ANNUAL REPORT

2009 年報

Stock code 股份編號： 623

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）

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宣傳服務。

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。

Contents

Financial Summary	2
Corporate Information	3
2009 Year in Review	4
Awards and Recognition	7
Chairman's Statement	10
Management Discussion and Analysis	14
Directors and Senior Management	24
Corporate Governance Report	32
Directors' Report	37
Independent Auditor's Report	45
Consolidated Income Statement	47
Consolidated Statement of Comprehensive Income	48
Consolidated Balance Sheet	49
Balance Sheet	51
Consolidated Statement of Changes in Equity	52
Consolidated Cash Flow Statement	53
Notes to the Financial Statements	55
Five Year Summary	112

Financial Summary

RMB'000

	For the year ended 31 December 2009	For the year ended 31 December 2008	**Change (%)**
Revenue	**766,804**	558,356	+37.3%
Profit from operations	**120,907**	159,712	–24.3%
Profit attributable to owners of the Company	**97,245**	120,800	–19.5%
Earnings per share (RMB)			
— Basic	**0.172**	0.243	–29.2%
— Diluted	**0.172**	0.243	–29.2%

Revenue by sales channels:

	For the year ended 31 December 2009	For the year ended 31 December 2008	**Change (%)**
Advertising service	**773,443**	570,676	+35.5%
— CCTV	**769,063**	552,950	+39.1%
— Regional TV	**3,245**	17,707	–81.7%
— Others	**1,135**	19	+5,873.7%
Agency service	**17,762**	10,258	+73.2%
Sales taxes and surcharges	**(24,401)**	(22,578)	+8.1%
Revenue	**766,804**	558,356	+37.3%

	As at 31 December 2009	As at 31 December 2008
Total assets	**917,006**	838,526
Equity attributable to owners of the Company	**736,473**	670,646

Corporate Information

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. Xu Chong (also known as Xu Songzhen)
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
Shops 1712–1716, 17/F, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

INVESTOR RELATIONS CONSULTANT
Hill & Knowlton Asia Ltd

WEBSITE
www.sinomedia.com.hk

2009 Year in Review

2009

As a council member of the Association of Accredited Advertising Agencies of China, the Company was actively involved in the organization of a variety of association activities designed to enhance the influence of the advertising industry. The events included "4A training", "4A Master Speech at Tertiary Institutions across the Country" and the "4A Golden Seal Award".

2009

Joined hands with the China Agriculture Film & Television Centre to promote the programmes of the agriculture channel CCTV-7. The large-scale promotion campaign entitled "New Charity, New Blue Ocean" was brought to Beijing, Nanjing and Guangzhou, with a view to widening the programmes' influence across China.

JANUARY 2009

The 10th Anniversary Celebration Gala of SinoMedia took place in Beijing. During the grand event, the Company reviewed its remarkable achievements over the past 10 years, and started to plan for its development strategy in the coming decade.

JANUARY 2009

Joined forces with Taihe Ruishi to establish China's first and only national public service advertising broadcast network, with the aim of creating an influential brand of public service TV advertisement platform.

MAY 2009

Co-organized the CCTV City Travel Brand Communication Summit 2009 to help promote China's travel industry and regional economic growth.

SEPTEMBER 2009

SinoMedia moved to its new office at Vantone Center in the Central Business District of Beijing. The new premise is expected to help the Company create more room for growth.

OCTOBER 2009

Partnered with the Shandong Provincial Tourism Bureau to host the "2009 China Regional Brand Communication Forum: Promoting the Travel Brand and Value of the 'Hospitable Shandong'".

NOVEMBER 2009

Signed more than RMB400 million sales contracts in the CCTV primetime resources presale tender.

NOVEMBER 2009

Won the bids in the CCTV programmes tender, thus acquiring the exclusive underwriting rights to sell the advertising resources of five premium programmes, namely CCTV-1/News Channel's "News 30", CCTV-1's "Evening News", and CCTV-4's "Walk Through China", "Across the Strait" and "China News", making SinoMedia the company that won the most tenders in dollar terms among privately-owned advertising operators.

Awards and Recognition

COMPANY

Award:	2008 Top 10 CCTV Media Advertising Agency
Time:	March 2009
Awarded by:	Advertising Department of CCTV
Award:	Jin Yuan Award — Advertising Agency with Most Comprehensive Strength
Time:	December 2009
Awarded by:	National Advertisers Magazine (《廣告主》雜誌), China Entrepreneur Association (中國企業家協會), China Association of National Advertisers (中國廣告主協會) and the Communication University of China (中國傳媒大學)
Award:	Outstanding Organization for Innovation and Integrity
Time:	December 2009
Awarded by:	China Association of National Advertisers
Award:	the Sixth National Honor List of Trustworthy Units
Time:	December 2009
Awarded by:	the organizing committee of National Honor List of Trustworthy Units

CREATIVE DESIGN

Advertisement:	"Sinotruk — Travel Through China" television advertisement
Award:	Bronze Medal (TV Media) of the Fourth China's 4A Innovation Gold Seal Award
Time:	December 2009

MANAGEMENT

Award:	CEO Ms. Liu Jinlan was recognized as the "2009 China's Advertising Industry's Outstanding Woman"
Time:	December 2009
Awarded by:	China Advertising Association of Commerce (中國商務廣告協會), Beijing Advertising Association (北京廣告協會), 21st Century Advertising Magazine (《21世紀廣告》雙週刊) and the organizing committee of the 21st AD International Summit (21世紀廣告國際峰會組委會)
Election:	Ms. Liu Jinlan was elected a vice-chairman of the first Media Committee of China Association of National Advertisers
Time:	December 2009
Organization:	China Association of National Advertisers

SinoMedia Close collaboration with the CCTV

SinoMedia has been in co-operation with CCTV for more than 10 years, a relationship that grew closer in 2009. CCTV named Mr. Jiao Li to head the broadcaster during the year and focused more on news programmes. It has further boosted the ratings of the station's in-depth news programmes, whose advertising resources have been operated by SinoMedia for years, to new heights.

Chen Xin

With our extensive media resources, solid client base and excellent **brand position, we are confident** that we can provide higher **returns to our shareholders.**

Chairman's Statement

2009 was a challenging year for the advertising and media industry on the whole. As a result of the global financial crisis, consumer confidence was shaken while the market environment for the industry continued to be volatile, creating further challenges and uncertainties. And although some businesses still suffer from the ripple effect of the economic depression, the advertising and media industry in China has begun to show signs of recovery in the second half of 2009.

Thanks to our management strength, extensive media resources, solid business foundation and robust financial position, we were able to rise above the challenges and deliver sustained business growth and smooth operational progress in 2009, laying the foundation for a new phase of growth for our media resources layout in the next few years.

During the year we had fortified our strategic relationship with CCTV, in which we had exclusive underwriting rights to over 23,000 minutes of advertising air time in 43 high-rating programmes on CCTV-1, CCTV-2, CCTV-4 and CCTV-7. In addition, in the "2010 CCTV Contracting Advertising Underwriting Rights Tender" held in November last year, we successfully bid for prime advertising resources in premium channels such as CCTV-1 and CCTV-4, which has further strengthened and enhanced our core advertising resources in prime-time programmes on CCTV-4 in the evening. Together with the media resources on CCTV-9 and CCTV-4 newly acquired in 2010, SinoMedia continues to be one of the largest privately-owned underwriters of TV advertisement time on CCTV. Having consolidated and optimized our advertising resources, the Group is now in a better than ever position to help our clients reach out to their target audience and offer them even better value for their advertising dollars.

The advance of information technology not only has brought the world closer together through better communication, it has also revolutionized our lives. The power of the new media cannot be underestimated. A convergence of the Internet, mobile phones and TV is likely to create tremendous growth potential for the advertising and media industry. The Group will place greater emphasis on monitoring changes in the industry landscape so as to better explore growth opportunities and help speed up the development of its new media business strategically.

Looking ahead, the prospect of the advertising and media industry remains bright as China's economy continues to deliver brisk and stable growth on sound fundamentals in its financial and consumer sectors. As a result, Chinese TV advertising market has rebounded from its trough in the second half of the year. Bringing together the strengths of our strong business partnership in TV industry, an expanding client base, extensive management and execution capabilities, excellent customer service and brand position, we are confident that we can continue to offer the best advertising service to our clients, and provide our shareholders and business partners with higher returns.

