

SinoMedia Holding Limited

Stock Code: 623

2012 Interim Results

24 August 2012



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Company Representative

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- Executive Director since 2006 and Chairman since 2007
- Over 20 years of experience in the media industry
- Previously held various senior positions in Xinhua News Agency
- Fudan University (BS & Master) and Cheung Kong Graduate School of Business (EMBA)



- CEO since founding the Company in 1999
- Previously a news broadcaster, reporter and director of CCTV
- Recognised as “Top Ten Influential Female Advertising Professionals in China” by various magazines
- Beijing Broadcast Institute (Certificate) and Cheung Kong Graduate School of Business (EMBA)



- Qualified Accountant and Company Secretary since 2008; CFO since 2010
- Over 15 years of experience in accounting and auditing
- Previously the Financial Controller and Qualified Accountant of TCL
- Chinese University of Hong Kong (BS) and Monash University (MBA)

Agenda

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About SinoMedia

Business Segments

Financial Review

Outlook

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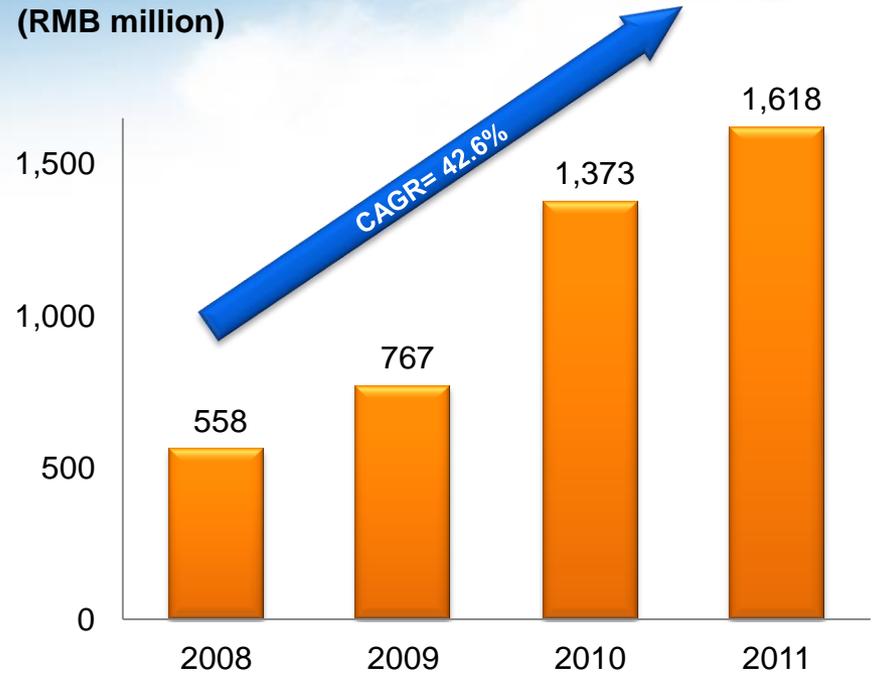
About SinoMedia

Company Profile



- **Stock Code: 623.hk**
- **Date of Listing: 8 July 2008**
- **Market Cap*: HK\$1.7 billion**
- **Shares Outstanding*: 558 million shares**
- **Website: www.sinomedia.com.hk**
- **Headquarters: Beijing, China**
- **Shareholding structure:**
 - **Mr. Chen Xin & Ms. Liu Jinlan (54%)**
 - **Bain Capital (21%)**
 - **Public (25%)**

(RMB million)



*As at 31 July 2012

Key Highlights

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Outperform industry average with net profit increased by 9%

Revenue of integrated brand communication services & creative production of advertisement and content increases by 341% & 47% respectively

Manageable operating expenses accounting for 9.4% of the group's revenue

Strong balance sheet for consecutive years, and cash position of RMB1,198 million as at 30 June 2012



Business Segments

Business Modules

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**Integrated
Brand
Communication
Services**

**Media
Resources
Management**

**Creative
Production of
Advertisement &
Content**

**New Media
Investment &
Integration**

1. Media Resources Management

Underwritten Media Resources



Clients



- Marketing and promotion
- Innovation media campaign strategy
- Efficient execution

Served over 1,600 enterprises and 500 cities and tourism destinations

Multinational Companies



SONY



Mobil

FedEx



东风悦达-起亚

Domestic Companies



中国人寿



中国平安



张裕 CHANGYU since 1902

SUNING 苏宁电器



中国邮政储蓄银行 POSTAL SAVINGS BANK OF CHINA



baodr 宝迪集团



大连万达商业地产股份有限公司 DALIAN WANDA COMMERCIAL PROPERTIES CO., LTD.

