the lease.

The independent non-executive directors have reviewed the above transactions and confirmed that they have been entered into (i) on normal commercial terms; (ii) in the ordinary course of the business of the Company; and (iii) on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to grant a waiver pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement requirement set out in Chapter 14A of the Listing Rules for each of the continuing connected transactions set out above.

Save for the above, no contract of significance to which the Company, or any of its holding Company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 112 of the annual report.

PROVIDENT AND RETIREMENT FUND SCHEMES

The Group's employees in the PRC participate in various defined contribution schemes by the relevant municipal and provincial governments under which the Group is required to make monthly contributions to these plans. The Group's subsidiaries in the PRC contribute funds to the retirement schemes, which are calculated on a stipulated percentage of the average employee salary as agreed by the relevant municipal and provincial government. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

Details of the Group's contributions to the retirement benefit schemes are shown in note 10 to the financial statements.

AUDITORS

The financial statements have been audited by KPMG. A resolution for the re-appointment of KPMG as the Company's auditors will be proposed at the forthcoming AGM.

The Company has not changed the auditors during the period from the Listing Date to 31 December 2008.

By order of the Board
Chen Xin
Chairman

Independent Auditor's Report

Independent auditor's report to the shareholders of SinoMedia Holding Limited
(Incorporated in Hong Kong with Limited liability)

We have audited the consolidated financial statements of SinoMedia Holding Limited (the "Company") set out on pages 41 to 111, which comprise the consolidated and Company balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the group as at 31 December 2008 and of the group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Charter Road
Central, Hong Kong

16 April 2009

Consolidated Income Statement

For the year ended 31 December 2008
(Expressed in Renminbi)

	Notes	**2008** **RMB'000**	2007 RMB'000
Revenue	7	**558,356**	364,702
Cost of services		**(335,667)**	(237,857)
Gross profit		**222,689**	126,845
Other income	8	**14,157**	36
Selling and marketing expenses		**(26,912)**	(16,532)
General and administration expenses		**(50,222)**	(30,719)
Profit from operations		**159,712**	79,630
Finance income	11	**6,761**	3,045
Finance expenses related to convertible redeemable preference shares	11	**—**	(26,453)
Other finance expenses	11	**(13,920)**	(200)
Net finance expense		**(7,159)**	(23,608)
Share of profit of equity accounted investees (net of income tax)		**(107)**	—
Profit before income tax		**152,446**	56,022
Income tax expense	12	**(31,343)**	(13,247)
Profit for the year		**121,103**	42,775
Attributable to:			
Equity shareholders of the Company		**120,800**	42,316
Minority interests		**303**	459
Profit for the year		**121,103**	42,775
Dividends	16	**89,789**	—
Earnings per share	17		
Basic earnings per share *(RMB)*		**0.243**	0.098
Diluted earnings per share *(RMB)*		**0.243**	0.096

The notes on pages 48 to 111 are an integral part of these financial statements.

Consolidated Balance Sheet

At 31 December 2008
(Expressed in Renminbi)

	Notes	2008 RMB'000	2007 RMB'000
Assets			
Property, plant and equipment	*18*	**54,182**	48,266
Investment in equity accounted investee	*19*	**843**	—
Deferred tax assets	*20*	**6,350**	3,268
Total non-current assets		**61,375**	51,534
Trade and other receivables	*21*	**202,648**	97,258
Receivables due from related parties	*31(c)*	**—**	28,255
Cash and cash equivalents	*22*	**574,503**	352,061
Assets classified as held for sale	*23*	**—**	11,041
Total current assets		**777,151**	488,615
Total assets		**838,526**	540,149
Equity			
Share capital	*25*	**173**	137
Reserves		**670,473**	388,556
Equity attributable to the equity shareholders of the Company		**670,646**	388,693
Minority interests		**7,419**	928
Total equity		**678,065**	389,621
Liabilities			
Deferred tax liabilities	*20*	**1,286**	—
Total non-current liabilities		**1,286**	—
Trade and other payables	*28*	**143,175**	136,725
Payables due to related parties	*31(c)*	**—**	958
Income tax payables	*12(c)*	**16,000**	12,845
Total current liabilities		**159,175**	150,528

At 31 December 2008
(Expressed in Renminbi)

	Notes	2008 RMB'000	2007 RMB'000
Total liabilities		**160,461**	150,528
Total equity and liabilities		**838,526**	540,149
Net current assets		**617,976**	338,087
Total assets less current liabilities		**679,351**	389,621

Approved and authorised for issue by the board of directors on 16 April 2009

Chen Xin
Chairman

Huang Jingsheng
Director

The notes on pages 48 to 111 are an integral part of these financial statements.

Balance Sheet

At 31 December 2008
(Expressed in Renminbi)

	Notes	2008 RMB'000	2007 RMB'000
Assets			
Investments in subsidiaries	24	**142,650**	118,844
Total non-current assets		**142,650**	118,844
Trade and other receivables	21	**85,670**	53,925
Cash and cash equivalents	22	**286,683**	22,394
Total current assets		**372,353**	76,319
Total assets		**515,003**	195,163
Equity			
Share capital		**173**	137
Reserves	26	**497,030**	181,442
Equity attributable to the equity shareholders of the Company		**497,203**	181,579
Total equity		**497,203**	181,579
Liabilities			
Trade and other payables		**17,800**	11,235
Payables due to related parties		**—**	2,349
Total current liabilities		**17,800**	13,584
Total liabilities		**17,800**	13,584
Total equity and liabilities		**515,003**	195,163
Net current assets		**354,553**	62,735
Total assets less current liabilities		**497,203**	181,579

Approved and authorised for issue by the board of directors on 16 April 2009

Chen Xin
Chairman

Huang Jingsheng
Director

The notes on pages 48 to 111 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008
(Expressed in Renminbi)

	Share capital RMB'000 (note 25)	Share premium RMB'000 (note 26(a))	Capital redemption reserve RMB'000 (note 26(a))	Capital reserves RMB'000 (note 26(b))	Statuary reserves RMB'000 (note 26(c))	Translation reserves RMB'000 (note 26(d))	Other reserves RMB'000 (note 26(e))	Retained earnings RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
Balance at 1 January 2007	90	(89,481)	16	24,717	18,817	(625)	1,964	99,183	54,681	10	54,691
Foreign currency translation difference	–	–	–	–	–	11,548	–	–	11,548	–	11,548
Difference between the carrying amount of the net assets received and the consideration paid on business combination	–	–	–	–	–	–	1,828	–	1,828	(199)	1,629
Contribution from minority shareholders	–	–	–	–	–	–	–	–	–	657	657
Acquisition of minority interest	–	–	–	–	–	–	200	–	200	–	200
Share-based payments *(note 29)*	–	–	–	5,457	–	–	–	–	5,457	–	5,457
Conversion of convertible redeemable preference shares *(note 27)*	47	297,333	–	(24,717)	–	–	–	–	272,663	–	272,663
Profit for the year	–	–	–	–	–	–	–	42,316	42,316	460	42,776
Appropriation to reserves	–	–	–	–	12,685	–	–	(12,685)	–	–	–
Balance at 31 December 2007	137	207,852	16	5,457	31,502	10,923	3,992	128,814	388,693	928	389,621
Foreign currency translation difference	**–**	**–**	**–**	**–**	**–**	**(5,755)**	**–**	**–**	**(5,755)**	**–**	**(5,755)**
Issuance of ordinary shares in public offering, net of issuance costs	**38**	**253,889**	**–**	**–**	**–**	**–**	**–**	**–**	**253,927**	**–**	**253,927**
Share-based payments *(note 29)*	**–**	**–**	**–**	**7,012**	**–**	**–**	**–**	**–**	**7,012**	**–**	**7,012**
Release of reserves due to the liquidation of CTV Golden Bridge International Advertising Company Limited	**–**	**–**	**–**	**–**	**(18,817)**	**(1,874)**	**(1,926)**	**22,617**	**–**	**–**	**–**
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,550**	**6,550**
Contribution from minority interest	**–**	**–**	**–**	**–**	**–**	**–**	**242**	**–**	**242**	**(242)**	**–**
Share repurchased											
– par value paid	**(2)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2)**	**–**	**(2)**
– premium paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,602)**	**(4,602)**	**–**	**(4,602)**
– transfer between reserves	**–**	**–**	**2**	**–**	**–**	**–**	**–**	**(2)**	**–**	**–**	**–**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**120,800**	**120,800**	**303**	**121,103**
Appropriation to reserves	**–**	**–**	**–**	**–**	**12,853**	**–**	**–**	**(12,853)**	**–**	**–**	**–**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(89,669)**	**(89,669)**	**(120)**	**(89,789)**
Balance at 31 December 2008	**173**	**461,741**	**18**	**12,469**	**25,538**	**3,294**	**2,308**	**165,105**	**670,646**	**7,419**	**678,065**

The notes on pages 48 to 111 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2008
(Expressed in Renminbi)

	Notes	2008 RMB'000	2007 RMB'000
Cash flows from operating activities			
Profit for the year		**121,103**	42,775
Adjustments for:			
Depreciation	*9*	**2,575**	2,115
(Gain)/Loss on disposal of property, plant and equipment	*23*	**(3,695)**	406
Income tax expense	*12(a)*	**31,343**	13,247
Finance expenses	*11*	**13,920**	26,653
Finance income	*11*	**(6,761)**	(3,045)
Share of profit of equity accounted investees		**107**	—
Equity-settled share-based payment transactions	*29*	**7,012**	4,876
		165,604	87,027
Change in trade and other receivables		**(105,390)**	6,671
Change in trade and other payables		**6,330**	33,606
		66,544	127,304
Interest paid		**—**	(46)
Income tax paid	*12(c)*	**(29,984)**	(17,216)
Net cash from operating activities		**36,560**	110,042
Cash flows from investing activities			
Interest received		**6,761**	3,045
Realised exchange losses arising from exchange rate fluctuations		**(17,805)**	—
Proceeds from sales of property, plant and equipment	*23*	**14,736**	699
Acquisition of property, plant and equipment	*18*	**(8,491)**	(44,990)
Cash advances and loans made to related parties		**—**	(54,237)
Cash receipts from the repayment of advances and loans made to related parties		**27,298**	81,191
Acquisition of subsidiaries, net of cash acquired	*6(a)*	**6,550**	—
Acquisition of investment in equity accounted investee		**(950)**	—
Net cash from (used in) investing activities		**28,099**	(14,292)

For the year ended 31 December 2008
(Expressed in Renminbi)

	Notes	2008 RMB'000	2007 RMB'000
Cash flows from financing activities			
Proceeds from issue of ordinary shares in placing and public offering, net of issuance costs	26(a)	**253,927**	—
Purchase of own shares	25(c)	**(4,604)**	—
Deemed distribution to the Controlling Shareholders on the disposal of Shanghai CTV Golden Bridge International Culture and Communication Company Limited		**—**	36
Deemed distribution to the Controlling Shareholders on acquisition of CTV Golden Bridge International advertising Company Limited		**—**	(49,074)
Payment of borrowings		**—**	(1,425)
Dividends paid		**(89,669)**	—
Net cash from (used in) financing activities		**159,654**	(50,463)
Net increase in cash and cash equivalents		**224,313**	45,287
Cash and cash equivalents at the beginning of the year		**352,061**	311,269
Effect of exchange rate fluctuations on cash held		**(1,871)**	(4,495)
Cash and cash equivalents at the end of the year	22	**574,503**	352,061

The notes on pages 48 to 111 are an integral part of these financial statements.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1. REPORTING ENTITY AND CORPORATE INFORMATION

SinoMedia Holding Limited (the "Company") is a company domiciled in Hong Kong. The address of the Company's registered office is Room 1505, 15th Floor, World-wide House, 19 Des Voeux Road Central, Hong Kong. The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associate. The Group primarily is involved in providing nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agents.