Finally, I would like to take this opportunity to express my gratitude to our shareholders and business partners for their support, and to the management team and colleagues for their hard work and unwavering commitment over the years. I have every confidence that SinoMedia's leadership will continue to deliver the excellent business performance that our shareholders have come to expect.

Chen Xin
Chairman

Hong Kong, 8 April 2010

SinoMedia Expansion of resources

In 2009, SinoMedia won the bids in the CCTV programmes tender, acquiring major programmes such as “News 30”, “Evening News”, “China News”, “Focus Today”, “Walk Through China” and “Across the Strait”. The programmes have become the Company’s new highlights and growth drivers. Meanwhile, the Company continues to hold the underwriting rights to the advertising time of CCTV-7’s high quality programmes, including “Zhi Fu Jing” and “Daily Agricultural News”.

During the year, the number of TV stations in the nationwide public service advertising broadcast network grew to more than 100. Along with the growing popularity of the advertising means, the client base has been expanding steadily.

BUSINESS REVIEW

During the year under review, the Group had the underwriting rights to approximately 23,079 minutes of the advertisement time of 43 programmes or time slot belonging to CCTV-1/News Channel, CCTV-2, CCTV-4 (Chinese International/Europe and the US) and CCTV-7, representing a year-on-year increase of 37%. The advertisement time includes:

- The underwriting rights to 1,645 minutes of the advertisement time of "Media Headline (媒體廣場)" on CCTV-1/News Channel;

- The underwriting rights to the advertisement time of more than half of the programmes on CCTV-4 (Chinese International/Europe and the US), totalling 15,069 minutes;

- CCTV-7, the Group's new media advertising resources acquired on 1 January 2009, providing not less than 4,800 minutes per year. The underwriting contracts are valid for five years and cover all advertisement 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)";

- The underwriting rights to sell all advertising resources of the news page of www.cctv.com;

- In addition, the Group has joined hands with its business partners to establish China's first and only nationwide public service advertising broadcast network (百家電視台公益廣告聯播網) and has achieved significant progress during the year under review.

The Group's strategy is to establish a business portfolio of substantial and diverse media resources, while nurture quality media outlets with growth potential. During the year under review, the Group seized the opportunity to participate in the "2010 CCTV Contracting Advertising Underwriting Rights Tender (央視 2010 承包資源廣告經營代理權招標會)" held in November 2009. Through participating in the bidding, coupled with acquiring underwriting rights through negotiation, the Group has successfully acquired the premium advertising resources of some prime channels (in terms of ratings and prime time slots). It helped further solidify and expand the Group's core high quality evening advertising resources on CCTV-4, which have been operated by SinoMedia for years. By consolidating and optimizing its advertising resources, the Group is poised to provide its clients (including advertisers and advertising agencies) with more diversified advertising options, generate higher revenue and maximize shareholders' value.

In 2010, the Group has the following media resources:

CCTV-1:

The Group has the exclusive underwriting rights to not less than 90 seconds per day of the advertisement time of "Evening News (晚間新聞)" on CCTV-1 and not less than 90 seconds per day of the advertisement time of "News 30 (新聞30分)" on CCTV-1/News Channel. The Group has been given the rights of first renewal for such programmes for 2011 and 2012.

CCTV-1 "Evening News (晚間新聞)" is one of the longest-run and the most influential CCTV programmes. It consists of four parts: "Current Affairs (時政要聞)", which features the most authoritative and latest news on current affairs; "Domestic News (國內報導)", which reports hot domestic issues, analyses major national policies and pays close attention to issues of public concerns; "World News (世界報導)", which delivers hot international news and news behind news, as well as "Sports News (體育報導)", which presents to viewers major domestic and international sports events of the day in the liveliest way. In all, the news programme has been established as a brand known for its interesting, up-to-date and authoritative content.

As a major noon news programme of the CCTV, "News 30 (新聞30分)" has won rave reviews and is popular because of its innovative and versatile news reports. For years its ratings have been consistently high. Following the integration of CCTV-1 and CCTV/News Channel, the programme has become even more popular and has attracted more attention. According to the latest CTR China Media Influence — Television Assessment Research report (source: CTR Market Research Co., Ltd., September 2009), "News 30" ranked fifth among all TV news and finance programmes in terms of programme influence.

CCTV-4:

The Group has the exclusive underwriting rights to the finest programmes of the channel, namely "China News Package (中國新聞套)", "Across the Strait (海峽兩岸)" and "Walk Through China (走遍中國)" for the whole year, and has been given the rights of first renewal for such programmes for 2011 and 2012. The three programmes cover the entire prime time from 20:00 to 22:00.

The Group also holds the exclusive underwriting rights to the advertisement time of CCTV-4 "All-Day Package (全天時段套)", which is divided into six slots per day with each slot lasting for one minute. The exclusive underwriting right was effective on 1 March 2010 and will expire on 31 December 2010. The Group enjoys the priority over renewing the contract.

By securing the exclusive underwriting rights to the advertisement time of the four programmes mentioned above (including packages), the Group enjoys an absolutely leading position in terms of the exclusive underwriting rights to the entire advertising resources of CCTV-4 (Chinese International/Europe and the US).

CCTV-7:

The Group's advertising resources on CCTV-7, amounting to not less than 4,800 minutes per year, cover all advertisement 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)". The underwriting contracts, effective from 1 January 2009, are valid for five years.

The household penetration rate of CCTV-7 has reached 85.7% since 2008, ranking number two after CCTV-1 (source: China Mainland Media Research Co., Ltd.). With the support of the national agricultural policy, the growing consumption power of rural village residents, and concessionary measures such as allowances for rural villagers to buy electrical appliances, cars and construction materials, the consumer market in first-tier counties and townships is set to grow continuously. As the only national-level agricultural channel, CCTV-7 is expected to gain wider recognition among advertisers.

CCTV-9:

On 23 February 2010, the CCTV granted the Group the exclusive underwriting rights to the advertising resources of all programmes on CCTV-9. The contract was effective from 1 March 2010 to 31 December 2010, and the Group has the priority over the contract renewal.

Under current media outlet setting, CCTV-9 is the only English international channel of CCTV. The Group believes that it will complement the Group's advertising resources in CCTV-4, the Chinese international channel of CCTV, and thereby enrich the Group's advertising packages.

Internet advertising:

On 22 February 2010, the Group signed an agreement with Sohu Media, pursuant to which the Group has been assigned as the exclusive agency to sell advertising resources on any webpage of www.sohu.com and www.chinaren.com to clients relating to city tourism and business promotion industry in China. The contract is valid for five years.

The Group believes that the collaboration will enable us to better leverage on our strengths in the city tourism and business promotion industry, and therefore broaden our revenue base and provide more diversified advertising options for our clients.

In addition, the Group will continue to run the nationwide public service advertising broadcast network, with the number of TV stations signing up with the network growing steadily.

FINANCIAL REVIEW

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009:

During the first half of the year, results of the Group was affected by economic uncertainties and a notable decline in the growth rate of advertising spending in general. By stepping up sales and marketing efforts, enhancing management effectiveness and improving overall operation efficiency, the Group achieved a notable rebound in the second half of the year, both in terms of revenue and profit attributable to owners of the Company compared with the same period in 2008 and with the first half of 2009.

For the six months ended 31 December 2009, the Group's revenue surged by 39% to approximately RMB445,206 thousand, compared with about RMB319,743 thousand for the same period last year.

The year-on-year growth in the average selling price of the advertisement time and average utilisation rate of the existing businesses (advertising agency of CCTV-1, 2 and 4 programmes) resulted in a 43% year-on-year increase in revenue. Revenue from the newly acquired CCTV-7 business and the nationwide public service advertising broadcast network also contributed to the growth.

For the six months ended 31 December 2009, the profit attributable to owners of the Company amounted to RMB84,887 thousand, up 12% from RMB76,014 thousand for the same period last year.

The increase in profit attributable to owners of the Company was mainly attributable to the significant increase in revenue from the existing businesses (advertising agency of CCTV-1, 2 and 4 programmes), while gross profit margin could be maintained at a similar level to that in last year. Meanwhile, the newly acquired CCTV-7 business was still in a start-up stage in the second half of the year and had not yet contributed any significant profit to the Group.