MRM - Underwritten Media Resources in 2012

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The Group had approximately 19,814 minutes of advertising time resources on a total of 47 programs in 5 Channels.

CCTV-1
(General)



“Night News”

“News 30”

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



“Across the Strait”

“China News Package”

“Exposition of Chinese Culture Relics”

“China Showbiz”
&
two time slots packages

CCTV-5
(Sports)



“Weather Forecast”
during
“Sports News”

CCTV-7
(Military and Agriculture)



“Zhi Fu Jing”

“Focus on the Three Agricultural Issues”

“Daily Agricultural News”

“The Rural World” &
other time slots

CCTV- NEWS
(English News)



All programs on
CCTV-NEWS

2. Integrated Brand Communication Services

- Offers “one-stop” media services including demand positioning, strategy formulation, negotiation and procurement, placement monitoring and outcome evaluation.
- Covering TV, the Internet and mobile Internet, radio, print and outdoor media.

Omni-media procurement services

Newly acquired

CCTV prime time bidding

Comprehensive media platform with online video websites



CHINA LIFE
中国人寿
相知多年·值得托付

PICC
中国人保财险

中国邮政储蓄银行
POSTAL SAVINGS BANK OF CHINA



中国建设银行
China Construction Bank

广药集团

SUNING 苏宁电器

“Top 10 CCTV advertising agencies” for 6 consecutive years

2011:
- Distinguished Underwriting Agency
- Star Execution
- Star Sales



搜 狐
SOHU.com

YOUKU 优酷
.com

3. Creative Production of Advertisement and Content

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- **Creative production services for commercial advertisements and micro films**

A creative team + 40 Awards Worldwide + influential video assignments

- **Creative production and syndication of public service advertisements** 

Wholly-owned a nationwide public service advertising broadcast network of 150 regional television channels

- **Video dynamic management services**

The only media asset management system in the advertising industry to provide the dynamic management services of gathering, collating, editing and applying video information

4. New Media Investment & Integration



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- A humanities and science educational digital TV channel focusing on spectacles

- Represents the Group's expansion into omni-media platforms

- One of three most-visited agricultural websites

- Aims to become the largest and the most authoritative agricultural website in China



Financial Review

Financial Summary

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	Six months ended 30 June			
	(RMB '000)	2012	2011	Change
Revenue		700,742	719,939	(3%)
Gross Profit		159,936	152,884	5%
<i>Gross Profit Margin</i>		23%	21%	2 p.p.
Profit from operations		107,771	107,853	-
Profit attributable to equity shareholders of the Company		79,049	72,708	9%
<i>Net Profit Margin</i>		11%	10%	1 p.p.

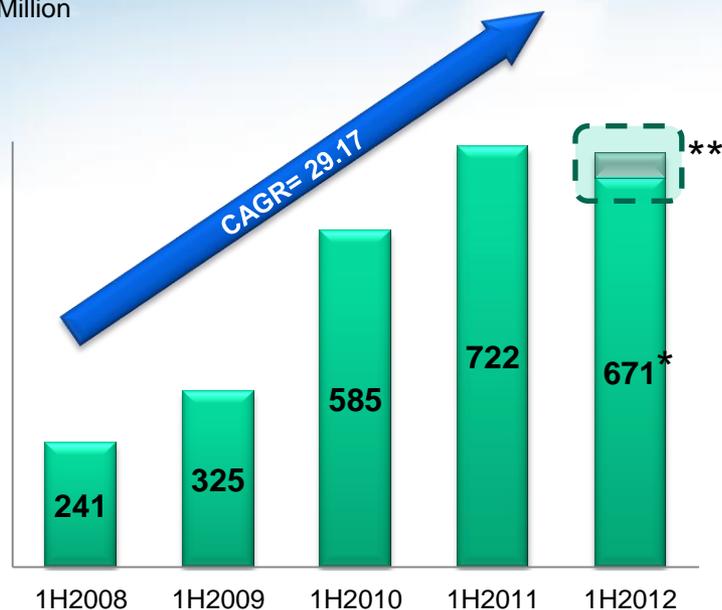
1. MRM – Strong competitiveness in tough market



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Revenue from Media Resources Management

RMB Million



*Revenue subject to VAT rather businesses tax since 2012.