The Company's shares were listed (the "Listing") on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 July 2008 (the "Listing Date").

2. REORGANIZATION AND BASIS OF PREPARATION

(a) Reorganization

The companies now comprising the Group underwent a reorganization (the "Reorganization") to rationalize the Group's structure in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange. Details of the Reorganization are set out in the prospectus of the Company dated 25 June 2008 (the "Prospectus").

(b) Statement of compliance

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 were authorised for issue by the Board of Directors on 16 April 2009.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value

The methods used to measure fair values are discussed further in note 4.

2. REORGANIZATION AND BASIS OF PREPARATION (CONTINUED)

(d) Functional and presentation currency

The functional currency of the Company is HKD and the functional currencies of other entities in the Group are RMB. The financial statements are presented in RMB. All financial information presented in RMB has been rounded to the nearest thousand unless otherwise indicated.

(e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 33.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 3(f)).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the equity shareholders that control the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling equity shareholders' consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of other reserve. Any cash paid for the acquisition is recognised directly in equity.

(iii) Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iv) Transactions eliminated on consolidation

Intra-Group balances, transactions and any unrealised gains and losses arising from intra-Group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) Transactions with minority interests

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly by subsidiaries, are presented in the consolidated balance sheet and consolidated statement of changes in equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Transactions with minority equity shareholders of the Group are at book value and classified as equity transactions. Accordingly, when the Group acquires minority interests of its subsidiaries, the difference between the amounts of consideration and carrying values of minority interests are recognised as reserve movement.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(b) Foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Renminbi at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

(i) Derivative financial instruments

Derivatives are recognised initially at fair value, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

When derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

(ii) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables and other financial liabilities.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Accounting for finance income and expenses is discussed in note 3(p).

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(iii) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible redeemable preference shares that are redeemable on a specific date or at the option of the holders, and can be converted to ordinary share at the option of the holders. The compound financial instruments consist of a host liability component, an equity component and an embedded derivative which is not closely related to the host contract.

An embedded derivative is a financial liability unless it will be settled only by the issuer exchanging a fixed amount of other financial asset for a fixed number of its own equity instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Compound financial instruments (continued)

The embedded derivative is recognised initially at the fair value, which is measured using the binominal option pricing model. The host liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the host liability component and the embedded derivative in capital reserve. Any directly attributable transaction costs are allocated to the host liability component, equity component and embedded derivative in proportion to their initial carrying amounts.

Subsequent to initial recognition, the embedded derivative with liability feature is re-measured at fair value. The host liability component of compound financial instruments is measured at amortised cost using the effective interest method. The equity component of compound financial instruments is not remeasured subsequent to initial recognition.

(iv) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference shares

Preference shares are classified as equity if they are non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Group's shareholders.

Preference shares are classified as liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the year are as follows:

Buildings	30 years
Production equipment	10 years
Fixtures, fittings and computer equipment	3–5 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to cash-generating units and is tested annually for impairment (see note 3(f)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associate and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see note 3(f)).

Any excess of the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in profit or loss.

On disposal of a cash generating unit, an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with International Accounting Standard 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 3(f)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(h) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in capital reserve, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

(iv) Termination benefits

Termination benefits are recognised when, and only when, the group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(j) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) Cash and Cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

(l) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(m) Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Advertising service revenue

Advertising service revenue is primarily derived from the placement of advertisements. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to reports issued by an independent third party with relevant qualification and experience on a monthly basis, which evidence the advertisement actually broadcast.

(ii) Agency service revenue

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group in proportion to the stage of completion of the transaction on a monthly basis. The stage of completion is assessed by reference to service performed to date as a percentage of total services to be performed.

(o) Government grants

Unconditional government grants are recognised in profit or loss when the grants become receivable.

Grant that compensate the Group for expenses incurred are recognised in profit and loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for cost of an asset are recognised in profit and loss on a systematic basis over the useful life of the asset.

(p) Finance income and expenses

Finance income comprises interest income on cash deposits in bank and changes in fair value of financial instruments at fair value through profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expenses on borrowings, net of interest capitalised, changes in fair value of financial instruments at fair value through profit or loss and foreign currency losses. All borrowing costs are calculated using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(r) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible redeemable preference shares and share options granted to employees.

(t) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group. Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(Expressed in Renminbi unless otherwise indicated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

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.

(v) Amendments, new standards and interpretations issued but not yet effective for the annual accounting period beginning on 1 January 2008

Up to the date of issue of these financial statements, the International Accounting Standards Board ("IASB") has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2008 and which have not been adopted in these financial statements:

	Effective for accounting periods beginning on or after
IFRIC 13, Customer loyalty programmes	1 July 2008
IFRIC 16, Hedges of a net investment in a foreign operation	1 October 2008
IFRS 8, Operating segments	1 January 2009
Revised IAS 23, Borrowing costs	1 January 2009
Revised IAS 1, Presentation of financial statements	1 January 2009
Amendment to IFRS 2, Share-based payment — Vesting conditions and cancellations	1 January 2009
Amendments to IAS 32, Financial instruments: Presentation and IAS 1, Presentation of financial statements — Puttable financial instruments and obligations arising on liquidation	1 January 2009
Amendments to IFRS 1, First-time adoption of International Financial Reporting Standards, and IAS 27, Consolidated and separate financial statements — Cost of an investment in a subsidiary, jointly-controlled entity or associate	1 January 2009
Improvements to IFRSs	1 January 2009 or 1 July 2009
IFRIC 15, Agreements for the construction of real estate	1 January 2009
Revised IFRS 1, First-time adoption of International Financial Reporting Standards	1 July 2009
Revised IFRS 3, Business combinations	1 July 2009
Amendments to IAS 27, Consolidated and separate financial statements	1 July 2009
Amendment to IAS 39, Financial instruments: Recognition and measurement — Eligible hedged items	1 July 2009
IFRIC 17, Distributions of non-cash assets to owners	1 July 2009

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Amendments, new standards and interpretations issued but not yet effective for the annual accounting period beginning on 1 January 2008 (continued)

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application.

So far it has concluded that the adoption of them is unlikely to result in a restatement of the Group's or the Company's results of operations and financial position.

In addition, the following developments are expected to result in amended disclosures in the financial statements, including restatement of comparative amounts in the first period of adoption:

	Effective for accounting periods beginning on or after
Revised IAS 1, Presentation of financial statements	1 January 2009

4. DETERMINATION OF FAIR VALUES

(a) Grant date fair value of employee share options

The grant date fair value of employee share options is measured at the estimated market price, which is determined based on a valuation analysis performed by an independent valuer based on various generally accepted valuation methodologies (see note 29(a)(iii)).

(b) Derivatives

The fair value of the option to acquire minority interest is based on a valuation analysis performed by an independent valuer based on various generally accepted valuation methodologies.

5. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

— credit risk

— liquidity risk

— foreign currency risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements. The Company's board of directors (the "Board") has overall responsibility for the establishment and oversight of the Group's risk management framework. The risks are mitigated by various measures as disclosed below.

(a) Credit risk

(i) Trade and other receivables

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are in general due within 90 days from the date of billing. Debtors with overdue balances are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. The Group has no significant concentrations of credit risk.

The maximum exposure to credit risk without taking account of any collateral is represented by the carrying amount of trade and other receivables in the balance sheet after deducting any impairment allowance. The Group does not provide any other guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in notes 21 and 32.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(ii) Cash and cash equivalents

The Group mitigates its exposure to credit risk by depositing in financial institutions in Hong Kong with high credit ratings assigned by international credit-rating agencies and state-controlled financial institutions with good reputations in mainland China.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and cash equivalents to meet its liquidity requirements in the short and longer term.

(c) Foreign currency risk

The Group has foreign currency risk as certain cash and cash equivalents are denominated in Hong Kong Dollars and United States Dollars, representing approximately 50% of the total cash and cash equivalents of the Group. Major business operations of the Group are carried out in Renminbi.

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher equity shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a debt-to-equity ratio. This ratio is calculated as total debts divided by equity attributable to the equity shareholders of the Company.

During 2008, the Group's strategy, which was uncharged from 2007, was to maintain the debt-to-equity ratio at low level. In order to maintain or adjust the ratio, the Group may adjust the amount of dividend paid to equity shareholder or purchase the Company's own shares.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

6. ACQUISITION, ESTABLISHMENT AND DISSOLUTION OF SUBSIDIARIES

(a) Acquisition and establishment of subsidiaries

(i) Beijing Taihe Ruishi Culture and Media Company Limited (北京太合瑞視傳媒廣告有限公司)

On 4 November 2008, Beijing Taihe Ruishi Culture and Media Company Limited was established with an initial registered capital of RMB3,000,000. CTV Golden Bridge International Media Company Limited, a 99.7% owned subsidiary of the Company, Beijing Taihe Ruishi Media Advertising Company Limited and Beijing Dasheng View Culture Broadcasting Company Limited (北京大聖視野文化傳播有限公司) contributed and paid up RMB1,350,000, RMB1,290,000 and RMB360,000, representing 45%, 43% and 12% of the equity interests in Beijing Taihe Ruishi Culture and Media Company Limited, respectively.