FOR THE YEAR ENDED 31 DECEMBER 2009:

Revenue and Profit Attributable to Owners of the Company

For the year ended 31 December 2009, the Group recorded a revenue of RMB766,804 thousand, up 37% from RMB558,356 thousand last year. It was mainly attributable to the stable average utilization rates in the Group's existing businesses (advertising agency of CCTV-1, 2 and 4 programmes) in 2009, as well as the increased average selling price of advertisement time. The newly acquired CCTV-7 business and nationwide public service advertising broadcast network also contributed to the revenue growth.

In 2009, the macro economy experienced a downward trend before bottoming out and picking up. The Group saw a rebound of revenue, which surged 35% year-on-year for the first half of the year and 39% for the second half.

For the year ended 31 December 2009, the Group's profit attributable to owners of the Company was RMB97,245 thousand, down 19% from RMB120,800 thousand last year. On a half-year basis, profit attributable to owners of the Company dropped by RMB32,428 thousand year-on-year for the first half of the year, and increased by RMB8,873 thousand for the second half.

The decline was mainly attributable to the following factors:

1. *Existing businesses — advertising agency of CCTV-1, 2 and 4 programmes:*

   For the first half of 2009, gross profit of the Group's existing businesses dropped slightly due to unfavourable economic conditions and weaker performance of the advertising industry in general. However, the Group managed to maintain positive growth in the second half of the year following the improving economic environment. The Group recorded a gross profit of RMB255,472 thousand for the year, up 18% from last year.

2. *New businesses:*

   The contract on the Group's exclusive underwriting rights to the newly developed CCTV-7 business is on a five-year term. The underwriting cost is to escalate on an annual basis based on contract terms. According to international accounting standards, the underwriting cost should be spread evenly over the entire contract period. Therefore, an additional non-cash cost of RMB12,323 thousand was recorded in the financial statements for 2009 due to the accounting treatment, when compared with the actual payments made based on contract terms.

   The newly acquired CCTV-7 business was in a start-up stage (in particular during the first half of the year). Gross loss of RMB22,855 thousand (including the non-cash cost as mentioned above) was incurred in 2009. Given the year-long nurturing efforts and based on analysis on future market development, the Group's management is optimistic about the business performance of this segment in 2010.

   In terms of internet advertising, the newly acquired cctv.com business was also in an early stage of development and therefore the revenue was relatively small. The Group and its related business partner agreed to amend the original cooperation agreement. The exercise involved significantly cutting down the underwriting cost in 2009 and the Group recorded a gross loss of RMB2,869 thousand for the whole year. In 2010, both sides will adopt more flexible settlement terms and it is expected to bring down the fixed underwriting cost for the Group.

Meanwhile, the newly acquired nationwide public service advertising broadcast network was likewise in an early stage. Gross profit totalled RMB1,656 thousand. The management is optimistic about the performance of the China's first and only nationwide public service advertising broadcast network in 2010.

3. *Provision for bad and doubtful debts*

   The financial turmoil in the latter half of 2008 and the economic crisis had dealt a heavy blow to the business of some of the Group's clients. As a result, the Group was not able to collect some of its receivables on time. As at 31 December 2009, the Group's accounts receivables that were over 12 months due amounted to RMB53,573 thousand. As a prudent measure, the Group made a one-off extra bad debt provision of RMB34,166 thousand at the end of the year, which resulted in a negative impact on the profit attributable to owners of the Company for the year under review.

4. *Non-operating income*

   The Group logged RMB4,663 thousand in other income, a significant year-on-year drop from RMB14,157 thousand. The decline was due to the fact that RMB11,448 thousand one-off income was derived from the dissolution of a subsidiary and net gains on sale of assets classified as held in the last year.

Operating Expenses

For the year ended 31 December 2009, the Group's selling and marketing expenses amounted to RMB29,060 thousand, accounting for 3.8% of revenue (4.8% for the same period last year). It reflected an improvement in the Group's marketing efficiency and sales management, notwithstanding the sharp increase in revenue.

Before provision for bad and doubtful debts, general and administration expenses totalled RMB44,605 thousand, accounting for 5.8% of the Group's revenue (6.7% for the same period last year). It showed the effectiveness of the Group's control over its general and administration expenses.

Significant Investments and Acquisitions

In accordance with a cooperation agreement entered into by the Group and a minority shareholder of the Group's subsidiary Beijing Golden Bridge Senmeng Media Advertising Co., Ltd ("Golden Bridge Senmeng") on 9 January 2009, the Group acquired 9% of equity interests in Golden Bridge Senmeng from the minority shareholder in early 2009 at a consideration of RMB6.52 million. As a result, the Group's interest in Golden Bridge Senmeng increased from 51% to 60%.

The Group placed substantial importance upon the CCTV-7 advertising agency business and the nationwide public service advertising broadcast network, acquired by means of investment and acquisition this year. Striving to develop the two businesses into new income and profit growth drivers, the Group has adopted a multitude of management and stimulus measures to push post-investment consolidation and foster business collaboration. The initiatives have led to positive results, with the businesses entering a period of accelerating growth. The Group is optimistic about the performance of the two businesses in 2010 and is confident of their ability to maintain sustainable growth.

Liquidity and Financial Resources

As at 31 December 2009, total assets of the Group amounted to approximately RMB917,006 thousand, which were financed by equity attributable to owners of the Company of RMB736,473 thousand, minority interests of RMB5,465 thousand, and non-current and current liabilities of RMB175,068 thousand. As at the year end, there was no bank borrowing or asset held under finance lease (as at 31 December 2008: nil).

The Group consistently maintained a very liquid position. As at the year end, the Group's cash and bank balances amounted to about RMB323,084 thousand (31 December 2008: RMB574,503 thousand), of which 66% was maintained in Renminbi, 29% in US dollar and 5% in other currencies.

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

The Group continued to reinforce management of receivables. As at 31 December 2009, the Group's outstanding accounts receivables after provision for bad and doubtful debts amounted to RMB34,458 thousand, representing a significant decline by RMB76,375 thousand when compared with 31 December 2008.

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 31 December 2009, the Group had approximately 270 employees in total. We implement remuneration policy that is competitive in the industry, and pay commissions to our sales people and discretionary bonus to our other employees with reference to the 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. We also provide employees with such benefits as insurance, medical check-ups and various training courses, with a view to maintaining the Group's competitiveness.