**Revenue in 1H 2012 before VAT was around 710

Core CCTV TV Programmes Advertisement Time

	Six months ended 30 June	
	2012	2011
Minutes Acquired	4,563	4,007
Minutes Sold	2,748	2,892

2. Integrated Brand Communication Services

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	(RMB '000)	Six months ended 30 June		
		2012	2011	Change
Turnover *		632,290	474,766	33%
Revenue * <i>(after netting off procurement cost under IFRS)</i>		29,107	6,603	341%

Expanding the scale of operation and acquiring more large and quality clients, turnover increased substantially.

3. Creative Production of Advertisement and Content



(RMB '000)	Six months ended 30 June		
	2012	2011	Change
Creative production for commercial advertising & Nationwide public service advertising broadcast network	7,464	5,070	47%

a. Creative production for commercial advertising

- Achieved significant increase in contract amounts and client volume
- Won prestigious awards both domestically and internationally

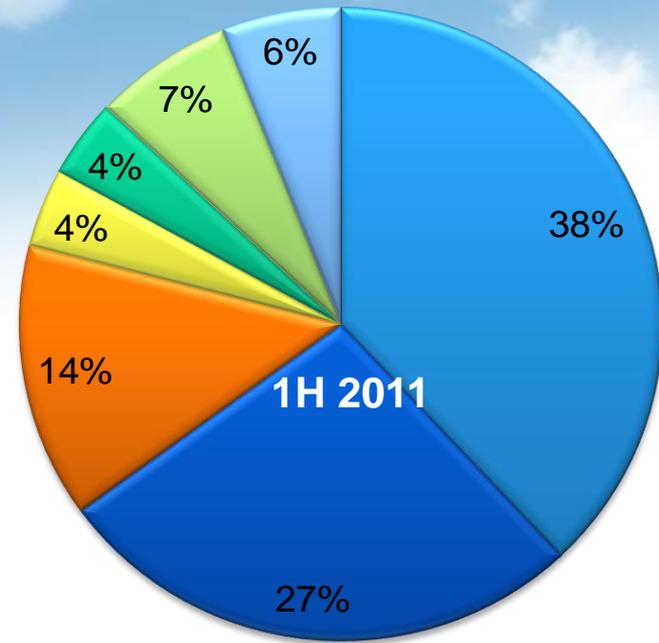
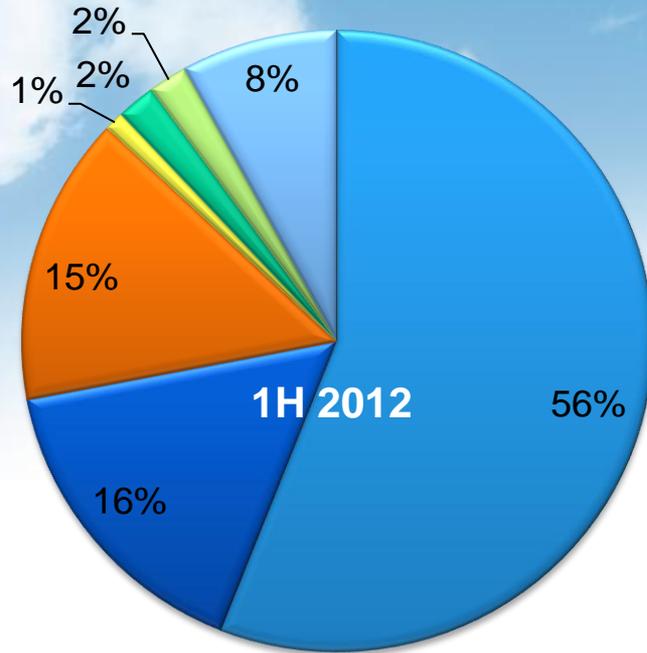
b. Nationwide public service advertising broadcast network

- Continue to develop favourably; the network expanded to 150 regional TV channels

Diversified Client Base (MRM)



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- Tourism & City Image; Business Promotion; Convention & Exhibition
- Consumer Goods
- Automobile

- Health & Medical
- Building Materials
- Finance & Insurance
- Others

Effective Cost Control

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	Six months ended 30 June	
	2012	2011
Total operating expenses (RMB'000)	66,181	51,154
<i>As a % of revenue</i>	9.4%	7.1%
Selling & marketing expenses (RMB'000)	20,026	25,186
<i>As a % of revenue</i>	2.9%	3.5%
General & administration expenses (RMB'000)	46,155	25,959
<i>As a % of revenue</i>	6.5%	3.6%

