



# 2010 INTERIM REPORT

Stock code : 623 



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## 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  
Mr. Qi Daqing  
Mr. Chen Tianqiao

## AUDIT COMMITTEE

Mr. 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. Chan Oi Nin Derek

## COMPANY SECRETARY

Mr. Chan Oi Nin Derek

## AUTHORISED REPRESENTATIVES

Mr. Chen Xin  
Mr. Chan Oi Nin Derek

## 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 1712–1716, 17th Floor, Hopewell Centre,  
183 Queen's Road East, Wanchai, Hong Kong

## INVESTOR RELATIONS CONSULTANT

Hill & Knowlton Asia Ltd

## WEBSITE

[www.sinomedia.com.hk](http://www.sinomedia.com.hk)

# Financial Summary

<b>RMB'000</b>	<b>For the six months ended 30 June 2010</b>	For the six months ended 30 June 2009	Change (%)
<b>Revenue</b>	<b>599,339</b>	321,598	+86.4%
<b>Profit from operations</b>	<b>34,492</b>	5,929	+481.8%
<b>Profit attributable to owners of the Company</b>	<b>26,018</b>	12,358	+110.5%
<b>Earnings per share (RMB)</b>			
— Basic	<b>0.046</b>	0.022	+109.1%
— Diluted	<b>0.046</b>	0.022	+109.1%

## Revenue by sales channels:

<b>RMB'000</b>	<b>For the six months ended 30 June 2010</b>	For the six months ended 30 June 2009	Change (%)
<b>Advertising service</b>	<b>596,038</b>	325,022	+83.4%
— CCTV	<b>590,249</b>	321,708	+83.5%
— Regional TV and others	<b>5,789</b>	3,314	+74.7%
<b>Agency service</b>	<b>9,538</b>	3,029	+214.9%
<b>Sales taxes and surcharges</b>	<b>(6,237)</b>	(6,453)	-3.3%
<b>Revenue</b>	<b>599,339</b>	321,598	+86.4%

## BUSINESS REVIEW

During the period under review, the Group had the exclusive underwriting rights to approximately 6,136 minutes of the advertisement time on China Central Television Station's CCTV-1/News Channel, CCTV-4 and CCTV-7, of which approximately 4,035 minutes were sold. The Group holds the exclusive underwriting rights to the advertisement time of all programmes on CCTV-NEWS (English international channel of CCTV). In addition, the Group has signed a cooperation agreement with Sohu Media, pursuant to which the Group serves as the exclusive agency to sell advertising resources on any webpage of www.sohu.com and www.chinaren.com (excluding advertisement space and webpages that Sohu Media has sold or outsourced to third parties) to clients related to city tourism and business promotion industry in China. The Group has also joined forces with its business partners to establish China's first and only national public service advertising broadcast network (百家電視台公益廣告聯播網), providing customers with all-rounded advertising services.


The Group seized the opportunity to participate in the "2010 CCTV Contracting Advertising Underwriting Rights Tender", and successfully acquired the exclusive underwriting rights to the advertisement time of five high quality programmes on CCTV-1/News Channel and CCTV-4.

The Group has the exclusive underwriting rights to the advertising resources of two high quality programmes on CCTV-1, namely "News 30 (新聞30分)" (CCTV-1/News Channel) and "Evening News (晚間新聞)". The advertisement time of each programme amounts to no less than 1.5 minute per day.

For CCTV-4, the Group has the exclusive underwriting rights to all programmes during the entire prime time from 20:00 to 22:00, including "Walk Through China (走遍中國)", "Across the Strait (海峽兩岸)" and "China News Package (中國新聞套)". The Group also holds the exclusive underwriting rights to the advertisement time of CCTV-4 "All-Day Package (全天時段套)" (effective from 1 March 2010), which is divided into six time slots per day. The total advertisement time amounts to about 14 minutes per day.