INDUSTRY AND GROUP OUTLOOK

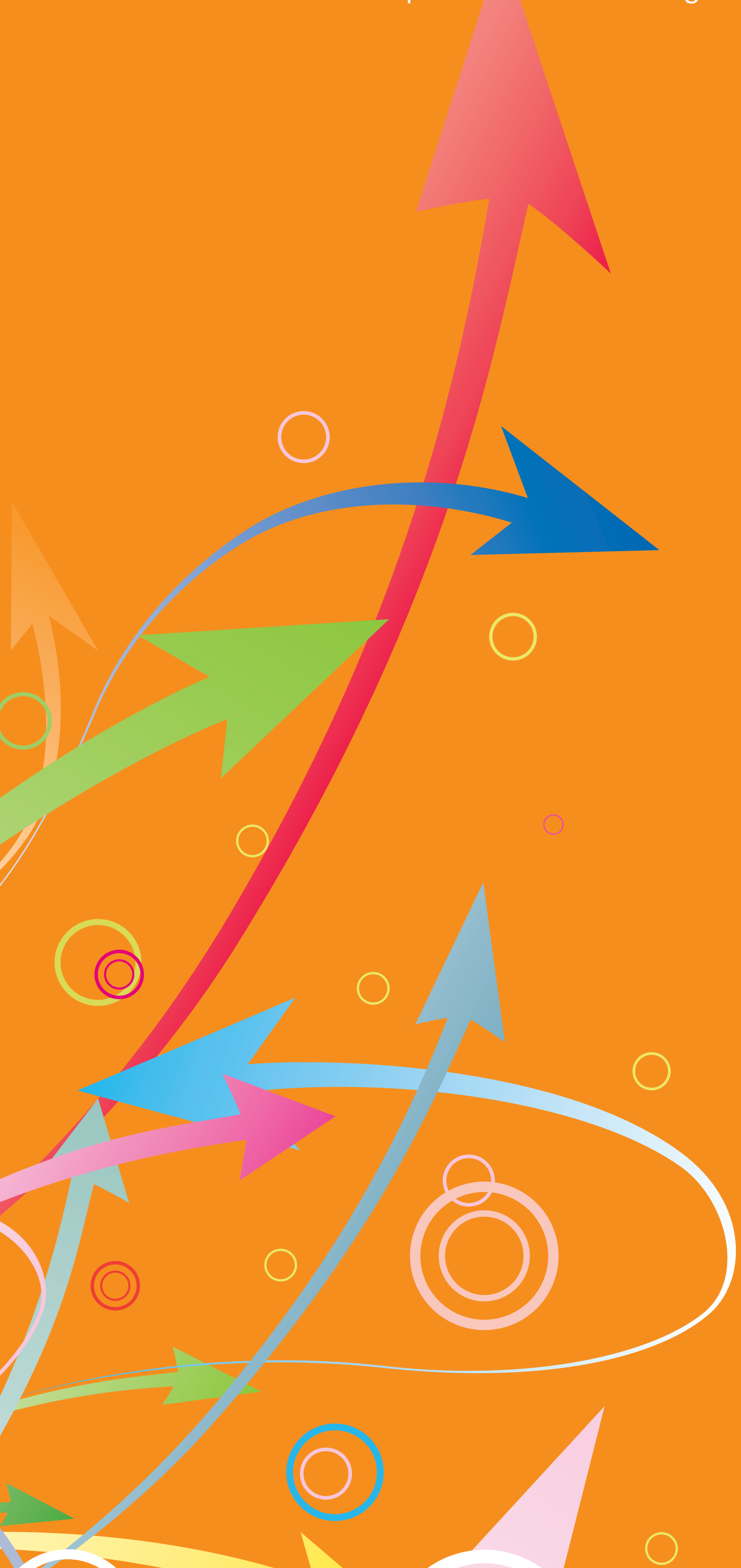
The Group sees the signs of global economic recovery since the second half of the year. Although there may be low-level fluctuations and recurrent uncertainties, the general economic situation is favourable to the media and advertising industry. In the second half of 2009, Chinese companies began to step up their efforts in opening up new markets. A number of Chinese companies also accelerated their pace in expanding their overseas markets. The Group believes such trend will continue for a long while.

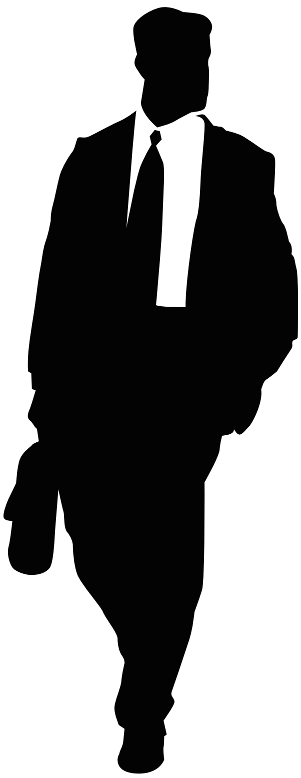
As anticipated in our 2009 interim report, the TV advertising industry picked up its momentum and the advertising market in China rebounded from its trough in the second half of the year. The Board and management of the Group will seek to safeguard and solidify the position of SinoMedia as a leading advertising operator in the mainstream media, and to enrich and refine its media resources and product portfolio continuously, with a view to broadening client base, maintaining sustainable growth, and widening market share.

Meanwhile, with the accelerating reform and development of the cultural and media industry, the Group reckons that the productivity of the three screen sectors (TV, mobile phone and computer) may grow further due to expansion of the market resources allocation mechanism. The Group will continue to pay close attention to market development, seize every opportunity to widen its business coverage in these sectors, and step up its efforts in the strategic planning for the new media.

SinoMedia Expansion of client base

As its media resources continue to expand, SinoMedia's clientele has been growing, with the base of financial customers showing the most marked improvement in 2009. The Company has forged closer cooperation with financial and insurance firms including China Everbright, Pudong Development Bank and Ping An Group.





Directors and Senior Management

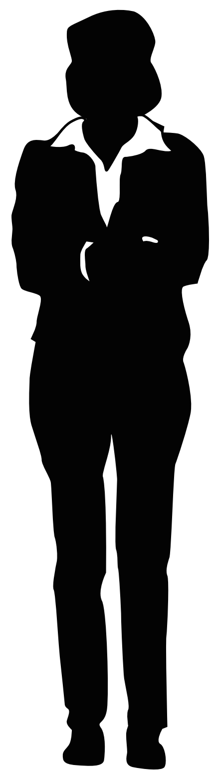
DIRECTORS

Mr. Chen Xin (陳新)

aged 43, 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 over 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.

Ms. Liu Jinlan (劉矜蘭)

aged 41, 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. In 2009, in a celebration marking the 60th founding of New China, she was jointly recognized as the "2009 China's Advertising Industry's Outstanding Woman" (2009年度中國廣告行業傑出女性) by China Advertising Association of Commerce (中國商務廣告協會), Beijing Advertising Association (北京廣告協會), 21st Century Advertising Magazine (21世紀廣告雙週刊), and the organizing committee of the 21st AD International Summit (21世紀廣告國際峰會組委會). She was also elected a vice-chairman of the first Media Committee of China Association of National Advertisers (中國廣告主協會) in 2009. 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.



Mr. Li Zongzhou (李宗洲)

aged 42, joined the Group in 2000 as financial supervisor and had been our general accountant from 2007 to 2008, 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. Zhu Jia (竺稼)

aged 47, has been our non-executive director since November 2006. He is currently also 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. Huang Jingsheng (黃晶生)

aged 52, has been our non-executive director since November 2006. Currently, he is Managing Director of Bain Capital LLC. Prior to joining Bain Capital LLC in 2005, Mr. Huang was Managing Director China at SOFTBANK Asia Infrastructure Fund (SAIF). Mr. Huang received an MBA degree from Harvard Business School, a Master of Arts degree in Sociology 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: Shanda Interactive Entertainment Limited (NASDAQ) and Clear Media Limited (Hong Kong Stock Exchange).

Mr. Ding Junjie (丁俊傑)

aged 46, 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 a vice president of the China Advertising Association (中國廣告協會), the Chinese Association for History of Journalism and Mass Communication (中國新聞史學會), and the China Advertising Association of Commerce (中國商務廣告協會) respectively. 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 Journalism in 2003, both from the Communication University of China.

Mr. 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. Mr. 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. Honghua Group Limited and Focus Technology Co., Ltd., and an independent director of China Vanke Co., Ltd. Mr. 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.

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

Through his roles as an independent director in various companies and as a result of his overall professional experience, Mr. 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. Mr. Qi is experienced in reviewing and analysing financial statements of public companies.

Mr. Chen Tianqiao (陳天橋)

aged 36, 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, and has been a director of Hurray! Holding Co., Ltd and Shanda Games Limited since July 2009 and September 2009 respectively. 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 currently holds directorships in the following publicly listed companies: Shanda Interactive Entertainment Limited (NASDAQ), Hurray! Holding Co., Ltd. (NASDAQ) and Shanda Games Limited (NASDAQ).

SENIOR MANAGEMENT

Mr. Xu Songzhen (徐嵩鎮) (also known as Xu Chong (徐翀))

aged 34, 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, investor relations, 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 42, 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 31, 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 over 10 years of experience in the advertising industry, and has original views on media and advertising effectiveness research. He led the planning of a number of creative advertising campaigns, including those of Ping An Insurance Company of China Ltd., Shanghai Pudong Development Bank, China National Heavy Duty Truck Group Co., Ltd. The advertising campaign of Ping An Insurance won the "2006 China Effie Award for Advertising Effectiveness" (2006年度中國艾菲實效廣告獎) and that of SinoTruk was awarded "the Fourth China's 4A Creative Gold Seal Award" (第四屆中國4A創意金印獎). He has been the editor of the Annual Research Report for City Tourism Brand Communication of China for years and has accumulated a wealth of experience in servicing corporate customers. Between 1999 and 2002, he worked for Beijing Great Dragon Advertising Co., Ltd. as a media manager. From 2002 to 2003, he was the operating manager of Asia Digital Interactive Media Ltd. Mr. Cui received a Bachelor of Arts degree in Advertising from Communication University of China in 2005.