Although the Group owns less than half of the ownership interests of Beijing Taihe Ruishi Culture Media Company Limited, it is able to govern the financial and operating policies of the company by virtue of an agreement with the other investors of Beijing Taihe Ruishi Culture Media Company Limited to have 51% voting rights. Consequently, the Group consolidates its investment in Beijing Taihe Ruishi Culture and Media Company Limited. Also pursuant to the agreement, CTV Golden Bridge International Media Company Limited was granted an option to acquire minority interest in Beijing Taihe Ruishi Culture and Media Company Limited if certain criteria with reference to the net profit of Beijing Taihe Ruishi Culture and Media Company Limited for the years ending 2009 and thereafter are met. The fair value of the option at both the initial recognition and 31 December 2008 is not assessed as material based on the valuation performed by the directors of CTV Golden Bridge International Media Company Limited using a probability based approach. The fair value of the option will be subject to the directors' review at each balance sheet date after 31 December 2008.

Beijing Taihe Ruishi Culture and Media Company Limited contributed aggregate loss of RMB138 thousand to the Group after establishment for the year ended 31 December 2008.

As Beijing Taihe Ruishi Culture and Media Company Limited was established in November 2008, it would be impracticable to disclose the pro-forma revenue and profit or loss of the combined entity as if the establishment had occurred at the beginning of the year.

6. ACQUISITION, ESTABLISHMENT AND DISSOLUTION OF SUBSIDIARIES (CONTINUED)

(a) Acquisition and establishment of subsidiaries (continued)

(ii) Beijing Golden Bridge Senmeng Media Advertising Company Limited (北京金橋森盟傳媒廣告有限公司)

On 24 November 2008, CTV Golden Bridge International Media Company Limited and Beijing Senmeng Media Advertising Company Limited (北京森盟傳媒廣告有限公司) contributed and paid up RMB5,100,000 and RMB4,600,000 respectively as the additional registered capital of Beijing Golden Bridge Senmeng Media Advertising Company Limited, which had been established by Beijing Senmeng Media Advertising Company Limited with an original registered capital of RMB300,000 on 4 November 2008. As a result, the Group owned 51% of the equity interests in Beijing Golden Bridge Senmeng Media Advertising Company Limited.

Beijing Golden Bridge Senmeng Media Advertising Company Limited contributed aggregate loss of RMB12 thousand to the Group after acquisition for the year ended 31 December 2008.

As Beijing Golden Bridge Senmeng Media Advertising Company Limited was established in November 2008, it would be impracticable to disclose the pro-forma revenue and profit or loss of the combined entity as if the acquisition had occurred at the beginning of the year.

(iii) The acquisition and establishment of subsidiaries had the following effect on the Group's assets and liabilities on the acquisition date:

	Pre-acquisition carrying amounts *RMB'000*	**Recognised values on acquisition** *RMB'000*
Cash and cash equivalents	13,000	13,000
Net identifiable assets	13,000	13,000
The Group's interest in the net identifiable assets		6,450
Consideration paid, satisfied in cash		(6,450)
Cash acquired		13,000
Net cash inflow		6,550

6. ACQUISITION, ESTABLISHMENT AND DISSOLUTION OF SUBSIDIARIES (CONTINUED)

(b) Dissolution of a subsidiary

CTV Golden Bridge International Advertising Company Limited, a wholly owned subsidiary of the Company, was de-registered on 21 April 2008.

7. REVENUE

	2008	2007
	RMB'000	*RMB'000*
Advertising service revenue	**570,676**	373,762
Agency service revenue	**10,258**	5,530
Other revenue	**—**	30
Less: Sales taxes and surcharges	**(22,578)**	(14,620)
	558,356	364,702

8. OTHER INCOME

		2008	2007
	Notes	***RMB'000***	*RMB'000*
Net gains from the sale of assets classified as held for sale		**3,695**	—
Government grant	*(i)*	**2,118**	—
Waiver of debts	*(ii)*	**8,085**	36
Others		**259**	—
		14,157	36

(i) It is the unconditional discretionary grants received from a local government authority in recognition of the Group's contribution to the development of local economies.

(ii) The waiver of debts arises from the dissolution of CTV Golden Bridge International Advertising Company Limited According to the approval obtained from its supervising social security bureau and housing provident bureau, the Group has no obligation to pay the relevant outstanding contributions for social security fund and housing provident fund of RMB6.4 million, the balance mainly representing the funds for former employees without appropriate registration information in the social security bureau and housing provident bureau. On 21 April 2008, CTV Golden Bridge International Advertising Company Limited was de-registered with Beijing Administration for Industry and Commerce.

9. EXPENSES BY NATURE

The following expenses are included in cost of services, selling and marketing expenses and general and administration expenses.

	2008	2007
	RMB'000	*RMB'000*
Impairment losses on bad and doubtful accounts	**12,705**	—
Depreciation	**2,575**	2,115
Professional fee	**1,922**	4,067
Auditors' remuneration	**2,827**	255
Operating lease charges	**4,134**	1,736

10. PERSONNEL EXPENSES

		2008	2007
	Notes	***RMB'000***	*RMB'000*
Salaries, wages and other benefits		**19,314**	9,651
Contribution to defined contribution plan	*(i)*	**2,804**	2,859
Equity-settled share-based payment transactions	*29*	**7,012**	4,876
		29,130	17,386

(i) Defined contribution plan

As stipulated by the regulations of the PRC, the Group participates in a defined contribution retirement plan organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at rates ranging from 20% to 22% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

11. FINANCE INCOME AND EXPENSES

	Note	2008 RMB'000	2007 RMB'000
Interest income on bank deposits		**6,761**	3,045
Finance income		**6,761**	3,045
Changes in fair value of derivative component of convertible redeemable preference shares	27	**–**	(4,316)
Interest expense on convertible redeemable preference shares	27	**–**	(22,137)
Finance expenses related to convertible redeemable preference shares		**–**	(26,453)
Interest expense on borrowings		**–**	(46)
Net foreign exchange loss		**(13,920)**	(154)
Other finance expenses		**(13,920)**	(200)
Net finance expense		**(7,159)**	(23,608)

12. INCOME TAX EXPENSE

(a) Income tax in the consolidated income statement represents:

	2008 RMB'000	2007 RMB'000
Current tax expense		
Provision for PRC income tax	**33,139**	16,515
Deferred tax expense		
Temporary differences	**(1,796)**	(3,268)
Total income tax expense	**31,343**	13,247

(i) 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.

(ii) 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.

12. INCOME TAX EXPENSE (CONTINUED)

(a) Income tax in the consolidated income statements represents: (continued)

Prior to 31 December 2007

CTV Golden Bridge International Advertising Company Limited is liable to PRC enterprise income tax at a rate of 33%. From the date of its establishment on 7 January 1999 to 31 December 2006, pursuant to the approvals from the State Tax Bureau of Chaoyang District, Beijing, the PRC, CTV Golden Bridge International Advertising Company Limited was taxed on the deemed taxable income that was calculated based on its gross revenue and a deemed rate of earnings before tax. The deemed rate of earnings before tax was 12% in 2004, 8% in 2005 and 2006 respectively. Since 1 January 2007, CTV Golden Bridge International Advertising Company Limited is taxed on the actual taxable income.

On 9 July 2007, the official approval on liquidation of CTV Golden Bridge International Advertising Company Limited was obtained from the Ministry of Commerce. CTV Golden Bridge International Advertising Company Limited was de-registered on 21 April 2008. During the liquidation period from 9 July 2007 to 21 April 2008, CTV Golden Bridge International Advertising Company Limited was subject to PRC enterprise income tax at a rate of 33%, pursuant to currently applicable income tax rules and PRC regulations.

CTV Golden Bridge International Media Company Limited, established on 23 June 2005 as a foreign invested enterprise, is eligible to a reduced enterprise income tax rate of 15% since 1 July 2005, pursuant to the approval from the 19th Tax Office of the State and Local Tax Bureau of Pudong New District in 2007.

Jiangsu Xinqiao Tongying Advertising and Broadcast Company Limited is liable for PRC enterprise income tax at a rate of 33%, pursuant to the currently applicable income tax rules and PRC regulations.

Since 1 January 2008

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China (the "New Tax Law") which became effective on 1 January 2008. The New Tax Law adopts a uniform tax rate of 25% for all enterprises including foreign investment enterprises.

Pursuant to the transitional arrangement by the 19th Tax office of the State and Local Tax Bureau of Pudong New District, CTV Golden Bridge International Media Company Limited enjoyed a reduced income tax rate of 18% in 2008.

Except for the Company and CTV Golden Bridge International Media Company Limited, applicable income tax rate of other Group entities in the PRC is the uniform tax rate of 25%.

12. INCOME TAX EXPENSE (CONTINUED)

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2008 **RMB'000**	2007 RMB'000
Profit before taxation	**152,446**	56,022
Income tax at the applicable PRC income tax rate	**38,112**	18,488
Non-deductible expenses	**5,897**	6,878
Effect of differential tax rate on income	**(10,511)**	(12,600)
Tax losses not recognised as deferred tax assets	**38**	773
Undistributed retained earnings of PRC subsidiaries	**1,286**	—
Non taxable income	**(3,479)**	(292)
Income tax expense for the year	**31,343**	13,247

(c) Income tax payable in the consolidated balance sheet represents:

	2008 **RMB'000**	2007 RMB'000
PRC Income Tax		
Balance at the beginning of the year	**12,845**	13,546
Provision for the year	**33,139**	16,515
Tax paid	**(29,984)**	(17,216)
Income tax payable at the end of the year	**16,000**	12,845

13. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

For the year ended 31 December 2008

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Contribution to defined contribution plan RMB'000	Equity settled share-based payment RMB'000	Total RMB'000
Executive directors						
Chen Xin	–	252	–	49	–	301
Liu Jinlan	–	504	–	47	1,252	1,803
Li Zongzhou	–	360	–	–	626	986
Non-executive directors						
Zhu Jia	–	–	–	–	–	–
Huang Jingsheng	–	–	–	–	–	–
Independent non-executive directors						
Ding Junjie	91	–	–	–	–	91
Qi Daqing	91	–	–	–	–	91
Chen Tianqiao	91	–	–	–	–	91
	273	1,116	–	96	1,878	3,363

For the year ended 31 December 2007

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Contribution to defined contribution plan RMB'000	Equity settled share-based payment RMB'000	Total RMB'000
Executive directors						
Chen Xin	–	252	–	42	–	294
Liu Jinlan	–	504	–	42	1,292	1,838
Li Zongzhou	–	210	–	42	323	575
Non-executive directors						
Zhu Jia	–	–	–	–	–	–
Huang Jingsheng	–	–	–	–	–	–
	–	966	–	126	1,615	2,707

13. DIRECTORS' REMUNERATION (CONTINUED)

During the year, no amount was paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 14 below as an inducement to join or upon joining the Group or as compensation for loss of office. Also there was no arrangement under which a director waived or agreed to waive any remuneration during the year.