Through its subsidiary Beijing Golden Bridge Senmeng Media Advertising Co., Ltd, the Group holds the exclusive underwriting rights to all the advertising resources of seven programmes on CCTV-7, including "Zhi Fu Jing (致富經)," "Daily Agricultural News (每日農經)" and "Focus on the Three Agricultural Issues (聚焦三農)". During the period, the abovementioned advertising resources provided more than 3,100 minutes of advertisement time available for sale.

The Group also holds the exclusive underwriting rights (effective from 1 March 2010) to the advertising resources of all programmes on CCTV-NEWS (English international channel of CCTV, formerly known as CCTV-9). In 2010, CCTV-9 underwent a revamp designed to place stronger emphasis on its position as a news channel. Operating as a news channel that has full editorial independence, the 24-hour news channel leverages its global network of correspondents to provide hard-hitting coverage on the latest significant news developments around the world. The news channel is intended to become one of the world's most influential international news media platforms in two to three years.



The Group holds the underwriting rights to the advertising resources in nationwide public service advertising broadcast network, which covers 120 local TV channels and the advertisement time of each channel covers no less than 30 seconds of evening prime time. These advertising resources provide customers an opportunity to establish their brand and corporate image at a cost lower than the general TV commercial advertisements.

The Group enjoys the priority over renewing the contracts for the exclusive underwriting rights to the abovementioned advertising resources on CCTV-1 and CCTV-4 in 2011 and 2012. Meanwhile, the exclusive underwriting rights to the advertising resources of CCTV-7, effective from 1 January 2009, are valid for five years.



## FINANCIAL REVIEW

### Revenue and Profit Attributable to Owners of the Company

For the six months ended 30 June 2010, the Group recorded a revenue of RMB599,339 thousand, up 86% from RMB321,598 thousand for the same period of last year.

The combined revenue from CCTV-1 and CCTV-4 (prior to deduction of sales taxes and surcharges) for the first quarter and the second quarter this year amounted to RMB224,670 thousand and RMB300,122 thousand respectively. The relatively lower revenue recorded in the first quarter was mainly attributable to a few factors: (1) the first quarter is a traditional low season for the Group's advertising sales; (2) sales of the Group's CCTV advertising resources for the year 2010 only began after the CCTV tender had taken place in the end of November 2009, leading to the sales being started off later than usual, and this has weakened the effect of presale meant to boost sales in the low season; (3) in the early days after the acquisition of new underwriting rights to the advertising resources of a programme, the Group would need time to set out and adjust its sales strategies regarding its market position, product portfolio and selling prices, as well as developing new client base. As the Group has established its sales policies and stepped up sales efforts, its revenue has been growing steadily since March.

During the same period last year, CCTV-7 business was still in a start-up stage and sales were particularly slow in the first quarter. With the Group's year-long effort in nurturing the market and enhancing the sales strategies, coupled with a more sophisticated sales and management team, the advertising business of the channel has been improving and brings fruitful results in 2010. Moreover, consumer markets in counties and townships have expanded rapidly with the support of the favourable national agricultural policies, helping the Group to gain more customer recognition in the effectiveness of placing advertisements on CCTV-7. As a result, the sales of advertisement time on CCTV-7 increased significantly in 2010, with revenue up 96% from the same period last year.

For the six months ended 30 June 2010, the Group's profit attributable to owners of the Company was RMB26,018 thousand, up 111% from RMB12,358 thousand for the same period last year. The increase was attributable to the fact that sales revenue from CCTV-1 and CCTV-4 were in line with expectation, and the business with CCTV-7 has turned to profitability.

## Operating Expenses

For the six months ended 30 June 2010, the Group's selling and marketing expenses grew by RMB3,336 thousand to RMB18,379 thousand, accounting for 3.1% of the Group's revenue (4.7% for the same period last year). Before provision for bad and doubtful debts, general and administration expenses increased by RMB483 thousand to RMB21,322 thousand, accounting for 3.6% of the Group's revenue (6.5% for the same period last year).

Despite the expansion in sales, operating expenses have not increased notably in amount compared with the same period last year, and the two types of expenses as a percentage of revenue have both declined. It reflected an improvement in the Group's marketing efficiency and management, notwithstanding the sharp increase in revenue.