Ms. Gao Ying (高穎)

aged 35, 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. Chan Oi Nin Derek (陳凱年)

aged 42, was appointed as our Qualified Accountant and Company Secretary in May 2008. Mr. Chan has nearly 15 years of 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.

SinoMedia Sophisticated advertising production

In 2009, advertising production gradually became a core competitive advantage in expanding market share. The TV commercial of Yankon Lighting, “Return of the Victor; Winning by Making a Difference”, for which Pu Cunxin is the spokesperson, won the Silver Advertiser Practice Award 2009.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to attaining and upholding a high standard of corporate governance practices to protect the interests of shareholders and the Company as a whole. The Company has made continuous efforts to constantly review and improve 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 maximise return for shareholders.

During the year ended 31 December 2009, 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").

DIRECTORS' SECURITIES TRANSACTIONS

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

Having been made specific enquiry, the directors of the Company (the "Directors") confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2009.

THE BOARD OF DIRECTORS

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 objectives, 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 24 to 29 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 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 2009, 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

Save and except that Mr. Chen Xin is the spouse of Ms. Liu Jinlan and that Mr. Li Zongzhou is the husband of Ms. Liu Jinlan's niece, there are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board.

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 are 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.

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.

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	3/4
Huang Jingsheng	3/4
Independent non-executive Directors:	
Ding Junjie	3/4
Qi Daqing	3/4
Chen Tianqiao	3/4

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 year under review, 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. During 2009, as there was no appointment of new director nor there was need to any change of the board structure, the Board did not hold any meeting for the purpose of appointment of director.

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 be eligible for re-election.

Having been made specific enquiry, the Directors confirmed that the terms of their respective service contracts had been complied with and they had no interest in any company or business which competed either directly or indirectly with the Group's business.

6. Remuneration of Directors

The executive Directors and the non-executive Directors did not receive any allowance for service provided as directors throughout the year ended 31 December 2009. Executive Directors who are also the Company's staff are entitled to receive salaries according to their respective positions taken on a full-time basis in the Company.

Each independent non-executive Director had a remuneration of RMB132 thousand for service provided for the year under review.

Information relating to remuneration of each Director for 2009 is set out in note 13 to the financial statements on page 79 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 comprises the chairman Mr. 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 three times during the year and all members of the committee attended the meeting. At the meetings, the committee:

- reviewed audited financial statements for the year ended 31 December 2008 and the unaudited financial statements and interim report for the period ended 30 June 2009 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 to make recommendations to the Board on the Company's policy and structure for 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 year, a meeting was held to review the reasonableness as well as competitiveness of the 2009 remuneration packages 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.

Four meetings with all members attended were held during the year, and measures taken by the Group for ensuring (a) timely and proper completion of the verification of taxable income with the tax authorities and (b) compliance with the new PRC business tax law were 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 45 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, RMB2,874 thousand was charged by the Group's external auditors for annual audit services. No other professional services than audits had been provided by the auditors.

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.

An internal audit department was 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 programmes. At least once a year the department submits a detailed report to the Board for their review of and monitor on the effectiveness of the system of internal control of the Group.

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.

COMMUNICATIONS WITH SHAREHOLDERS

The Company has set up 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* or making phone calls to our investor hotline 86-10-59180628. 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 2009.

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 2009 are set out in note 1 and note 19 to the financial statements.

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 2009 is as follows:

	Percentage of the Group's total purchases
The largest supplier	98%
Five largest suppliers in aggregate	99%

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

At no time during the year had the directors, their associates and any shareholder of the Company (who or which to the knowledge of the directors owned more than 5% of the Company's issued share capital) had any interest in these major suppliers and customers.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2009 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 47 to 51.

TRANSFER TO RESERVES

Profits attributable to shareholders of the Company, before dividends, of RMB88,887 thousand (2008: RMB121,103 thousand) have been transferred to reserves. Other movements in reserves are set out in the Consolidated Statements of Changes in Equity on page 52.

Directors' Report

A dividend of RMB22,386 thousand (2008: 89,669 thousand) was paid in June 2009. The directors now recommend the payment of a final dividend of HKD3.6 cents (equivalent to approximately RMB3.16 cents) per share (2008: HKD4.5 cents per share) in respect of the year ended 31 December 2009.

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 are set out in note 25 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.

DIRECTORS

The directors during the financial year were:

Executive directors
Chen Xin
Liu Jinlan
Li Zongzhou

Non-executive directors
Zhu Jia
Huang Jingsheng

Independent non-executive directors
Ding Junjie
Qi Daqing
Chen Tianqiao

In accordance with Article 105 of the Company's Articles of Association, Chen Xin, Huang Jingsheng, and Ding Junjie 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 2009, 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 — 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, family interest and beneficiary interest	277,349,513 *(Note 2)*	3,200,000	280,549,513	49.72%
Chen Xin	Founder of discretionary trust, beneficiary of trust and family interest	251,428,165 *(Note 3)*	—	251,428,165	44.55%
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. In addition, she is also deemed to be interested in 25,921,344 shares held by MHS Trust since her daughter is the 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 (i) 203,941,513 shares therein held by CLH Trust, Chen Xin is also a beneficiary of the trust, and in respect of (ii) 25,921,344 shares therein held by MHS Trust, his daughter is the beneficiary of the trust.

(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 31 December 2009, 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 SCHEMES

(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 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 Pre-IPO Scheme as at 31 December 2009 was 17,920,000 shares which represented approximately 3% of the issued share capital of the Company at 31 December 2009. 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. As at 31 December 2009, 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 2009 was HKD2.42) granted for RMB1.56 consideration under the Pre-IPO Scheme of the Company.

	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	13,120,000	—	—	—	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 (the “Post-IPO Options”) to subscribe for shares of the Company. 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 the Post-IPO Scheme as at 31 December 2009 was 660,000 shares which represented approximately 0.1% of the issued share capital of the Company at 31 December 2009. 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. As at 31 December 2009, the directors of the Company had the following interests in options to subscribe for shares of the Company (market value per share as at 31 December 2009 was HKD2.42) granted for HKD1.49 consideration under the Post-IPO Scheme of the Company.

	No. of options outstanding at the beginning of the year	No. of options granted during the 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
Directors								
Qi Daqing	—	260,000	—	—	260,000	17 Sep. 2009	HKD1.49	*Note 1*
Ding Junjie	—	200,000	—	—	200,000	17 Sep. 2009	HKD1.49	*Note 1*
Chen Tianqiao	—	200,000	—	—	200,000	17 Sep. 2009	HKD1.49	*Note 1*

Note:

1 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.

Information on the accounting policy for share options granted and the weighted average value per option is provided in note 3(g)(iii) and note 28 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 IN SHARES AND UNDERLYING SHARES — LONG POSITIONS

As at 31 December 2009, 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	52.97%
CLH Holding Limited	Corporate interest *(Note 2)*	203,941,513	36.14%
Bain Capital CTVGB Holding L.P.	Corporate interest *(Note 3)*	117,624,579	20.84%

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 31 December 2009, 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.

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 as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

CONNECTED TRANSACTIONS

During the year ended 31 December 2009, the Group entered into the following connected transactions (other than connected transactions that are exempted under Rule 14A.31 of the Listing Rules) and continuing connected transactions (other than continuing connected transactions that are exempted under Rule 14A.33 of the Listing Rules):

(i) Capital increase agreement and cooperation agreement

On 9 January 2009, CTV Golden Bridge International Media Co., Ltd. ("CTV Media (Shanghai)"), a 99.7% owned subsidiary of the Company, entered into a capital increase agreement and a cooperation agreement (as supplemented by a supplemental agreement dated 13 January 2009) with the joint venture partner of its then 51% owned subsidiary Beijing Golden Bridge Senmeng Media Advertising Co., Ltd. ("Golden Bridge Senmeng"), pursuant to which CTV Media (Shanghai) contributed additional capital to Golden Bridge Senmeng, acquired an additional 9% equity interest in Golden Bridge Senmeng from the joint venture partner, and shall acquire further equity interests in Golden Bridge Senmeng in years 2010 and 2011 subject to certain conditions.

(ii) Lease Agreement of Xintian International Building

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). During the year ended 31 December 2009, rental of approximately RMB577,500 was paid for the lease.