14. FIVE HIGHEST PAID INDIVIDUALS

Of the 5 individuals with the highest emoluments during the year ended 31 December 2008, 2 (2007: 3) are directors whose emoluments are disclosed in note 13. The aggregate of the emoluments in respect of the remaining highest paid employee during the year are as follows:

	2008	2007
	RMB'000	*RMB'000*
Salaries, allowances and other benefits in kind	**2,042**	462
Contribution to defined contribution plan	**145**	84
Equity-settled share-based payment transactions	**1,471**	431
	3,658	977

An analysis of their emoluments by number of individuals and emolument range is set out below:

	2008	2007
Nil to RMB1,000,000	**2**	2
RMB2,000,000 to RMB2,500,000	**1**	—

15. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company for the year ended 31 December 2008 includes a loss of RMB6,760 thousand (2007: RMB31,475 thousand) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit/(loss) for the year:

	2008 **RMB'000**	2007 RMB'000
Amount of consolidated loss attributable to equity shareholders dealt with in the Company's financial statements	**(6,760)**	(31,475)
Final dividends from subsidiaries attributable to the profit of previous financial years, approved and paid during the year	**165,519**	—
Company's profit/(loss) for the year (note 26)	**158,759**	(31,475)

16. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2008 **RMB'000**	2007 RMB'000
Final dividend proposed after the balance sheet date of approximately RMB4 cents per ordinary share (2008: approximately RMB21 cents per ordinary share)	**22,347**	89,669

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

(b) Dividends payable to equity shareholders of the Group attributable to the previous financial year approved during the year

	Note	**2008** **RMB'000**	2007 RMB'000
Dividends to equity shareholders of the Company	*(i)*	**89,669**	—
Dividends to minority shareholder of a subsidiary		**120**	—
		89,789	—

16. DIVIDENDS (CONTINUED)

(b) Dividends payable to equity shareholders of the Group attributable to the previous financial year approved and paid during the year (continued)

(i) Pursuant to the board resolutions dated 24 April 2008, the Company declared dividends at an aggregate amount of HK$100 million (equivalent to approximately RMB89.669 million at an exchange rate of 0.89669) to the shareholders from the distributable reserve. Such dividends were fully paid in June 2008.

17. EARNINGS PER SHARE

Basic earning per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company of RMB120,800 thousand (2007: RMB26,570 thousand) and the weighted average of 497,011 thousand ordinary shares (2007: 271,708 thousand shares after adjusting for the share subdivision in November 2007) in issue during the year, calculated as follows:

Profit attributable to ordinary shareholders	Notes	2008 RMB'000	2007 RMB'000
Profit for the year		**120,800**	42,316
Profit attributable to convertible redeemable preference share holders		**–**	(15,746)
Profit attributable to ordinary shareholders		**120,800**	26,570

Weighted average number of ordinary shares	Notes	2008 '000	2007 '000
Issued ordinary shares at 1 January		**432,022**	271,267
Effect of the conversion of HK Series A Shares into ordinary shares	27	**–**	441
Effect of issues of ordinary shares under placing and public offering	25	**66,355**	–
Effect of shares repurchased	25	**(1,366)**	–
Weighted average number of ordinary shares at 31 December		**497,011**	271,708

The weighted average number of ordinary shares in issue during the years ended 31 December 2008 and 2007 has been retrospectively adjusted for the effects of the two share subdivisions of the ordinary shares took place in November 2007 and in April 2008 respectively (sees note 25).

17. EARNINGS PER SHARE (CONTINUED)

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company of RMB120,800 thousand (2007: RMB26,570 thousand) and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 497,011 thousand shares (2007: 277,710 thousand shares), calculated as follows:

	2008	2007
Profit attributable to ordinary shareholders (diluted)	***RMB'000***	*RMB'000*
Profit attributable to ordinary shareholders (basic and diluted)	**120,800**	26,570

	2008	2007
Weighted average number of ordinary shares (diluted)	***'000***	*'000*
Weighted average number of ordinary shares (basic)	**497,011**	271,708
Effect of share options on issue	**—**	6,002
Weighted average number of ordinary shares (diluted) at 31 December	**497,011**	277,710

Since the impact on earnings of conversion of convertible redeemable preference shares to ordinary shares is greater than that on the weighted average number of ordinary shares, they are treated as anti-dilutive. As a result, the calculation of diluted earnings per share does not assume conversion of convertible redeemable preference shares for the year ended 31 December 2007.

Since the strike price of share options is greater than the average market price of the Company's shares for the year ended 31 December 2008, they are treated as anti-dilutive. As a result, the calculation of diluted earnings per share does not assume exercise of share options for the year ended 31 December 2008.

18. PROPERTY, PLANT AND EQUIPMENT

	Note	Buildings RMB'000	Production equipment RMB'000	Fixtures, fittings and computer equipment RMB'000	Motor vehicles RMB'000	Under construction RMB'000	Total RMB'000
		(ii), (iii)	*(i)*				
Original cost							
Balance at 1 January 2007		11,770	32,620	4,578	6,120	–	55,088
Additions		41,617	–	335	2,165	873	44,990
Disposals		–	(32,620)	(268)	–	–	(32,888)
Transfer to assets held for sale	23	(11,770)	–	(4,378)	–	–	(16,148)
Balance at 31 December 2007		41,617	–	267	8,285	873	51,042
Balance at 1 January 2008		**41,617**	**–**	**267**	**8,285**	**873**	**51,042**
Additions		**3,000**		**190**	**2,607**	**2,694**	**8,491**
Balance at 31 December 2008		**44,617**	**–**	**457**	**10,892**	**3,567**	**59,533**
Depreciation and impairment losses							
Balance at 1 January 2007		1,502	24,827	3,190	1,739	–	31,258
Depreciation for the year		516	480	441	678	–	2,115
Disposals		–	(25,307)	(183)	–	–	(25,490)
Transfer to assets held for sale	23	(1,689)	–	(3,418)	–	–	(5,107)
Balance at 31 December 2007		329	–	30	2,417	–	2,776
Balance at 1 January 2008		**329**	**–**	**30**	**2,417**	**–**	**2,776**
Depreciation for the year		**1,492**	**–**	**66**	**1,017**	**–**	**2,575**
Balance at 31 December 2008		**1,821**	**–**	**96**	**3,434**	**–**	**5,351**
Carrying amounts							
At 31 December 2007		41,288	–	237	5,868	873	48,266
At 31 December 2008		**42,796**	**–**	**361**	**7,458**	**3,567**	**54,182**

(i) As at 31 December 2004, management of the Group assessed the recoverable amount of the production equipment based on the result of the valuation done by an independent valuer, Zhong Tian Yun Certified Public Accountants Company Limited, and recognised an impairment losses of RMB18 million.

In November 2007, following the liquidation of CTV Golden Bridge International Advertising Company Limited, the equipment was sold to Qingdao Suguangyu Business Trading Company Limited, an independent third party from the Company and its connected persons, for RMB6,993 thousand, which was determined by reference to the market price of similar equipment. Up to 24 January 2008, all considerations have been received.

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(ii) Pursuant to a real estate purchase contract signed by Beijing Wantong Shijie Real Estate Company Limited and CTV Golden Bridge International Media Company Limited, a 99.4% owned subsidiary of the Company, on 16 May 2007, CTV Golden Bridge International Media Company Limited purchased an office space, Unit C2101, Wantong Plaza, No. Jia 6, Chaoyangmen Wai Street, Chaoyang District, Beijing, the PRC, for RMB41,616,866. The property, which has not obtained any proper title certificate, is recognised as an asset and begins to be depreciated when it is in the condition necessary for it to be capable of operating in the manner intended by management. Such building has been mortgaged to a bank and CTV Golden Bridge International Media Company Limited was so informed by the seller at the time of purchase. According to the purchase agreement, in case CTV Golden Bridge International Media Company Limited can not obtain the building ownership certificate within 1,095 days due to the default of the seller, CTV Golden Bridge International Media Company Limited has the right to either (a) return the building back to the seller and claim 2% of the purchase price for the property as compensation; or (b) keep the building and claim 1% of the purchase price as compensation.

(iii) The analysis of net book value of properties is as follows

	The Group	
	2008	2007
	RMB'000	*RMB'000*
Leasehold outside Hong Kong	**42,796**	41,288
Representing:		
Buildings carried at cost	**42,796**	41,288

(Expressed in Renminbi unless otherwise indicated)

19. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

	The Group	
	2008	2007
	RMB'000	*RMB'000*
Share of net assets	**843**	—

The following list contains only the particulars of the associate which is an unlisted corporate entity and principally affected the results or assets of the Group:

Name of company	Place and date of incorporation	Registered capital	Attributable equity interest held by the Company: Direct	Attributable equity interest held by the Company: Indirect	Principal activities
Dongfang Kaishi Media and Advertising (Beijing) Company Limited 東方凱視傳媒廣告（北京）有限公司	Beijing, the PRC 29 July 2008	RMB20,000,000	—	19%	Provision of nationwide advertising coverage and campaign planning, and advertisement production services for advertisers and advertising agents

Note:

(i) The English translation of the name of the company above is for reference only. The official name of the company is in Chinese.

On 26 July 2008, CTV Golden Bridge International Media Company Limited, a 99.7% owned subsidiary of the Company, and Ms. Gehong entered into an agreement, pursuant to which CTV Golden Bridge International Media Company Limited and Ms. Gehong agreed to set up Dongfang Kaishi Media Advertising (Beijing) Company Limited with a registered Capital of RMB20,000,000 and to contribute and pay up RMB3,800,000 and RMB6,200,000 respectively in four instalments within two years after the establishment of Dongfang Kaishi Media Advertising (Beijing) Company Limited On 28 July 2008, CTV Golden Bridge International Media Company Limited and Ms. Gehong contributed and paid up RMB950,000 and RMB4,050,000 respectively as the first instalment. As a result, the Group owned 19% of the equity interests in Dongfang Kaishi Media Advertising (Beijing) Company Limited.