## Liquidity and Financial Resources

In light of the significant increase in purchasing cost resulting from the Group's efforts in acquiring high quality media resources, the Group has strengthened liquidity management to maintain adequate cash flow. During the period under review, net cash inflows from the Group's operating activities amounted to RMB195,398 thousand. At period end, the Group's cash and bank balances increased to RMB502,849 thousand, of which 93% was maintained in Renminbi and 7% in US dollar.

The Group has reinforced the management of receivables by imposing strict control over delayed payments for advertisements and stepping up its efforts in collecting receivables. As a result, while the Group's revenue has increased significantly year-on-year, its receivables remained at a relatively low level. As at the end of the review period, the Group's outstanding accounts receivables after provision for bad and doubtful debts amounted to RMB52,625 thousand with an accounts receivable turnover of 13 days, which was at the lowest industry level.

As at 30 June 2010, total assets of the Group amounted to RMB1,022,607 thousand, which were financed by equity attributable to owners of the Company of RMB746,390 thousand and non-controlling interests of RMB7,812 thousand. At period end, there was no bank borrowing or asset held under finance lease.

The liquidity and financial resources position as stated above demonstrates that the Group enjoys a relatively high level of financial security.

## Human Resources

As at 30 June 2010, the Group had approximately 280 employees in total. We implement a remuneration policy that is competitive in the industry, and pay commissions to our sales people and discretionary bonus to other employees with reference to performance of the Group and individual employees. In order to align the interests of employees with those of shareholders, share options were granted to employees under the Company's share option schemes. Share options that have been granted and remained unexercised as at the end of the review period amounted to 16,172,000 units.





## INDUSTRY AND GROUP OUTLOOK

In the first half of 2010, the economy maintained a satisfactory growth and China recorded a GDP growth of 10.3% year-on-year in the second quarter, although it was slightly lower when compared with the first quarter (11.9%). According to the latest statistics on advertising spending<sup>1</sup> compiled by CTR Market Research, an authoritative market research company, China's advertising market has started to recover from the global financial crisis. In the first quarter of the year, advertising expenditure increased drastically year-on-year by 22%. Advertising spending (based on listed prices) reached over RMB130 billion, marking a record high in recent years, while spending on TV advertisements was up 20%. Mr. Tian Tao, the Vice President of CTR said, "Improvement of the macro economy contributed to the 11.9% GDP growth of China in the first quarter, bringing the growth back to its pre-crisis level." During the review period, the Group's revenue growth has outpaced the TV advertising industry, indicating that the Group has further expanded its market share.

During the first half of 2010, new sales and marketing measures, such as cross-media sales and marketing and product placement marketing, were increasingly adopted in corporate advertising in China. Internet TV advertising is also attracting growing attention. The Board and management of the Group will seek to safeguard and solidify the position of SinoMedia as a leading advertising operator in the mainstream media, and strive to obtain larger advertising budget from customers by enhancing its ability to offer comprehensive advertising services and further strengthening its relationship with customers. The Group will also step up its efforts in the strategic planning for the new media and internet advertising services in accordance with market demands.

<sup>1</sup> Source: CTR Market Research Co., Ltd.; May 2010

# Condensed Consolidated Income Statement

For the six months ended 30 June 2010 – unaudited  
(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2010 RMB'000	2009 RMB'000
Revenue		599,339	321,598
Cost of services		(528,896)	(284,450)
<b>Gross profit</b>		<b>70,443</b>	37,148
Other income	6	5,987	4,663
Selling and marketing expenses		(18,379)	(15,043)
General and administration expenses		(23,559)	(20,839)
<b>Profit from operations</b>		<b>34,492</b>	5,929
Finance income		4,284	807
Finance costs		(166)	—
<b>Net finance income</b>		<b>4,118</b>	807
Share of loss of equity accounted investee (net of income tax)		(443)	(132)
<b>Profit before income tax</b>	7	<b>38,167</b>	6,604
Income tax expense	8	(9,802)	(1,152)
<b>Profit for the period</b>		<b>28,365</b>	5,452
<b>Attributable to:</b>			
Owners of the Company		26,018	12,358
Non-controlling interests		2,347	(6,906)
<b>Profit for the period</b>		<b>28,365</b>	5,452
<b>Earnings per share</b>	9		
Basic earnings per share (RMB)		0.046	0.022
Diluted earnings per share (RMB)		0.046	0.022

The notes on pages 14 to 21 are an integral part of this interim financial report. Details of dividends payable to owners of the Company are set out in note 14.