(iii) Lease Agreement of Xinzhou Commercial Building

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 was for a term from 1 February 2008 to 31 January 2009 with an annual rental of approximately RMB1,167,300, and was then extended to 31 January 2010.

The lease agreement was superseded by a lease agreement dated 28 September 2009, whereby the contracted parties changed from CTV Media (Shanghai) and Liu Jinlan to Golden Bridge Senmeng and Liu Jinlan. The lease agreement was for a term from 11 September 2009 to 10 September 2012 with an annual rental of approximately RMB972,099.

During the year ended 31 December 2009, the Group's rental expenses in respect of the above transactions amounted to RMB1,105,522.

The independent non-executive directors have reviewed the continuing connected transactions as set out in (ii) and (iii) above and confirmed that they have been entered into (a) on normal commercial terms; (b) in the ordinary course of the business of the Group; and (c) 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.

DIRECTORS' INTERESTS IN CONTRACTS

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

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as the Company's auditors will be proposed at the forthcoming AGM.

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 47 to 111, which comprise the consolidated and Company balance sheets as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, 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.

Independent Auditor's Report

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 2009 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

8 April 2010

Consolidated Income Statement

For the year ended 31 December 2009
(Expressed in Renminbi)

	Note	2009 RMB'000	2008 RMB'000
Revenue	7	**766,804**	558,356
Cost of services		**(542,729)**	(335,667)
Gross profit		**224,075**	222,689
Other income	8	**4,663**	14,157
Selling and marketing expenses		**(29,060)**	(26,912)
General and administration expenses		**(78,771)**	(50,222)
Profit from operations		**120,907**	159,712
Finance income	11	**6,000**	6,761
Finance costs	11	**(354)**	(13,920)
Net finance income		**5,646**	(7,159)
Share of loss of equity accounted investee (net of income tax)		**(259)**	(107)
Profit before income tax		**126,294**	152,446
Income tax expense	12	**(37,407)**	(31,343)
Profit for the year		**88,887**	121,103
Attributable to:			
Owners of the Company		**97,245**	120,800
Non-controlling interest		**(8,358)**	303
Profit for the year		**88,887**	121,103
Earnings per share	17		
Basic earnings per share *(RMB)*		**0.172**	0.243
Diluted earnings per share *(RMB)*		**0.172**	0.243

The notes on pages 55 to 111 are an integral part of these financial statements. Details of dividends payable to owners of the Company attributable to the profit for the year are set out in note 26(b)(i).

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009
(Expressed in Renminbi)

	2009 *RMB'000*	2008 *RMB'000*
Profit for the year	**88,887**	121,103
Other comprehensive income for the year (after tax)	**(518)**	(5,755)
Exchange differences on translation of financial statements of the Company	**(518)**	(5,755)
Total comprehensive income for the year	**88,369**	115,348
Attributable to:		
Owners of the Company	**96,727**	115,045
Non-controlling interest	**(8,358)**	303
Total comprehensive income for the year	**88,369**	115,348

The notes on pages 55 to 111 are an integral part of these financial statements.

Consolidated Balance Sheet

At 31 December 2009
(Expressed in Renminbi)

	Note	2009 RMB'000	2008 RMB'000
Assets			
Property, plant and equipment	*18*	**57,062**	54,182
Investment in equity accounted investee	*20*	**584**	843
Other financial asset	*21*	**11,031**	—
Deferred tax assets	*22*	**9,779**	6,350
Total non-current assets		**78,456**	61,375
Trade and other receivables	*23*	**515,466**	202,648
Cash and cash equivalents	*24*	**323,084**	574,503
Total current assets		**838,550**	777,151
Total assets		**917,006**	838,526
Equity			
Share capital	*25*	**173**	173
Reserves		**736,300**	670,473
Total equity attributable to owners of the Company		**736,473**	670,646
Non-controlling interest		**5,465**	7,419
Total equity		**741,938**	678,065
Liabilities			
Other financial liability	*21*	**18,155**	—
Deferred tax liability	*22*	**2,315**	1,286
Total non-current liabilities		**20,470**	1,286
Trade and other payables	*27*	**134,917**	143,175
Income tax payables	*12(c)*	**19,681**	16,000
Total current liabilities		**154,598**	159,175

Consolidated Balance Sheet

At 31 December 2009
(Expressed in Renminbi)

	Note	2009 RMB'000	2008 RMB'000
Total liabilities		**175,068**	160,461
Total equity and liabilities		**917,006**	838,526
Net current assets		**683,952**	617,976
Total assets less current liabilities		**762,408**	679,351

Approved and authorised for issue by the board of directors on 8 April 2010

Chen Xin
Chairman

Huang Jingsheng
Director

The notes on pages 55 to 111 are an integral part of these financial statements.

Balance Sheet

At 31 December 2009
(Expressed in Renminbi)

	Note	2009 RMB'000	2008 RMB'000
Assets			
Investments in subsidiaries	*19*	**214,764**	142,650
Total non-current assets		**214,764**	142,650
Trade and other receivables	*23*	**201,306**	85,670
Cash and cash equivalents	*24*	**109,576**	286,683
Total current assets		**310,882**	372,353
Total assets		**525,646**	515,003
Equity			
Share capital	*25*	**173**	173
Reserves	*26*	**507,926**	497,030
Total equity		**508,099**	497,203
Liabilities			
Trade and other payables		**17,547**	17,800
Total current liabilities		**17,547**	17,800
Total liabilities		**17,547**	17,800
Total equity and liabilities		**525,646**	515,003
Net current assets		**293,335**	354,553
Total assets less current liabilities		**508,099**	497,203

Approved and authorised for issue by the board of directors on 8 April 2010.

Chen Xin
Chairman

Huang Jingsheng
Director

The notes on pages 55 to 111 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009
(Expressed in Renminbi)

	Attributable to owners of the company										
	Share Capital *RMB'000*	Share premium *RMB'000*	Capital redemption reserve *RMB'000*	Capital reserve *RMB'000*	Statutory reserve *RMB'000*	Translation reserve *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interest *RMB'000*	Total equity *RMB'000*
	(note 25)		*(note 26(c))*	*(note 26(c))*	*(note 26(c))*	*(note 26(c))*	*(note 26(c))*				
Balance at 1 January 2008	137	207,852	16	5,457	31,502	10,923	3,992	128,814	388,693	928	389,621
Issuance of ordinary shares in public offering, net of issuance costs	38	253,889	–	–	–	–	–	–	253,927	–	253,927
Share-based payments (note 28)	–	–	–	7,012	–	–	–	–	7,012	–	7,012
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	6,550	6,550
Contribution from non-controlling 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)	–	–	–
Appropriation to reserves	–	–	–	–	12,853	–	–	(12,853)	–	–	–
Release of reserves	–	–	–	–	(18,817)	(1,874)	(1,926)	22,617	–	–	–
Dividends	–	–	–	–	–	–	–	(89,669)	(89,669)	(120)	(89,789)
Total comprehensive income for the year	–	–	–	–	–	(5,755)	–	120,800	115,045	303	115,348
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
Share-based payments (note 28)	**–**	**–**	**–**	**4,945**	**–**	**–**	**–**	**–**	**4,945**	**–**	**4,945**
Acquisition of non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**(1,813)**	**–**	**(1,813)**	**(2,520)**	**(4,333)**
Contribution from non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,025**	**9,025**
Appropriation to reserves	**–**	**–**	**–**	**–**	**12,197**	**–**	**–**	**(12,197)**	**–**	**–**	**–**
Dividends (note26(b))	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(22,386)**	**(22,386)**	**(101)**	**(22,487)**
Expected consideration to be paid for the acquisition of non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**(11,646)**	**–**	**(11,646)**	**–**	**(11,646)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(518)**	**–**	**97,245**	**96,727**	**(8,358)**	**88,369**
Balance at 31 December 2009	**173**	**461,741**	**18**	**17,414**	**37,735**	**2,776**	**(11,151)**	**227,767**	**736,473**	**5,465**	**741,938**

The notes on pages 55 to 111 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2009
(Expressed in Renminbi)