Although the Group owns less than 20% of the voting power of Dongfang Kaishi Media Advertising (Beijing) Company Limited, it has significant influence over the financial and operating policies by virtue of an agreement with Ms. Gehong. Pursuant to the agreement, the Group has the power to appoint one of the three directors on the board and to appoint the financial director.

19. INVESTMENT IN EQUITY ACCOUNTED INVESTEE (CONTINUED)

Summary financial information for the equity accounted investee, not adjusted for the percentage ownership held by the Group:

	Assets *RMB'000*	Liabilities *RMB'000*	Equity *RMB'000*	Revenue *RMB'000*	Expenses *RMB'000*	Loss *RMB'000*
2008						
Dongfang Kaishi Media Advertising (Beijing) Company Limited	**4,466**	**32**	**4,434**	**–**	**566**	**566**

20. DEFERRED TAX ASSETS AND LIABILITIES

(a) Recognised deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

Deferred tax arising from	Undistributed retained earnings of PRC subsidiaries *RMB'000*	Tax loss carry-forwards *RMB'000*	Impairment loss for doubtful accounts *RMB'000*	Totals *RMB'000*
At 1 January 2007	—	—	—	—
Credited to profit or loss	—	(3,268)	—	(3,268)
At 31 December 2007	—	(3,268)	—	(3,268)
At 1 January 2008	**–**	**(3,268)**	**–**	**(3,268)**
Charged/(credited) to profit or loss	**1,286**	**95**	**(3,177)**	**(1,796)**
At 31 December 2008	**1,286**	**(3,173)**	**(3,177)**	**(5,064)**

Pursuant to the New Tax Law and the Sino-Hong Kong Double Tax Arrangement, 5% withholding tax is levied on the Company in respect of dividend distributions arising from PRC subsidiaries' profit earned after 1 January 2008. Deferred tax liabilities were recognised for part of the undistributed earnings recorded in the books and accounts of the Group's PRC subsidiaries for the year ended 31 December 2008 which have been determined as probable to be distributed in the foreseeable future.

20. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(a) Recognised deferred tax assets and liabilities (continued)

	2008 *RMB'000*	2007 *RMB'000*
Net deferred tax asset recognised on the balance sheet	**(6,350)**	(3,268)
Net deferred tax liability recognised on the balance sheet	**1,286**	—
	(5,064)	(3,268)

(b) Unrecognised deferred tax liabilities

At 31 December 2008, temporary differences relating to the undistributed retained earnings of PRC subsidiaries amounted to RMB102,779 thousand (2007: nil). Deferred tax liabilities of RMB5,139 thousand (2007: nil) have not been recognised in respect of the tax that would be payable on the distribution of these retained earnings as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that retained earnings will not be distributed in the foreseeable future.

(c) Unrecognised deferred tax assets

In accordance with the accounting policy set out in note 3(r), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB150 thousand (2007: RMB2,342 thousand) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses expire in 2013.

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade and bills receivables	**123,638**	40,050	**—**	—
Amounts due from subsidiaries	**—**	—	**84,988**	48,210
Other receivables				
Prepayments to media suppliers	**61,438**	28,285	**—**	—
Deposits	**24,418**	13,150	**—**	—
Advances to employees	**3,314**	1,545	**580**	580
Prepaid listing fee	**—**	5,121	**—**	5,121
Others	**2,545**	9,107	**102**	14
	215,353	97,258	**85,670**	53,925
Less: Impairment losses on bad and doubtful accounts	**(12,705)**	—	**—**	—
	202,648	97,258	**85,670**	53,925

(a) Ageing analysis

Included in trade and other receivables are trade and bills receivables (net of impairment losses on bad and doubtful accounts) with the following ageing analysis as of the reporting date:

	2008		2007	
	Gross	**Impairment**	Gross	Impairment
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Not past due	**94,821**	**4,964**	14,752	—
Past due less than three months	**9,692**	**1,012**	20,553	—
Past due three months to one year	**8,726**	**1,986**	3,409	—
More than one year	**10,399**	**4,743**	1,336	—
	123,638	**12,705**	40,050	—

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.

The Group's exposure to credit risks related to trade and other receivables are disclosed in note 32.

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Impairment of trade and bills receivables

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly.

The movement in the allowance for impairment in respect of trade and bills receivables during the year was as follows:

	2008	2007
	RMB'000	*RMB'000*
Balance at 1 January	**—**	—
Impairment loss recognised	**12,705**	—
Balance at 31 December	**12,705**	—

At 31 December 2008, the Group's trade and bills receivables of RMB36,850 thousand (2007: nil) respectively were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of RMB12,705 thousand (2007: nil) respectively were recognised. The Group does not hold any collateral over these balances.

(c) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2008	2007
	RMB'000	*RMB'000*
Not past due	**76,773**	14,752
Past due less than three months	**5,686**	20,553
Past due three months to one year	**190**	3,409
More than one year	**4,139**	1,336
	86,788	40,050

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Trade and bills receivables that are not impaired (continued)

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

22. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash at bank and on hand	**574,503**	352,061	**286,683**	22,394

Cash at bank and cash on hand are denominated in

	The Group		The Company	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
RMB	**287,820**	329,667	**—**	—
USD	**267,052**	21,995	**267,052**	21,995
AUD	**6**	—	**6**	—
EUR	**1**	—	**1**	—
HKD	**19,624**	399	**19,624**	399
	574,503	352,061	**286,683**	22,394

23. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

A majority of CTV Golden Bridge International Advertising Company Limited's property is presented as held for sale following the decision of the Group's management to liquidate CTV Golden Bridge International Advertising Company Limited. Instead of being disposed of, the business of CTV Golden Bridge International Advertising Company Limited was transferred to CTV Golden Bridge International Media Company Limited. As at 31 December 2007, the disposal group comprised property, plant and equipment of RMB11,041 thousand, among which a building of RMB10,081 thousand was sold to Ms. Liu Jinlan, one of the ultimate controlling equity shareholders of the Group. The sale was completed in April 2008 with a net gain of RMB3,695 thousand (see note 8).

Assets classified as held for sale

	Note	**2008** ***RMB'000***	2007 *RMB'000*
Property, plant and equipment	*18*	**—**	11,041

24. INVESTMENT IN SUBSIDIARIES

	The Company	
	2008 ***RMB'000***	2007 *RMB'000*
Investment, at cost	**136,778**	118,844
Share-based payments	**5,872**	—
Less: impairment loss	**—**	—
	142,650	118,844

(Expressed in Renminbi unless otherwise indicated)

24. INVESTMENT IN SUBSIDIARIES (CONTINUED)

As at 31 December 2008, the Company had direct and indirect interests in the following principal subsidiaries:

Name of company	Notes	Place and date of incorporation/ establishment	Registered and fully paid capital	Attributable equity interest held by the Company		Principal activities
				Direct	Indirect	
Sino-foreign equity joint venture enterprise established in the PRC						
CTV Golden Bridge International Media Company Limited 中視金橋國際傳媒有限公司	*(i)*	Shanghai, the PRC 23 June 2005	USD20,000,000	99.7%	–	Provision of nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agents
Domestic companies established in the PRC						
Jiangsu Xinqiao Tongying Advertising and Broadcast Company Limited 江蘇鑫橋同盈廣告傳播有限公司	*(ii)*	Jiangsu, the PRC 30 January 2007	RMB2,000,000	–	100%	Provision of nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agents
Beijing Taihe Ruish Culture and Media Company Limited 北京太合瑞視文化傳媒有限公司	*(ii) (iii) (iv)*	Beijing, the PRC 4 November 2008	RMB3,000,000	–	45%	Provision of nationwide advertising coverage and campaign planning, and advertisement production services for advertisers and advertising agents
Beijing Golden Bridge Senmeng Media Advertising Company Limited 北京金橋森盟傳媒廣告有限公司	*(ii) (iii)*	Beijing, the PRC 6 November 2008	RMB10,000,000	–	51%	Provision of nationwide advertising coverage and campaign planning, and advertisement production services for advertisers and advertising agents

Notes:

(i) This entity is invested by the Company and Shanghai CTV Golden Bridge International Culture and Communication Company Limited.

(ii) These three entities are invested by CTV Golden Bridge International Media Company Limited.

(iii) Entities not audited by KPMG. The financial statements of the subsidiaries not audited by KPMG reflect total net assets and total revenue constituting approximately 2% and 0% respectively of the related consolidated totals.

(iv) Although the Group owns less than half of the ownership interest of Beijing Taihe Ruishi Culture and Media Company Limited, it is able to govern the financial and operating policies of the company by virtue of an agreement with the other investors of Beijing Taihe Ruishi Culture and Media Company Limited. Consequently, the Group consolidates its investment in Beijing Taihe Ruishi Culture and Media Company Limited.

(v) The English translation of the names of the above companies is for reference only. The official names of the companies are in Chinese.

(Expressed in Renminbi unless otherwise indicated)

25. SHARE CAPITAL

On 24 April 2008, the authorized share capital of the Company, which comprises 135,007,000 issued shares and 75,229,000 unissued shares, each with a par value of HK$0.001, were sub-divided into 672,755,200 shares of HK$0.0003125 each ("Share Split"), each share being ranked pari passu amongst each other. Immediately following such sub-division of shares, the Company had 432,022,400 issued shares and 240,732,800 unissued shares in its authorized share capital.

On 27 May 2008, shareholders of the Company (the "Shareholders") passed a resolution approving the increase of the authorized share capital of the Company from HK$210,236, divided into 672,755,200 shares of HK$0.0003125 each, to HK$562,500, divided into 1,800,000,000 shares of HK$0.0003125 each ("Share Increase").

All references in the consolidated financial statements referring to shares and amount per share of the Company have been restated for the Share Split and Share Increase.