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010 — unaudited  
(Expressed in Renminbi)

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
<b>Profit for the period</b>	<b>28,365</b>	5,452
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>	<b>(2,715)</b>	(144)
Exchange differences on translation of financial statements of the Company	(2,715)	(144)
<b>Total comprehensive income for the period</b>	<b>25,650</b>	5,308
<b>Attributable to:</b>		
Owners of the Company	<b>23,303</b>	12,214
Non-controlling interests	<b>2,347</b>	(6,906)
<b>Total comprehensive income for the period</b>	<b>25,650</b>	5,308

The notes on pages 14 to 21 are an integral part of this interim financial report.

# Condensed Consolidated Balance Sheet

As at 30 June 2010 — unaudited  
(Expressed in Renminbi)

	Notes	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	10	56,842	57,062
Investment in equity accounted investee		141	584
Other financial asset		11,658	11,031
Deferred tax assets		8,713	9,779
<b>Total non-current assets</b>		<b>77,354</b>	78,456
<b>Current assets</b>			
Trade and other receivables	11	442,404	515,466
Cash and cash equivalents	12	502,849	323,084
<b>Total current assets</b>		<b>945,253</b>	838,550
<b>Total assets</b>		<b>1,022,607</b>	917,006
<b>Equity</b>			
Share capital		174	173
Reserves		746,216	736,300
<b>Equity attributable to owners of the Company</b>		<b>746,390</b>	736,473
<b>Non-controlling interests</b>		<b>7,812</b>	5,465
<b>Total equity</b>		<b>754,202</b>	741,938
<b>Non-current liabilities</b>			
Other financial liability		18,303	18,155
Deferred tax liabilities		2,599	2,315
<b>Total non-current liabilities</b>		<b>20,902</b>	20,470
<b>Current liabilities</b>			
Trade and other payables	13	239,258	134,917
Income tax payables		8,245	19,681
<b>Total current liabilities</b>		<b>247,503</b>	154,598
<b>Total liabilities</b>		<b>268,405</b>	175,068
<b>Total equity and liabilities</b>		<b>1,022,607</b>	917,006
<b>Net current assets</b>		<b>697,750</b>	683,952
<b>Total assets less current liabilities</b>		<b>775,104</b>	762,408

The notes on pages 14 to 21 are an integral part of this interim financial report.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010 — unaudited  
(Expressed in Renminbi)