Strong Balance Sheet



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	At 30 June 2012	At 31 December 2011
(RMB '000)		
Cash and cash equivalents	1,198,144	913,179
Trade & bills receivables (net of impairment)	146,752	93,737
Current assets	1,668,990	1,479,218
Total assets	2,051,709	1,851,158
Current liabilities	1,022,979	811,679
Total liabilities	1,038,745	825,924
Net assets	1,012,964	1,025,234

Receivables Maintained at Low Level

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	At 30 June 2012	At 31 December 2011
(RMB '000)		
Current	63,703	63,515
Less than 6 months past due	51,817	10,511
More than 6 months but less than 12 months past due	2,141	784
More than one year past due	779	-
Trade debtors (net of impairment losses)	118,440	74,810
Turnover days	25 (1H only)	16 (Full year)
Bills receivables	28,312	18.927

Healthy Cash Flow

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(RMB '000)	Six months ended 30 June	
	2012	2011
Net cash from operating activities	395,690	126,373
Net cash used in investing activities	(15,899)	(79,250)
Net cash used in financing activities	(95,639)	(64,013)
Net increase in cash and cash equivalents	284,152	(16,890)
Cash and cash equivalents at 1 January	913,179	795,791
Effect of exchange rate changes	813	(2,714)
Cash and cash equivalents at 30 June	1,198,144	776,187



Outlook

Outlook

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1

China's economy and the media sector grow at slower paces, despite the State's supportive policies regarding cultural and creative industries

2

Continue to consolidate the group's market share on MRM business of CCTV and other core media resources

3

Focus on fostering and expanding Integrated Brand Communication Services

4

Expand to the upstream of the media industry value chain

- a. Developing Wgool.com as the greatest agricultural portal website in China
- b. Starting to operate DTV channel, and to develop the related content production