	Note	2009 RMB'000	2008 RMB'000
Cash flows from operating activities			
Profit for the year		**88,887**	121,103
Adjustments for:			
Depreciation	9	**4,118**	2,575
Gain on sale of property, plant and equipment	8	**—**	(3,695)
Income tax expense	12(a)	**37,407**	31,343
Finance costs	11	**354**	13,920
Finance income	11	**(6,000)**	(6,761)
Share of loss of equity accounted investee		**259**	107
Equity-settled share-based payments	28	**4,945**	7,012
		129,970	165,604
Change in trade and other receivables		**(312,818)**	(105,390)
Change in trade and other payables		**(8,334)**	6,330
		(191,182)	66,544
Income tax paid	12(c)	**(36,126)**	(29,984)
Net cash from (used in) operating activities		**(227,308)**	36,560
Cash flows from investing activities			
Interest received		**3,542**	6,761
Realised exchange losses arising from exchange rate fluctuations		**—**	(17,805)
Proceeds from sales of property, plant and equipment		**—**	14,736
Acquisition of property, plant and equipment		**(6,818)**	(8,491)
Cash receipts from the repayment of advances and loans made to related parties		**—**	27,298
Acquisition of investment in equity accounted investee		**—**	(950)
Net cash from (used in) investing activities		**(3,276)**	21,549

Consolidated Cash Flow Statement

For the year ended 31 December 2009
(Expressed in Renminbi)

	Note	2009 RMB'000	2008 RMB'000
Cash flows from financing activities			
Proceeds from issue of ordinary shares in placing and public offering, net of issuance costs		**–**	253,927
Purchase of own shares		**–**	(4,604)
Capital contribution from non-controlling interests		**8,820**	6,550
Acquisition of non-controlling interest	*6(a)*	**(6,520)**	—
Dividends paid		**(22,386)**	(89,669)
Net cash from (used in) financing activities		**(20,086)**	166,204
Net increase in cash and cash equivalents		**(250,670)**	224,313
Cash and cash equivalents at the beginning of the year		**574,503**	352,061
Effect of exchange rate fluctuations on cash held		**(749)**	(1,871)
Cash and cash equivalents at the end of the year	*24*	**323,084**	574,503

The notes on pages 55 to 111 are an integral part of these financial statements.

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 2009 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 on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 July 2008.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements 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 8 April 2010.

(b) 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.

(c) 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.

2. BASIS OF PREPARATION (CONTINUED)

(d) 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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 32.

(e) Changes in accounting policies

(i) Overview

Starting as of 1 January 2009, the Group has changed its accounting policies in the following areas:

- Accounting for business combinations
- Accounting for acquisitions of non-controlling interests
- Determination and presentation of operating segments
- Presentation of financial statements

(ii) Accounting for business combinations

The Group has early adopted IFRS 3 *Business Combinations (2008)* and IAS 27 *Consolidated and Separate Financial Statements (2008)* for all business combinations occurring in the financial year starting 1 January 2009. All business combinations occurring on or after 1 January 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively and had no material impact on earnings per share.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

2. BASIS OF PREPARATION (CONTINUED)

(e) Changes in accounting policies (continued)

(ii) Accounting for business combinations (continued)

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

(iii) Accounting for acquisitions of non-controlling interests

The Group has adopted early IFRS 3 *Business Combinations (2008)* and IAS 27 *Consolidated and Separate Financial Statements (2008)* for acquisitions of non-controlling interests occurring in the financial year starting 1 January 2009. The Group has applied IAS 27 (2008) for the acquisition of non-controlling interests as explained in note 6(a).

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognized as a result of such transactions. Previously, goodwill was recognized arising on the acquisition of a non-controlling interest in a subsidiary; and that represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

2. BASIS OF PREPARATION (CONTINUED)

(e) Changes in accounting policies (continued)

(iv) Determination and presentation of operating segments

As of 1 January 2009 the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with IAS 14 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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.

Since the Group used to present a single reportable segment in accordance with IAS 14 *Segment Reporting*, the change in accounting policy does not impact the presentation of a single reportable segment.

(v) Presentation of financial statements

The Group applies revised IAS1 *Presentation of Financial Statements (2007)*, which became effective as of 1 January 2009.

As a result, details of changes in equity during the period arising from transactions with owners in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognized as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

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, except as explained in note 2(e), which addresses changes in accounting policies.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 3(f)).

(ii) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the owners 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 owners' 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) Investments in 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.

Investments in 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated 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.

(v) Non-controlling interests

Non-controlling 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 the equity of the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(b) Foreign currencies

Foreign currencies transactions during the year are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates at the date. Foreign currency differences arising on retranslation are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

The assets and liabilities of foreign operations are translated to Renminbi at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Renminbi at exchange rates at the dates of the transactions. Foreign currency differences arising on retranslation of foreign operations are recognised in other comprehensive income and accumulated separately in equity in the foreign currency translation reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group has the following non-derivative financial liabilities: trade and other payables and other financial liability

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) 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.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

(iv) Derivative financial instruments

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as 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.

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 expenditure that is 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 calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the years are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Goodwill

(i) Recognition and measurement

For measurement of goodwill at initial recognition, see note 2(e)(ii).

(ii) Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

(iii) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(f) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment (continued)

(i) Financial assets (including receivables) (continued)

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 asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(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 that cannot be tested individually 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, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs 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.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associated may be impaired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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 in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Short-term employee 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 share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(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)

(h) Cash and Cash equivalents

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

(i) 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. The unwinding of the discount is recognised as finance cost.

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.

(j) Revenue

Revenue is measured at the fair value of the consideration received or receivable. 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.

(k) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis over the periods necessary to match them with the related expenses. Government grants that become receivable as compensation for expenses already incurred are recognised in profit or loss as other income of the period in which they become receivable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Finance income and costs

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

Finance costs comprise changes in the expected consideration to be paid for the acquisition of non-controlling interests.

Foreign currency gains and losses are reported on a net basis.

(m) 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.

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 in respect of 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Income tax (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

(o) 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, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(p) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(r) New standards and interpretations not yet adopted

Other than those adopted early as explained in note 2, a number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2009, and have not been applied in preparing these consolidated financial statements. None of these will have an effect on the consolidated financial statements of the Group.

4. DETERMINATION OF FAIR VALUES

(a) Employees share options

The fair value of the employee share options is measured using the binominal lattice model (see note 28).

(b) Derivatives

The fair value of the option to acquire non-controlling interests of a subsidiary is measured using the Black-Scholes model.

(c) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

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

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

(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. The credit terms granted for trade receivables are generally from nil to 90 days, based on an individual basis. 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 23 and 31.

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 encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 Australia Dollars and United States Dollars, representing approximately 29% 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 owners 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 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 owners of the Company.

During 2009, the Group's strategy, which was unchanged from 2008, 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 owner or purchase the Company's own shares.

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

6. ACQUISITION OF NON-CONTROLLING INTERESTS AND ESTABLISHMENT OF SUBSIDIARIES

(a) Acquisition of non-controlling interest

In 2008, CTV Golden Bridge International Media Company Limited, a 99.7% owned subsidiary of the Company, and Beijing Senmeng Media Advertising Company Limited established Beijing Golden Bridge Senmeng Media Advertising Company Limited and held 51% and 49% of its equity interests, respectively.

On 9 January 2009, CTV Golden Bridge International Media Company Limited and Beijing Senmeng Media Advertising Company Limited contributed and paid up RMB9,180,000 and RMB8,820,000 respectively as the additional capital injection in Beijing Golden Bridge Senmeng Media Advertising Company Limited.

On 9 January 2009, CTV Golden Bridge International Media Company Limited, entered into an agreement with Beijing Senmeng Media Advertising Company Limited (the "Senmeng Agreement"), pursuant to which a consideration of RMB6,520,000 in cash was subsequently paid by CTV Golden Bridge International Media Company Limited to Beijing Senmeng Media Advertising Company Limited. The key terms of the Senmeng Agreement are as below:

- CTV Golden Bridge International Media Company Limited agreed to purchase an additional 9% equity interest in Beijing Golden Bridge Senmeng Media Advertising Company Limited from Beijing Senmeng Media Advertising Company Limited, increasing its ownership from 51% to 60% on the same date;

- CTV Golden Bridge International Media Company Limited is obliged or granted an option to purchase 20% equity interests in Beijing Golden Bridge Senmeng Media Advertising Company Limited from Beijing Senmeng Media Advertising Company Limited when certain preconditions are met in 2010; and

- CTV Golden Bridge International Media Company Limited is obliged or granted an option to purchase 20% equity interests in Beijing Golden Bridge Senmeng Media Advertising Company Limited from Beijing Senmeng Media Advertising Company Limited when certain preconditions are met in 2011.