	Share capital	Capital reserves	Share premium	Capital redemption reserve	Statutory reserves	Translation reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2009</b>	173	12,469	461,741	18	25,538	3,294	2,308	165,105	670,646	7,419	678,065
<b>Changes in equity for the six months ended 30 June 2009:</b>											
Acquisition of non-controlling interest	—	—	—	—	—	—	—	—	—	(2,520)	(2,520)
Share-based payments	—	2,037	—	—	—	—	—	—	2,037	—	2,037
Contribution from non-controlling interest	—	—	—	—	—	—	—	—	—	8,820	8,820
Dividends	—	—	—	—	—	—	—	(22,386)	(22,386)	—	(22,386)
Total comprehensive income for the period	—	—	—	—	—	(144)	—	12,358	12,214	(6,906)	5,308
<b>Balance at 30 June 2009 and 1 July 2009</b>	173	14,506	461,741	18	25,538	3,150	2,308	155,077	662,511	6,813	669,324
<b>Changes in equity for the six months ended 31 December 2009:</b>											
Acquisition of non-controlling interest	—	—	—	—	—	—	(1,813)	—	(1,813)	—	(1,813)
Share-based payments	—	2,908	—	—	—	—	—	—	2,908	—	2,908
Contribution from non-controlling interest	—	—	—	—	—	—	—	—	—	205	205
Appropriation to reserves	—	—	—	—	12,197	—	—	(12,197)	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	(101)	(101)
Expected consideration to be paid for the acquisition of non-controlling interest	—	—	—	—	—	—	(11,646)	—	(11,646)	—	(11,646)
Total comprehensive income for the period	—	—	—	—	—	(374)	—	84,887	84,513	(1,452)	83,061
<b>Balance at 31 December 2009 and 1 January 2010</b>	173	17,414	461,741	18	37,735	2,776	(11,151)	227,767	736,473	5,465	741,938
<b>Changes in equity for the six months ended 30 June 2010:</b>											
Share-based payments	—	869	—	—	—	—	—	374	1,243	—	1,243
Shares issued under share option scheme	1	(2,176)	5,332	—	—	—	—	—	3,157	—	3,157
Dividends	—	—	—	—	—	—	—	(17,786)	(17,786)	—	(17,786)
Total comprehensive income for the period	—	—	—	—	—	(2,715)	—	26,018	23,303	2,347	25,650
<b>Balance at 30 June 2010</b>	174	16,107	467,073	18	37,735	61	(11,151)	236,373	746,390	7,812	754,202

The notes on pages 14 to 21 are an integral part of this interim financial report.

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2010 – unaudited  
(Expressed in Renminbi)

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Cash generated from operations	<b>215,287</b>	89,839
Tax paid	<b>(19,889)</b>	(17,529)
Net cash from operating activities	<b>195,398</b>	72,310
Net cash used in investing activities	<b>(719)</b>	(1,694)
Net cash used in financing activities	<b>(14,426)</b>	(20,086)
Net increase in cash and cash equivalents	<b>180,253</b>	50,530
Cash and cash equivalents at 1 January	<b>323,084</b>	574,503
Effect of foreign exchange rates changes	<b>(488)</b>	(273)
Cash and cash equivalents at 30 June	<b>502,849</b>	624,760

The notes on pages 14 to 21 are an integral part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 1 REPORTING ENTITY

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 interim financial report of the Company as at and for the six months ended 30 June 2010 comprises the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group is primarily involved in providing nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agents.

## 2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, Interim financial reporting, issued by the International Accounting Standards Board (“IASB”). It was authorized for issuance on 26 August 2010.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2009 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”). This interim financial report is unaudited.

The financial information relating to the financial year ended 31 December 2009 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2009 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 8 April 2010.

### 3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued two revised IFRSs, a number of amendments to IFRSs and one new interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 3 (revised 2008), *Business combinations*
- Amendments to IAS 27, *Consolidated and separate financial statements*
- Amendments to IFRS 5, *Non-current assets held for sale and discontinued operations – plan to sell the controlling interest in a subsidiary*
- Amendments to IAS 39, *Financial instruments: Recognition and measurement – eligible hedged items*
- Improvements to IFRSs (2009)
- IFRIC 17, *Distributions of non-cash assets to owners*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group early adopted IFRS 3 (revised 2008) and amendments to IAS 27 for business combinations occurring in the financial year starting 1 January 2009. The improvements to IFRSs (2009) have had no material impact on the Group's financial statements as the improvements were consistent with policies already adopted by the Group. The other developments have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction and there is no requirement to restate the amounts recorded in respect of previous such transactions.

### 4 SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the CEO for the purposes of resources allocation and performance assessment, the Group has determined and presented a single reportable segment to disclose information as a whole about its services, geographical areas, and major customers.

### 5 SEASONALITY OF OPERATIONS

TV advertisement spending in China shows notable seasonal fluctuations, with higher customer demand and more advertisement spending occurring in the second half of each calendar year. As a result, utilisation rates are generally lower in the first half of the year, compared to the second half. On the other hand, cost of services consist primarily of the cost to purchase TV advertisement time from various advertisement resource providers, which is generally incurred ratably over the contract period, varying from one to five years. Gross profit and gross margin are therefore comparatively lower for the first half of a year.



# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 6 OTHER INCOME

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Government grant	5,982	4,663
Others	5	—
	<b>5,987</b>	4,663

## 7 PROFIT BEFORE INCOME TAX

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Depreciation	2,382	1,759
Impairment losses on bad and doubtful accounts	2,237	—

## 8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Current tax – PRC Income tax	8,452	7,909
Deferred taxation	1,350	(6,757)
	<b>9,802</b>	1,152

No provision has been made for Hong Kong profits tax as the Company did not earn any income subject to Hong Kong profits tax for the six months periods ended 30 June 2010 and 2009.

Taxation for PRC subsidiaries is calculated using the estimated annual effective rates of taxation that are expected to be applicable in the PRC.

## 9 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB26,018 thousand (six months ended 30 June 2009: RMB12,358 thousand) and the weighted average number of ordinary shares of 564,996,311 (2009: 564,310,400).

	Six months ended 30 June	
	2010	2009
<b>Profit attributable to ordinary equity shareholders</b>	<b>RMB'000</b>	<b>RMB'000</b>
Profit for the period	<b>26,018</b>	12,358
Profit attributable to ordinary equity shareholders	<b>26,018</b>	12,358

	Six months ended 30 June	
	2010	2009
<b>Weighted average number of ordinary shares</b>	<b>'000</b>	<b>'000</b>
Issued ordinary shares at 1 January	<b>564,310</b>	564,310
Effect of issues of ordinary shares under share option schemes	<b>686</b>	—
Weighted average number of ordinary shares at 30 June	<b>564,996</b>	564,310

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company of RMB26,018 thousand (six months ended 30 June 2009: RMB12,358 thousand) and the weighted average number of ordinary shares of 567,262,406 (2009: 564,310,400).

	Six months ended 30 June	
	2010	2009
<b>Profit attributable to ordinary equity shareholders (diluted)</b>	<b>RMB'000</b>	<b>RMB'000</b>
Profit attributable to ordinary equity shareholders (basic and diluted)	<b>26,018</b>	12,358

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 9 EARNINGS PER SHARE (CONTINUED)

### (b) Diluted earnings per share (continued)

	Six months ended 30 June	
	2010	2009
Weighted average number of ordinary shares (diluted)	'000	'000
Weighted average number of ordinary shares (basic)	<b>564,996</b>	564,310
Effect of share options on issue	<b>2,266</b>	—
Weighted average number of ordinary shares (diluted) at 30 June	<b>567,262</b>	564,310

## 10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the Group acquired items of property, plant and equipment with a cost of RMB2,162 thousand (six months ended 30 June 2009: RMB2,630 thousand).

## 11 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors and bills receivable (net of impairment losses) with the following ageing analysis:

	At 30 June 2010	At 31 December 2009
	RMB'000	RMB'000
Less than three months	<b>40,336</b>	32,713
Three months to six months	<b>5,990</b>	2,173
Six months to one year	<b>8,606</b>	18
More than one year	<b>4,395</b>	6,855
Trade debtors and bills receivables, net of impairment losses	<b>59,327</b>	41,759
Prepayments to media suppliers	<b>165,837</b>	146,899
Deposits	<b>202,701</b>	321,131
Advances to employees	<b>5,198</b>	4,116
Others	<b>9,341</b>	1,561
	<b>442,404</b>	515,466

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.

## 12 CASH AND CASH EQUIVALENTS

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Cash at bank and in hand	<b>502,849</b>	323,084

## 13 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Due within 3 months or on demand	<b>39,305</b>	13,087
Due after 3 months but within 1 year	<b>5,987</b>	—
Total trade creditors	<b>45,292</b>	13,087
Advances from customers	<b>183,485</b>	110,875
Payroll and welfare expenses payables	<b>2,650</b>	2,367
Other compulsory payables	<b>1,948</b>	2,717
Other tax payables	<b>2,982</b>	2,500
Other payables and accrued charges	<b>2,885</b>	3,355
Dividends payable due to non-controlling interests of a subsidiary	<b>16</b>	16
	<b>239,258</b>	134,917

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 14 DIVIDENDS

### (a) Dividends payable to owners of the Company attributable to the interim period

No dividend attributable to the interim period has been declared and paid by the Group.