Movements in the authorized share capital of the Company during the year are as follows:

		Authorized		**Issued and fully paid**	
	Note	**Number of ordinary shares**	**Nominal value of ordinary shares** ***HK$***	**Number of ordinary shares**	**Nominal value of ordinary shares** ***HK$***
At 1 January 2008		**210,236,000**	**210,236**	**135,007,000**	**135,007**
Share Split		**462,519,200**	**—**	**297,015,400**	**—**
Share Increase		**1,127,244,800**	**352,264**	**—**	**—**
Issues of ordinary shares in placing and public offering		**—**	**—**	**139,347,000**	**43,546**
Share repurchased	*(c)*	**—**	**—**	**(7,059,000)**	**(2,206)**
At 31 December 2008		**1,800,000,000**	**562,500**	**564,310,400**	**176,347**
RMB equivalent					**173,182**

25. SHARE CAPITAL (CONTINUED)

(a) Authorized share capital

The following sets out the changes in the Company's authorized share capital since the date of its incorporation:

(i) The Company was incorporated on 24 October 2001 with authorized share capital of 100,000 shares at HK$1.00 per share.

(ii) On 20 November 2006, the authorized share capital of the Company was increased to HK$210,236, divided into 160,000 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00.

(iii) On 1 November 2007, the Shareholders approved the subdivision of the shares, pursuant to which the authorized share capital of the Company was changed from 160,000 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00, into 160,000,000 ordinary shares and 50,236,000 HK Series A Shares, each of par value HK$0.001.

(iv) On 31 December 2007, the Company approved the conversion of 50,236,000 HK Series A Shares into the like number of ordinary shares in the Company by way of written resolution (see note 27). As a result, the Company had a total authorized share capital of 210,236,000 ordinary shares of HK$0.001 each.

(v) Pursuant to the Share Split, the Company had an authorized share capital of 672,755,200 shares at a par value of HK$0.0003125 each.

(vi) Pursuant to the Share Increase, the authorized share capital of the Company increased from HK$210,236, divided into 672,755,200 shares of HK$0.0003125 each, to HK$562,500, divided into 1,800,000,000 shares of HK$0.0003125 each.

(b) Issue of share capital

The following sets out the changes in the Company's ordinary share capital since the date of its incorporation:

(i) The Company was incorporated on 24 October 2001 with issued capital of 100,000 shares at HK$1.00 per share. The issued capital was credited as fully paid.

25. SHARE CAPITAL (CONTINUED)

(b) Issue of share capital (continued)

(ii) Pursuant to the Share Purchase Agreement dated on 6 November 2006, the Company issued 35,007 HK Series A Shares to Bain Capital CTVGB Holding Limited ("Bain Capital") (see note 27). Also on 6 November 2006, the Shareholders passed the resolution to approve the conversion of 15,229 ordinary shares into HK Series A Shares. As a result, the Company had an issued share capital of HK$135,007 divided into 84,771 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00.

(iii) On 1 November 2007, the Shareholders approved the sub-division of the shares, pursuant to which the issued share capital of the Company was changed from 84,771 ordinary shares and 50,236 HK Series A Shares, each of par value HK$1.00, into 84,771,000 ordinary shares and 50,236,000 HK Series A Shares, each of par value HK$0.001.

(iv) Pursuant to the conversion of 50,236,000 HK Series A Shares into the like number of ordinary shares in the Company by way of written resolution (see note 27), the Company had a total issued share capital of 135,007,000 ordinary shares of HK$0.001 each.

(v) Pursuant to the Share Split, the Company had an issued share capital of 432,022,400 shares at a par value of HK$0.0003125 each.

(vi) On 8 July 2008, the Company issued 125,460,000 ordinary shares of a par value of HK$0.0003125 each, at a price of HK$2.63 per share by way of a global initial public offering to Hong Kong and overseas investors. On 30 July 2008, the Company issued 13,887,000 additional ordinary shares of a par value of HK$0.0003125 each, at a price of HK$2.63 per share pursuant to the partial exercise of the overallotment option in connection with the global initial public offering.

Pursuant to the global initial public offering, the company had a total issued share capital of 571,369,400 shares at a par value of HK$0.0003125 each.

(vii) During the period from 30 September 2008 to 24 November 2008, the Company repurchased and cancelled 7,059,000 ordinary shares. As at the date of this report, the number of outstanding ordinary shares of the Company was 564,310,400.

(Expressed in Renminbi unless otherwise indicated)

25. SHARE CAPITAL (CONTINUED)

(c) Purchase of own shares

During the year, the company repurchased its own ordinary shares on the Stock Exchange as follows:

Month/year	Number of shares repurchased	Highest price paid per share *HK$*	Lowest price paid per share *HK$*	Aggregate price paid *HK$*
Sep-08	1,485,000	0.56	0.54	821,948
Oct-08	3,271,000	0.80	0.61	2,504,462
Nov-08	2,303,000	0.87	0.72	1,850,520
	7,059,000			5,176,930
RMB equivalent				4,604,143

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 49H of the Hong Kong Companies Ordinance, an amount equivalent to the par value of the shares cancelled of RMB2 thousand was transferred from retained earnings to the capital redemption reserve. The premium paid on the repurchase of the shares of RMB4,602 thousand was charged to retained earnings.

(d) Terms of unexpired and unexercised share options at balance sheet date

Exercise period	Exercise price	2008 Number	2007 Number
1 July 2008 to 30 June 2015	RMB1.56	**5,880,000**	6,040,000
1 July 2009 to 30 June 2015	RMB1.56	**4,480,000**	4,640,000
1 July 2010 to 30 June 2015	RMB1.56	**4,480,000**	4,640,000
1 July 2011 to 30 June 2015	RMB1.56	**3,080,000**	3,240,000
		17,920,000	18,560,000

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 29 to the financial statements.

26. RESERVES

The reconciliation between the opening and closing balances of the Group's reserves is set out in the Consolidated Statement of Changes in Equity. Details of the changes in the Company's reserves between the beginning and the end of the year are set out below:

	Share premium	Capital redemption reserve	Capital reserves	Translation reserves	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 26(a))	*(note 26(a))*	*(note 26(b))*	*(note 26(d))*		
Balance at 1 January 2007	(89,481)	16	24,717	390	(6,511)	(70,869)
Foreign currency translation difference	–	–	–	5,713	–	5,713
Share-based payments *(note29)*	–	–	5,457	–	–	5,457
Conversion of convertible redeemable preference shares *(note 27)*	297,333	–	(24,717)	–	–	272,616
Profit for the year	–	–	–	–	(31,475)	(31,475)
Balance at 31 December 2007	207,852	16	5,457	6,103	(37,986)	181,442
Foreign currency translation difference	**–**	**–**	**–**	**(9,801)**	**–**	**(9,801)**
Issuance of ordinary shares in public offering, net of issuance costs	**253,889**	**–**	**–**	**–**	**–**	**253,889**
Share-based payments *(note 29)*	**–**	**–**	**7,012**	**–**	**–**	**7,012**
Profit for the year	**–**	**–**	**–**	**–**	**158,759**	**158,759**
Dividends	**–**	**–**	**–**	**–**	**(89,669)**	**(89,669)**
Share repurchased						
– premium paid	**–**	**–**	**–**	**–**	**(4,602)**	**(4,602)**
– transfer between reserves	**–**	**2**	**–**	**–**	**(2)**	**–**
Balance at 31 December 2008	**461,741**	**18**	**12,469**	**(3,698)**	**26,500**	**497,030**

26. RESERVES (CONTINUED)

(a) Share premium and capital redemption reserve

The application of the share premium account and the capital redemption reserve is governed by Sections 48B and 49H respectively of the Hong Kong Companies Ordinance.

On 8 July 2008, the Company issued 125,460,000 ordinary shares of a par value of HK$0.0003125 each, at a price of HK$2.63 per share by way of a global initial public offering to Hong Kong and overseas investors. On 30 July 2008, the Company issued 13,887,000 additional ordinary shares of a par value of HK$0.0003125 each, at a price of HK$2.63 per share pursuant to the partial exercise of the over-allotment option in connection with the global initial public offering.

Net proceeds from such issues amounted to RMB253,927 thousand (after offsetting issuance costs of RMB67,284 thousand), out of which RMB38 thousand and RMB253,889 thousand were recorded in share capital and share premium respectively.

(b) Capital reserves

The capital reserve comprises equity-settled share-based payment transactions.

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in capital reserve, over the period that the employees become unconditionally entitled to the options in accordance with the accounting policy adopted for share-based payments in note 3(h)(iii).

(c) Statutory reserves

According to the PRC Company Law, the PRC subsidiaries of the Group are required to transfer 10% of its profit after taxation, as determined under PRC Accounting Regulations, to statutory reserves until the reserve balance reaches 50% of the registered capital. The transfer to these reserves must be made before distribution of dividend to equity shareholders.

Statutory reserves can be used to make good previous years' losses, if any, and may be converted into share capital by issuance of new shares to equity shareholders in proportion to their existing equity holdings or by increasing the par value of the shares currently held by them, provided that the balance after such issuance is not less than 25% of the registered capital.

Certain of the subsidiaries in the PRC are required to set up an enterprise development fund. Transfers to this fund are at the discretion of the subsidiary. This fund can only be utilised on capital items for the collective benefit of the subsidiary's employees such as the construction of dormitories, canteens and other staff welfare facilities. This fund is non-distributable other than on liquidation. The transfer to this fund must be made before distribution of a dividend to shareholders.

26. RESERVES (CONTINUED)

(d) Translation reserves

The translation reserves comprise all foreign currency differences arising from the translation of the financial statements presented in any currencies other than RMB which are dealt with in accordance with the accounting policies as set out in note 3(b).

(e) Other reserve

Other reserve as at the respective balance sheet dates mainly represented the aggregate amount of share capital and capital surplus of the companies now comprising the Group after elimination of investments in subsidiaries.

As part of the Reorganization, the Company and CTV Golden Bridge International Advertising Company Limited established CTV Golden Bridge International Media Company Limited in June 2005; the Company acquired 100% equity interest in CTV Golden Bridge International Advertising Company Limited from the Controlling Shareholders and CTV Golden Bridge International Media Investment Group Company Limited which was wholly-owned by the Controlling Shareholders in September 2006 and the Company injected USD9.8 million into CTV Golden Bridge International Media Company Limited in January 2007. The difference between the carrying amount of the net assets received and the consideration paid is also recorded in other reserve.

(f) Distributability of reserve

At 31 December 2008, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB26,500 thousand (2007: nil).