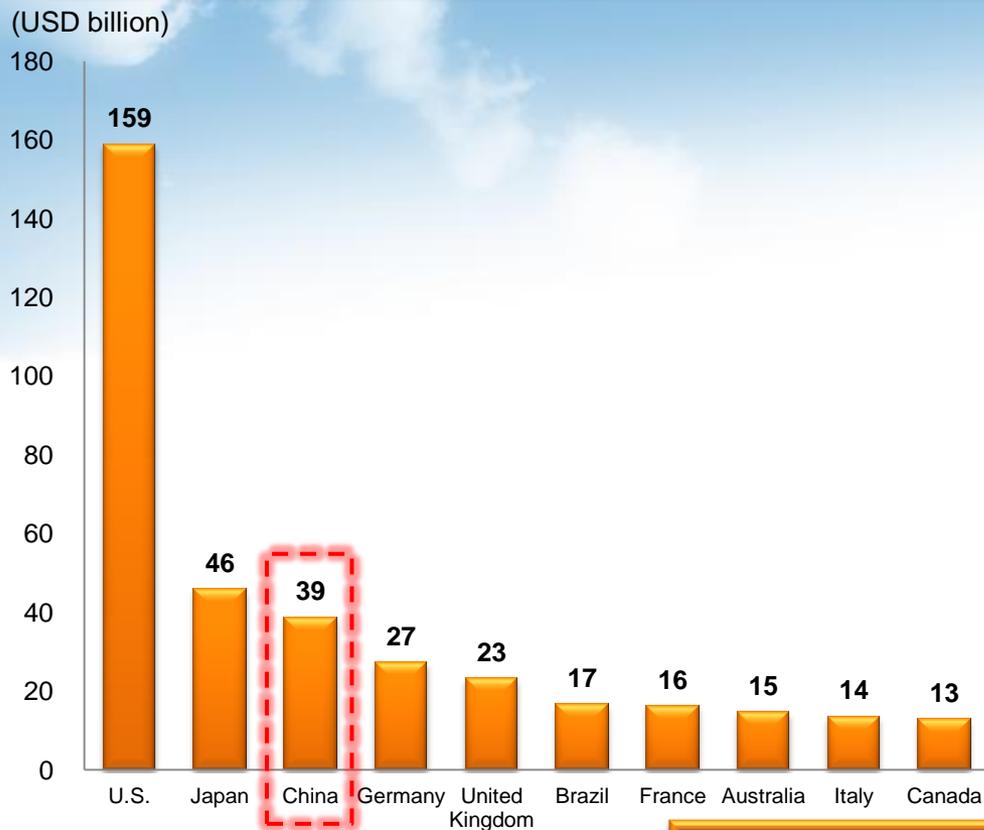
Appendix



Global Advertising Market

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Ranking in ad spending 2011



Sources: eMarket

Total media Ad spending, 2010-2016

Total Media Ad Spending Worldwide, by Region and Country, 2010-2016

billions

	2010	2011	2012	2013	2014	2015	2016
North America	\$165.84	\$171.66	\$182.99	\$190.29	\$198.68	\$204.38	\$212.03
—US	\$153.72	\$158.90	\$169.48	\$176.29	\$184.21	\$189.47	\$196.67
—Canada	\$12.12	\$12.76	\$13.51	\$14.00	\$14.47	\$14.91	\$15.36
Asia-Pacific	\$135.46	\$146.30	\$162.39	\$179.61	\$197.39	\$215.55	\$232.79
—Japan	\$48.77	\$45.87	\$47.75	\$49.58	\$51.36	\$52.75	\$53.42
—China*	\$33.64	\$38.68	\$46.34	\$52.89	\$59.92	\$67.11	\$74.22
—Australia	\$14.14	\$14.56	\$15.03	\$15.49	\$15.93	\$16.34	\$16.73
Western Europe	\$116.75	\$118.62	\$120.64	\$124.01	\$127.36	\$129.91	\$131.99
—Germany	\$26.54	\$27.28	\$27.82	\$28.31	\$28.74	\$29.13	\$29.44
—UK	\$22.75	\$23.17	\$24.21	\$25.15	\$26.45	\$27.13	\$27.65
—France	\$15.96	\$16.22	\$16.49	\$16.69	\$16.90	\$17.09	\$17.21
—Italy	\$13.56	\$13.57	\$13.42	\$13.83	\$14.17	\$14.52	\$14.86
Latin America	\$27.41	\$30.94	\$34.65	\$38.12	\$42.69	\$46.75	\$51.33
—Brazil	\$14.81	\$16.58	\$18.46	\$20.12	\$22.53	\$24.78	\$27.63
Worldwide	\$479.52	\$505.12	\$542.27	\$577.00	\$614.62	\$648.56	\$683.61

Note: includes directories, internet, magazines, mobile, newspapers, outdoor, radio and TV; numbers may not add up to total due to rounding; *excludes Hong Kong

China is the 3rd largest advertising market in 2011, and is expected to be the 2nd in 2013.