### (b) Dividends payable to owners of the Company attributable to the previous financial year approved and paid during the interim period

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Final dividend in respect of the previous financial year, approved and paid of approximately RMB3 cents per share (six months ended 30 June 2009: approximately RMB4 cents per share)	17,786	22,386

## 15 NON-ADJUSTING POST BALANCE SHEET EVENT

Pursuant to the written resolutions of the directors of the Company on 2 July 2010, 19,580,000 share options were granted to employees and directors of the Group under the Company's post-IPO share option scheme (no share options had been granted during the six months ended 30 June 2010). Each option gives the holder the right to subscribe for one ordinary share of the Company at an exercise price of HK Dollar 1.84 (or approximately RMB1.60). The share options granted will vest in instalments over 4 years and will be expired by 1 July 2018.

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

As at 30 June 2010, the interests and short positions of the directors and chief executive 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 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### (i) Interests in the Company – Long Positions

Name of director	Nature of interest	Number of ordinary shares held	Number of underlying shares held under equity derivatives (Note 1)	Total	Approximate percentage of issued share capital of the Company
Liu Jinlan	Founder of discretionary trust, beneficiary of trust and beneficial interest	251,428,169 (Note 2)	3,200,000	254,628,169	44.96%
Chen Xin	Founder of discretionary trust and beneficiary of trust	251,428,165 (Note 3)	—	251,428,165	44.40%
Li Zongzhou	Beneficial interest	—	1,600,000	1,600,000	0.28%
Qi Daqing	Beneficial interest	—	260,000	260,000	0.05%
Ding Junjie	Beneficial interest	—	200,000	200,000	0.04%
Chen Tianqiao	Beneficial interest	—	200,000	200,000	0.04%

Notes:

1. Details of the underlying shares are set out in the section headed "Share Option Schemes" in this report.
2. Liu Jinlan is deemed to be interested in 251,428,169 shares of the Company. These shares are held by three discretionary trusts, namely UME Trust, DFS (No. 2) Trust and CLH Trust, all founded by Liu Jinlan. In respect of 203,941,513 shares therein held by CLH Trust, Liu Jinlan is also a beneficiary of the trust.
3. Chen Xin is deemed to be interested in 251,428,165 shares of the Company. These shares are held by three discretionary trusts, namely MHS Trust, DFS (No. 1) Trust and CLH Trust, all founded by Chen Xin. In respect of 203,941,513 shares therein held by CLH Trust, Chen Xin is also a beneficiary of the trust.

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

### (ii) Interests in associated corporations of the Company – Long Positions

Name of director	Name of associated corporation	Nature of interest	Approximate percentage of issued share capital of the associated corporation
Liu Jinlan	CLH Holding Limited	Founder of discretionary trust	100%
	Golden Bridge International Culture Limited	Corporate interest	100%
	Golden Bridge Int'l Advertising Holdings Limited	Corporate interest	100%
	CTV Golden Bridge International Media Co., Ltd.	Corporate interest	0.3%
Chen Xin	CLH Holding Limited	Founder of discretionary trust	100%
	Golden Bridge International Culture Limited	Corporate interest	100%
	Golden Bridge Int'l Advertising Holdings Limited	Corporate interest	100%

Apart from the foregoing, as at 30 June 2010, none of the directors and chief executive 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 SCHEMES

The Company has adopted share option schemes on 29 June 2007 (the “Pre-IPO Scheme”) and 27 May 2008 (the “Post-IPO Scheme”), respectively, whereby the directors of the Company are authorised, at their discretion, to invite any full time employee, director or any person approved by the board or shareholders of the Company to take up options (the “Pre-IPO Options” and the “Post-IPO Options”, respectively) to subscribe for shares of the Company. No further options will be granted under the Pre-IPO Scheme. The Post-IPO Scheme shall be valid and effective for a period of ten years ending on 7 July 2018.