27. CONVERTIBLE REDEEMABLE PREFERENCE SHARES

The movement in HK Series A Shares is as follows:

	Liability component				
	Host liability component	Derivative liability component	Subtotal	Equity component	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2007	196,031	69,133	265,164	24,717	289,881
Interest charged during the year	22,137	—	22,137	—	22,137
Fair value adjustment	—	4,316	4,316	—	4,316
Exchange realignment	(14,104)	(4,851)	(18,955)	—	(18,955)
Conversion of HK Series A Shares	(204,064)	(68,598)	(272,662)	272,662	—
At 31 December 2007 and 2008	**—**	**—**	**—**	**297,379**	**297,379**

On 20 November 2006, the Company issued 35,007 HK Series A Shares to Bain Capital CTVGB Holding Limited ("Bain Capital") for a cash consideration of USD26,143,163 according to the Share Purchase Agreement for HK Series A Shares (the "Share Purchase Agreement") dated 6 November 2006.

On 20 November 2006, Bain Capital purchased 15,229 ordinary shares from Golden Bridge Int'l Advertising Holdings Limited for a cash consideration of USD5,856,837 according to the Share Purchase Agreement and meanwhile the shareholders of the Company passed the resolution to approve the conversion of ordinary shares held by Bain Capital, i.e. 15,229 ordinary shares, into HK Series A Shares.

The HK Series A Shares have been accounted for as a compound financial instrument containing a host liability component, a derivative liability component and an equity component.

The host liability component was recognised initially at fair value by the directors net of issuance cost allocated, and subsequently measured at amortised cost by applying effective interest rate of approximately 11.66%.

The derivative liability, representing the conversion option, was recognised initially at fair value and subsequently adjusted through the movement of fair value.

The equity component represents the residual amount after deducting the fair value of liability components.

(Expressed in Renminbi unless otherwise indicated)

27. CONVERTIBLE REDEEMABLE PREFERENCE SHARES (CONTINUED)

The fair value of the derivative liability component of the HK Series A Shares was valued by the directors using the binominal option pricing model. Major inputs used in the model are as follows:

	At 31 December 2008	At 31 December 2007
Total fair value at measurement date	–	USD9,784,000
Spot price	–	USD38,589,491
Expected volatility	–	33%
Maturity date	–	20 November 2012
Dividend yield	–	0%
Risk-free interest rate	–	3.42%

In November 2007, the Company undertook a share subdivision where by each of issued HK Series A Shares was subdivided into 1,000 HK Series A Shares (see note 25). Accordingly, the total number of then issued HK Series A Shares increased from 50,236 shares to 50,236,000 shares and the nominal value of each share was changed from HKD1 each to HKD0.001 each.

On 31 December 2007, Bain Capital CTVGB Holding Ltd., SinoMedia Investment Ltd. (formerly known as Bain Capital SinoMedia Holding Ltd.), Golden Bridge Int'l Advertising Holdings Ltd., Golden Bridge International Culture Ltd. and the Company entered into a Share Swap Agreement, pursuant to which:

(i) Bain Capital CTVGB Holding Ltd. and Golden Bridge Int'l Advertising Holdings Ltd. agreed to sell and Golden Bridge International Culture Ltd. agreed to purchase 84,771,000 ordinary shares and 50,236,000 HK Series A Shares of the Company, respectively; and

(ii) Golden Bridge International Culture Ltd. agreed to allot and issue 84,770,999 ordinary shares of HKD0.001 each, 36,757,681 Cayman Series A Shares and 13,478,319 Cayman Series A Shares to Golden Bridge Int'l Advertising Holdings Ltd., Bain Capital CTVGB Holding Ltd. and SinoMedia Investment Ltd., respectively.

Immediately after completion of the above transfer, Golden Bridge International Culture Ltd. as the sole shareholder of the Company approved the conversion of 50,236,000 HK Series A Shares into the like number of ordinary shares in the Company by way of written resolution. As a result, the Company had a total issued share capital of 135,007,000 ordinary shares.

27. CONVERTIBLE REDEEMABLE PREFERENCE SHARES (CONTINUED)

Along with the above conversion, the liability component of HK Series A Shares was derecognised and the same amount of equity component was recognised as at 31 December 2007. As a result, neither changes in fair value of derivative component of convertible redeemable preference shares nor interest expense on host liability component of convertible redeemable preference shares was recognised in the consolidated income statement for the year ended 31 December 2008.

28. TRADE AND OTHER PAYABLES

	Notes	**2008** **RMB'000**	2007 RMB'000
Trade and bills payables	*(i)*	**13,209**	42,127
Advances from customers	*(ii)*	**116,082**	78,626
Payroll and welfare expenses payables		**1,590**	55
Other compulsory payables		**1,603**	2,365
Other tax payables	*(iii)*	**2,476**	3,883
Other payables and accrued charges		**8,095**	9,669
Dividends payable due to minority interests of a subsidiary		**120**	—
		143,175	136,725

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

	2008 **RMB'000**	2007 RMB'000
Due within three months or on demand	**5,379**	38,817
Due after three months but within six months	**7,830**	—
Due after six months but within one year	**—**	3,310
	13,209	42,127

(ii) Advances from customers represented the down-payments received from customers, which are expected to be recovered within one year.

(iii) Other tax payables mainly comprised business tax payable and surcharges payable.

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 32.

(Expressed in Renminbi unless otherwise indicated)

29. SHARE-BASED PAYMENTS

(a) Pre-IPO Share Option Scheme

On 1 July 2007, the Group granted share options to employees of the Group, including directors of any companies in the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share in the Company. The consideration for the acceptance of the option is RMB0.1 per option.

Pursuant to the written resolutions of the directors of the Company passed on 24 April 2008, each of the share option granted was hereby sub-divided into 3.2 share options and the exercise price of share option was divided by 3.2 accordingly. The number and exercise price of share option granted have been retrospectively adjusted for the effects of the share subdivision as if the share option subdivision had took place as at the grant date.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

(i) The terms and conditions of the grants that exist during the years are as follows:

Grant date	Number of instruments	Vesting conditions	Contractual life of options
1 July 2007	5,880,000	One year's service	8 years
1 July 2007	4,480,000	Two years' service	8 years
1 July 2007	4,480,000	Three years' service	8 years
1 July 2007	3,080,000	Four years' service	8 years

(ii) The number and weighted average exercise prices of share options are as follows:

	2008		2007	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	**RMB1.56**	**18,560,000**	—	—
Exercised during the year	**—**	**—**	—	—
Forfeited during the year	**RMB1.56**	**(640,000)**	—	—
Granted during the year	**—**	**—**	RMB1.56	18,560,000
Outstanding at the end of the year		**17,920,000**		18,560,000
Exercisable at the end of the year		**5,880,000**		—

The options outstanding as at 31 December 2008 had an exercise price of RMB1.56 per share and a weighted average remaining contractual life of 6.5 years.

(Expressed in Renminbi unless otherwise indicated)

29. SHARE-BASED PAYMENTS (CONTINUED)

(a) Pre-IPO Share Option Scheme (continued)

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The fair value of the share options was valued by the directors. The fair value of the share options granted is measured using a binominal lattice model, with following input:

	1 July 2007
Share price	RMB2.31
Exercise price	RMB1.56
Expected volatility	34.39%
Option life (expressed as weighted average life)	8 years
Expected dividends	0.00%
Risk-free interest rate	4.17%

The expected volatility is based on average implied volatility of comparable companies in the media industry as at 1 July 2007 used in modelling under binomial option pricing model. Expected dividends are based on management estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options are granted under a service condition. The condition has not been taken into account in the grant date fair value measurement of the services received. There was no market condition associated with the share option grants.

During the year ended 31 December 2008, equity-settled share-based payments expenses amounted to RMB7,012 thousand (2007: RMB4,876 thousand) were recognised in the consolidated income statements.

(b) Post-IPO Share Option Scheme

Pursuant to the ordinary resolutions of the shareholders of the Company passed on 27 May 2008, the Company has adopted a share option scheme (the “Post-IPO Scheme”) whereby directors of the Company may, at their discretion, invite any full time employee, director or any person approved by the Board or shareholders of the Company to take up options which entitle them to subscribe for Shares. The share option scheme shall be valid and effective for a period of ten years ending on 7 July 2018. No share option has been granted under the Post-IPO Scheme during the year.

30. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

As at the reporting date, the Group and the Company did not have any significant capital commitments.

(b) Operating commitments

Non-cancellable rentals of the Group are payable as follows:

	2008	2007
	RMB'000	*RMB'000*
Within one year	**1,308**	550
After one year but within five years	**577**	—
Total	**1,885**	550

Non-cancellable contracts for purchasing advertisement resources for the Group are payable as follows:

	2008	2007
	RMB'000	*RMB'000*
Within one year	**429,685**	27,601
After one year but within five years	**284,702**	2,400
After five years	**1,650**	2,250
Total	**716,037**	32,251

(c) Contingent liabilities

As at the reporting date, the Group and the Company did not have any significant contingent liabilities.

31. RELATED PARTY TRANSACTIONS

During the year, transactions with the following parties are considered as related party transactions.

Name of related party	Relationship with the Company
Mr. Chen Xin and Ms. Liu Jinlan ("Controlling Shareholders")	Ultimate controlling equity shareholders of the Group
Golden Bridge Int'l Advertising Holdings Limited	Equity shareholder of the Company
Bain Capital CTVGB Holding Limited	Minority equity shareholder of the Company
CTV Golden Bridge International Investment Group Company Limited (previously known as CTV Golden Bridge International Media Investment Group Company Limited)	Effectively controlled by the Controlling Shareholders
Shanghai CTV Golden Bridge International Culture and Communication Company Limited	Effectively controlled by the Controlling Shareholders
Beijing Zhongguang Chuanhua Media and Culture Consultation Company Limited (previously known as Beijing Golden Bridge Information Technology Company Limited)	Effectively controlled by the Controlling Shareholders
CTV China Report Media Limited	Effectively controlled by the Controlling Shareholders
Beijing Express On-line Advertising Company Limited	Effectively controlled by the Controlling Shareholders
Beijing CTV Golden Bridge International Culture and Communication Company Limited	Effectively controlled by the Controlling Shareholders

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with ultimate controlling equity shareholders of the Group

The Group had the following transactions with the ultimate equity shareholders that were carried out in the normal course of business:

	Notes	2008 RMB'000	2007 RMB'000
Sale of building	23	13,776	—
Rental of office	(i)	1,211	—

(i) CTV Golden Bridge International Media Company Limited Beijing Branch rented the office in Xinzhou Commercial Building and e-Tower from Controlling Shareholders, at a price of RMB1,211 thousand for the year ended 31 December 2008.