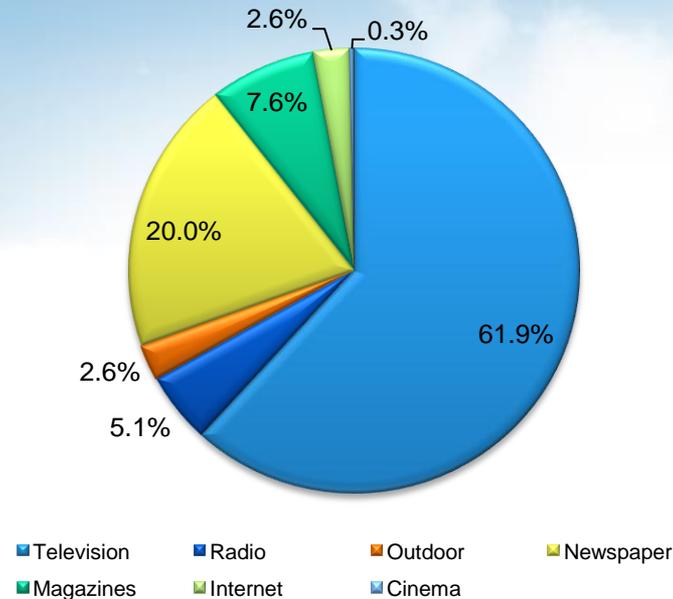
TV Remains the Main Advertising Medium



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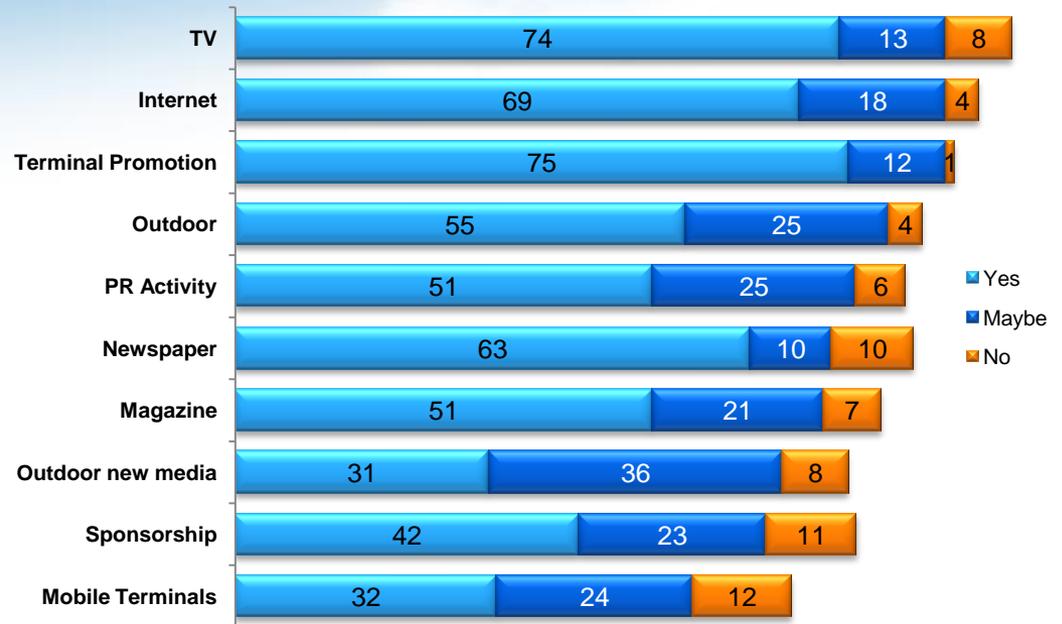
Media share of Ad spending, 2012 1Q

Media -- % Share of Spend -- Year to Date



Source: Nielsen

Willingness of advertisers to spend on different media 2012

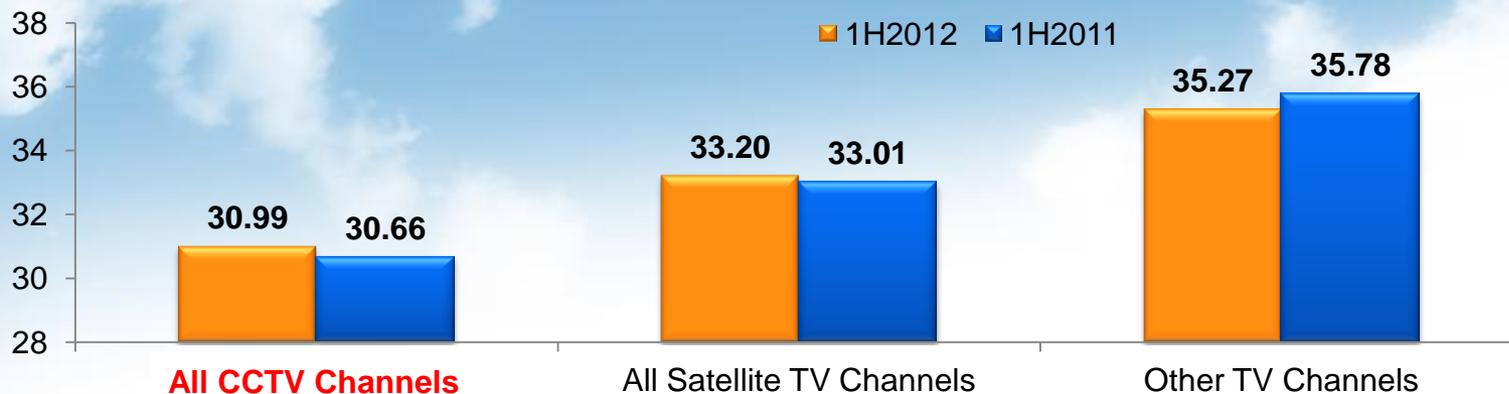


Source: CTR Market Research

CCTV – The TV Powerhouse in China



Market share % of each channel groups in comparison of 1H 2012 & 1H 2011



Source: CCTV.com

Advertising Sales of Top 5 TV stations in 2011

Ranking	TV Station/Media group	2011 Ad Sales (RMB bn)
1	CCTV (China Central Television)	22.8
2	SMG (Shanghai Media Group)	7.00
3	Hunan TV and Broadcasting	6.00
4	Jiangsu Broadcasting Group	4.35
5	Shenzhen Press Group	3.99

Source: China Advertising Association



Open Forum