The total number of securities available for issue under both the Pre-IPO Scheme and the Post-IPO Scheme as at 30 June 2010 was 16,172,000 shares which represented approximately 3% of the issued share capital of the Company as at 30 June 2010.

Movements of the share options under the share option schemes for the six months ended 30 June 2010 are as follows:

	No. of options outstanding as at 1 January 2010	No. of options granted during the period	No. of options exercised during the period	No. of options forfeited during the period	No. of options outstanding as at 30 June 2010	Date of grant	Exercise price	Exercise period
<b>Directors</b>								
Liu Jinlan	3,200,000	—	—	—	3,200,000	10 July 2007	RMB1.56	Note 2
Li Zongzhou	1,600,000	—	—	—	1,600,000	10 July 2007	RMB1.56	Note 1
Qi Daqing	260,000	—	—	—	260,000	17 September 2009	HKD1.49	Note 3
Ding Junjie	200,000	—	—	—	200,000	17 September 2009	HKD1.49	Note 3
Chen Tianqiao	200,000	—	—	—	200,000	17 September 2009	HKD1.49	Note 3
<b>Employees</b>								
in aggregate	13,120,000	—	(2,024,000)	(384,000)	10,712,000	4 July 2007 to 7 March 2008	RMB1.56	Note 1



## SHARE OPTION SCHEMES (CONTINUED)

### Notes:

1. 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.

2. An exception to the vesting requirement mentioned in (1) above is that Liu Jinlan 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, Liu Jinlan 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 is exercisable from 8 January 2009 to 9 July 2015, subject to the vesting requirement mentioned above.

3. A Post-IPO Options holder may exercise a maximum of 25% of the total number of the Post-IPO Options granted from the acceptance of the Post-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 Post-IPO Options granted, up to eight years from the date on which the Post-IPO Options are granted.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES – LONG POSITIONS

As at 30 June 2010, so far as known to the directors and chief executive of the Company, the following corporations (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 shareholder	Nature of interest	Total number of ordinary shares held	% of total issued shares
Equity Trustee Limited	Trustee (Note 1)	298,914,821	52.78%
CLH Holding Limited	Corporate interest (Note 2)	203,941,513	36.01%
Bain Capital CTVGB Holding L.P.	Corporate interest (Note 3)	117,624,579	20.77%

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES — LONG POSITIONS (CONTINUED)**

*Notes:*

1. Equity Trustee Limited is deemed to be interested in 298,914,821 shares of the Company as it is the trustee of CLH Trust (shares held by Golden Bridge International Culture Limited), MHS Trust (shares held by Merger Holding Service Company Limited), UME Trust (shares held by United Marine Enterprise Company Limited), DFS (No. 1) Trust (shares held by Digital Finance Service Company Limited) and DFS (No. 2) Trust (shares held by SinoMedia Investment Ltd.).
2. These shares are directly held by Golden Bridge International Culture Limited which is a wholly owned subsidiary of Golden Bridge Int'l Advertising Holdings Limited which in turn is a wholly owned subsidiary of CLH Holding Limited. CLH Holding Limited is deemed to be interested in 203,941,513 shares of the Company held by Golden Bridge International Culture Limited.
3. These shares are directly held by Bain Capital CTVGB Holding Ltd. which is a wholly owned subsidiary of Bain Capital CTVGB Holding L.P. Bain Capital CTVGB Holding L.P. is deemed to be interested in 117,624,579 shares of the Company held by Bain Capital CTVGB Holding Ltd..

Save as disclosed above, so far as known to the directors and chief executive of the Company, as at 30 June 2010, there was no other persons or corporations (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.

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

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE PRACTICES**

During the six months ended 30 June 2010, the Company had complied with all the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions.

Having been made specific enquiry, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2010.

### **AUDIT COMMITTEE**

The Audit Committee has, together with the management of the Company, reviewed the Group’s unaudited condensed consolidated financial statements and the interim report for the six months ended 30 June 2010, including the accounting principles and practices adopted by the Group.