(b) Transactions with other related parties

	Notes	2008 RMB'000	2007 RMB'000
Lendings	(i)	—	54,237
Rental of office	(ii)	578	—

(i) Lendings represent the loans lent to other related parties, which was fully repaid as of 31 December 2008.

(ii) CTV Golden Bridge International Media Company Limited, a subsidiary of the Company, rented an office from Shanghai CTV Golden Bridge International Culture and Communication Company Limited, a related party of the Company, for the period from 30 November 2006 to 31 December 2007 at a price of RMB1 per month. Based on the result of the valuation done by Jones Lang LaSalle Sallmanns Limited (formally known as Sallmanns (Far East) Limited), the fair market value of the lease was RMB48,120 per month as at 31 December 2007. Since 1 January 2008, the price of the lease was changed to RMB577,500 per annum.

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balance with related parties

	2008 **RMB'000**	2007 RMB'000
Other receivables due from:		
CTV Golden Bridge International Investment Group Company Limited	–	5,108
Shanghai CTV Golden Bridge International Culture and Communication Company Limited	–	18,776
Beijing Zhongguang Chuanhua Media and Culture Consultation Company Limited	–	4,371
Total receivables due from related parties	–	28,255

All receivables due from related parties are collectible on demand.

	2008 **RMB'000**	2007 RMB'000
Other payables due to:		
Controlling Shareholders	–	260
Beijing Zhongguang Chuanhua Media and Culture Consultation Company Limited	–	698
Total payables due to related parties	–	958

All payables due to related parties are payable on demand.

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	2008 **RMB'000**	2007 RMB'000
Short-term employee benefits	**1,485**	1,092
Equity-settled share-based payment transactions	**1,878**	1,615
	3,363	2,707

Total remuneration is included in "Personnel expenses" (see note 10).

32. FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks is described below. The financial risk management policies and practices used by the Group to manage these risks are described in note 5.

(a) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Carrying amount	
		2008	2007
	Notes	***RMB'000***	*RMB'000*
Trade and other receivables	*21*		
Trade and bills receivables		**110,933**	40,050
Deposits		**24,418**	13,150
Advances to employees		**3,314**	1,545
Prepaid listing fee		**—**	5,121
Others		**2,545**	9,107
Cash and cash equivalents	*22*	**574,503**	352,061

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

	Carrying amount	
	2008	2007
	RMB'000	*RMB'000*
Customers		
Advertising agencies	**5,136**	12,021
Corporates	**60,976**	20,401
Government entities	**44,820**	7,627
Suppliers	**24,418**	13,150
Others	**5,860**	15,774
	141,210	68,973

The impairment losses of trade and bills receivables have been disclosed in note 21(b).

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk

The Group

	2008					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	**143,175**	**–**	**–**	**–**	**143,175**	**143,175**
Income tax payables	**16,000**	**–**	**–**	**–**	**16,000**	**16,000**

	2007					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	136,725	–	–	–	136,725	136,725
Payables due to related parties	958	–	–	–	958	958
Income tax payables	12,845	–	–	–	12,845	12,845

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

The Company

	2008					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Balance sheet carrying amount**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Trade and other payables	**17,800**	**–**	**–**	**–**	**17,800**	**17,800**

	2007					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	11,235	–	–	–	11,235	11,235
Payables due to related parties	2,349	–	–	–	2,349	2,349

(c) Foreign currency risk

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Foreign currency risk (continued)

(i) Exposure to currency risk (continued)

	The Group		The Company	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash and cash equivalents	**286,682**	22,394	**286,682**	22,394
— in USD	**267,052**	21,995	**267,052**	21,995
— in HKD	**19,624**	399	**19,624**	399
— in AUD	**6**	—	**6**	—
Gross balance sheet exposure	**286,682**	22,394	**286,682**	22,394

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
RMB	**2008**	2007	**2008**	2007
USD	**7.0696**	7.5567	**6.8346**	7.3046
HKD	**0.9092**	0.9706	**0.8819**	0.9364
AUD	**5.5586**	6.2818	**4.7135**	6.4036

32. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Foreign currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the change in the Group's profit after tax (and retained earnings) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the balance sheet date had changed at that date, assuming all other risk variable remained constant.

The Group and the Company

	2008			2007		
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000	Effect on other components of equity RMB'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000	Effect on other components of equity RMB'000
USD	10%	26,705	26,705	10%	2,199	2,199
	(10%)	(26,705)	(26,705)	(10%)	(2,199)	(2,199)
HKD	10%	–	1,962	10%	–	40
	(10%)	–	(1,962)	(10%)	–	(40)
AUD	10%	1	1	–	–	–
	(10%)	(1)	(1)	–	–	–

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the balance sheet date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2007.

(d) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2008.

33. CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses for bad and doubtful accounts

The Group estimates impairment losses for bad and doubtful accounts resulting from the inability of the customers to make the required payments. The Group bases the estimates on the aging of the trade balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimated.

(b) Impairment losses for property, plant and equipment

If circumstances indicate that the net book value of a property or equipment may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with the accounting policy for impairment of property and equipment as described in note 3(f)(ii). The carrying amounts of property and equipment are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the net selling price and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of selling price and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(c) Useful lives of property, plant and equipment

Management determines the estimated useful lives of and related depreciation charges for its property, plant and equipment. This estimate is based on historical experience of the actual useful lives of assets of similar nature and functions. The depreciation charges for future periods are adjusted if there are significant changes from previous estimates.

(d) Derivatives

In determining the fair value of derivatives, considerable judgement is required to interpret market data used in the valuation techniques. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

33. CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

(e) Share-based payment transactions

The fair value of employee stock options is measured using a binomial model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(f) Income tax

Determining income tax provision involves judgment on the future tax treatment of certain transactions. The Group evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilized, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

34. ULTIMATE HOLDING COMPANY

At 31 December 2008, the directors of the Company consider the parent and the ultimate holding company to be Golden Bridge International Culture Limited and Golden Bridge Int'l Advertising Holdings Limited respectively, both of which are incorporated in Cayman Islands. These two entities do not produce financial statements available for public use.

35. SUBSEQUENT EVENTS

The following significant events took place subsequent to 31 December 2008:

(a) The increase of registered capital of Beijing Golden Bridge Senmeng Media Advertising Company Limited and the agreement to purchase minority interests

On 9 January 2009, CTV Golden Bridge International Media Company Limited and Beijing Senmeng Media Advertising Company Limited (北京森盟傳媒廣告有限公司) contributed and paid up RMB9,180,000 and RMB8,820,000 respectively as the additional registered capital of Beijing Golden Bridge Senmeng Media Advertising Company Limited. As a result, the registered and fully paid capital of Beijing Golden Bridge Senmeng Media Advertising Company Limited increased to RMB28,000,000, and the Group owns 51% of the equity interests of Beijing Golden Bridge Senmeng Media Advertising Company Limited.

On 9 January 2009, CTV Golden Bridge International Media Company Limited and Beijing Senmeng Media Advertising Company Limited entered into an agreement, pursuant to which CTV Bridge International Media Company Limited will purchase the minority interest in Beijing Golden Bridge Senmeng Media Advertising Company Limited from Beijing Senmeng Media Advertising Company Limited through a series of arrangement when certain criteria are met. According to the agreement, CTV Golden Bridge International Media Company Limited acquired 9% equity interests in Beijing Golden Bridge Senmeng Media Advertising Company Limited from Beijing Senmeng Media Advertising Company Limited with a consideration of RMB6,520 thousand on 4 February 2009. As a result, the Group's equity interests in Beijing Golden Bridge Senmeng Media Advertising Company Limited increased from 51% to 60%. And an additional consideration of RMB4,000 thousand was contingent upon CTV Golden Bridge Senmeng Media Advertising Company Limited meeting a net profit target by 31 December 2009.

(b) Dividend

On 16 April 2009, the directors of the Company proposed a final dividend for the year ended 31 December 2008. Further details are disclosed in note 16(a).

Five Year Summary

(Expressed in Renminbi)

	2008	2007	2006	2005	2004
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Results					
Revenue	**558,356**	364,702	263,657	230,124	130,968
Profit from operations	**159,712**	79,630	74,780	30,294	44,037
Net finance expense	**(7,159)**	(23,608)	(6,228)	(130)	(246)
Share of profit equity accounted investees (net of income tax)	**(107)**	—	—	—	—
Profit before income tax	**152,446**	56,022	68,552	30,164	43,791
Income tax expense	**(31,343)**	(13,247)	(7,233)	(5,324)	(4,058)
Profit for the year	**121,103**	42,775	61,319	24,840	39,733
Attributable to:					
Equity shareholders of the Company	**120,800**	42,316	61,319	26,641	37,126
Minority interests	**303**	459	—	(1,801)	2,607
Profit for the year	**121,103**	42,775	61,319	24,840	39,733
Assets and liabilities					
Property, plant and equipment	**54,182**	48,266	23,831	25,891	32,726
Investment in equity accounted investee	**843**	—	—	—	—
Deferred tax assets	**6,350**	3,268	—	—	—
Net current assets	**617,976**	338,087	296,283	82,820	107,867
Total assets less current liabilities	**679,351**	389,621	320,114	108,711	140,593
Deferred tax liabilities	**(1,286)**	—	—	—	—
Other non-current liabilities	**—**	—	(265,423)	(1,425)	(2,807)
NET ASSETS	**678,065**	389,621	54,691	107,286	137,786
Capital and reserves					
Share capital	**173**	137	90	106	106
Reserves	**670,473**	388,556	54,591	107,170	130,526
Total equity attributable to equity shareholders of the Company	**670,646**	388,693	54,681	107,276	130,632
Minority interests	**7,419**	928	10	10	7,154
TOTAL EQUITY	**678,065**	389,621	54,691	107,286	137,786
Earnings per share					
Basic earnings per share *(RMB)*	**0.243**	0.098	0.122	0.083	0.115
Diluted earnings per share *(RMB)*	**0.243**	0.096	0.122	0.083	0.115

NOTE TO THE FIVE YEAR SUMMARY

As a result of the sub-divisions of ordinary shares in 2007 and 2008, figures for the years from 2004 to 2007 have been adjusted for comparison purposes.

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