Based on the management's best estimation and valuation technique, CTV Golden Bridge International Media Company Limited is granted an option to purchase the 20% equity interests before 2013 and is obliged to purchase the other 20% equity interests in 2011. The option to purchase the 20% equity interests before 2013 and the expected consideration to be paid in 2011 for the acquisition of the other 20% equity interests are accounted for as other financial asset and other financial liability, respectively (see note 21).

(Expressed in Renminbi unless otherwise indicated)

6. ACQUISITION OF NON-CONTROLLING INTERESTS AND ESTABLISHMENT OF SUBSIDIARIES (CONTINUED)

(a) Acquisition of non-controlling interest (continued)

The following summarises the effect of changes in the Group's (parent) ownership interest in Beijing Golden Bridge Senmeng Media Advertising Company Limited from 51% to 60%:

	2009 *RMB*
Parent's ownership interest at 1 January	**5,100,000**
Effect of capital injection on 9 January	**9,180,000**
Effect of acquisition of non-controlling interest	**2,520,000**
Share of comprehensive income	**(12,112,506)**
Parent's ownership interest at 31 December	**(4,687,494)**

(b) Establishment of subsidiaries

Beijing Chengshi Zhiguang Advertising Company Limited (北京城市之光廣告有限公司) and Beijing Zhongshi Lanting Advertising Company Limited (北京中視瀾庭廣告有限公司)

On 19 October 2009, Beijing Chengshi Zhiguang Advertising Company Limited and Beijing Zhongshi Lanting Advertising Company Limited were established with an initial registered and paid-up capital of RMB3,000,000 and RMB5,000,000, respectively by CTV Golden Bridge International Media Company Limited. 100% of the equity interests in Beijing Chengshi Zhiguang Advertising Company Limited and Beijing Zhongshi Lanting Advertising Company Limited respectively are owned by CTV Golden Bridge International Media Company Limited.

Except for their capital injection of RMB3,000,000 and RMB5,000,000 respectively, Beijing Chengshi Zhiguang Advertising Company Limited and Beijing Zhongshi Lanting Advertising Company Limited did not have any results of operation and cash flow during the period from 19 October 2009 to 31 December 2009.

7. REVENUE

	2009 RMB'000	2008 RMB'000
Advertising service revenue	**773,443**	570,676
Agency service revenue	**17,762**	10,258
Less: Sales taxes and surcharges	**(24,401)**	(22,578)
	766,804	558,356

8. OTHER INCOME

	Note	2009 RMB'000	2008 RMB'000
Net gains from the sale of assets classified as held for sale		**–**	3,695
Government grant	(i)	**4,663**	2,118
Waiver of debts		**–**	8,085
Others		**–**	259
		4,663	14,157

(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.

9. EXPENSES BY NATURE

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

	2009 RMB'000	2008 RMB'000
Impairment losses on bad and doubtful accounts	**34,166**	12,705
Depreciation	**4,118**	2,575
Professional fee	**2,729**	1,922
Auditors' remuneration	**2,874**	2,827
Operating lease charges	**4,106**	4,134

10. PERSONNEL EXPENSES

	Note	2009 RMB'000	2008 RMB'000
Salaries, wages and other benefits		**26,856**	19,314
Contribution to defined contribution plan	*(i)*	**4,222**	2,804
Equity-settled share-based payments	*28*	**4,945**	7,012
		36,023	29,130

(i) Defined contribution plan

As stipulated by the regulations of the People's Republic of China (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 COSTS

	Note	2009 RMB'000	2008 RMB'000
Interest income on bank deposits		**3,542**	6,761
Changes in fair value of derivative financial asset	*21*	**2,458**	—
Finance income		**6,000**	6,761
Changes in the expected consideration to be paid for the acquisition of non-controlling interest	*21*	**(123)**	—
Net foreign exchange loss		**(231)**	(13,920)
Finance costs		**(354)**	(13,920)
Net finance income (costs)		**5,646**	(7,159)

12. INCOME TAX EXPENSE

(a) Taxation in the consolidated income statement represents:

	2009 *RMB'000*	2008 *RMB'000*
Current tax expense		
Provision for PRC income tax	**39,807**	33,139
Deferred tax expense		
Temporary differences	**(2,400)**	(1,796)
Total income tax expense	**37,407**	31,343

(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.

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 20% in 2009 (2008: 18%).

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:

	2009 *RMB'000*	2008 *RMB'000*
Profit before income tax	**126,294**	152,446
Income tax at the applicable PRC income tax rate	**31,574**	38,112
Non-deductible expenses	**9,925**	5,897
Effect of differential tax rate on income	**(7,870)**	(10,511)
Tax losses not recognised as deferred tax assets	**—**	38
Withholding tax on profits retained by PRC subsidiaries	**1,029**	1,286
Recognised impairment of deferred tax assets	**3,177**	—
Non-taxable income	**(428)**	(3,479)
Income tax expense for the year	**37,407**	31,343

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

	2009 *RMB'000*	2008 *RMB'000*
PRC Income Tax		
Balance at the beginning of the year	**16,000**	12,845
Provision for the year	**39,807**	33,139
Tax paid	**(36,126)**	(29,984)
Income tax payable at the end of the year	**19,681**	16,000

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 2009

	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	–	780	–	56	–	836
Liu Jinlan	–	780	–	56	574	1,410
Li Zongzhou	–	422	90	–	499	1,011
Non-executive directors						
Zhu Jia	–	–	–	–	–	–
Huang Jingsheng	–	–	–	–	–	–
Independent non-executive directors						
Ding Junjie	132	–	–	–	30	162
Qi Daqing	132	–	–	–	38	170
Chen Tianqiao	132	–	–	–	30	162
	396	1,982	90	112	1,171	3,751

13. DIRECTORS' REMUNERATION (CONTINUED)

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

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	–	210	150	–	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	966	150	96	1,878	3,363

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. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments during the year ended 31 December 2009, one (2008: two) is a director whose emoluments is disclosed in note 13. The aggregate of the emoluments in respect of the other four (2008: three) are as follows:

	2009	2008
	RMB'000	*RMB'000*
Salaries, allowances and other benefits in kind	**4,114**	2,042
Contribution to defined contribution plan	**177**	145
Equity-settled share-based payment transactions	**924**	1,471
	5,215	3,658

The emoluments of the four (2008: three) individuals with the highest emoluments are within the following bands:

	2009	2008
Nil to RMB1,000,000	**2**	2
RMB1,000,001 to RMB1,500,000	**1**	—
RMB2,000,001 to RMB2,500,000	**1**	1

15. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2009 includes a loss of RMB4,485 thousand (2008: loss of RMB6,760 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:

	2009	2008
	RMB'000	*RMB'000*
Amount of consolidated loss attributable to owners dealt with in the Company's financial statements	**(4,485)**	(6,760)
Final dividends from subsidiaries attributable to the profit of previous financial years, approved and paid during the year	**33,618**	165,519
Company's profit for the year (note 26)	**29,133**	158,759

Details of dividends paid and payable to owners of the Company are set out in note 26(b)(i).

16. OTHER COMPREHENSIVE INCOME

There are no tax effects relating to the exchange differences on translation of financial statements of the Company during the year (2008: nil).

17. EARNINGS PER SHARE

(a) Basic earning per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB97,245 thousand (2008: RMB120,800 thousand) and the weighted average of 564,310 thousand ordinary shares (2008: 497,011 thousand shares after adjusting for the share subdivision in November 2007) in issue during the year, calculated as follows:

Profit attributable to ordinary equity shareholders	**2009** **RMB'000**	2008 RMB'000
Profit for the year	**97,245**	120,800
Profit attributable to ordinary equity shareholders	**97,245**	120,800

Weighted average number of ordinary shares	*Note*	**2009** ***'000***	2008 *'000*
Issued ordinary shares at 1 January		**564,310**	432,022
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		**564,310**	497,011

17. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB97,245 thousand (2008: RMB120,800 thousand) and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 564,325 thousand shares (2008: 497,011 thousand shares), calculated as follows:

Profit attributable to ordinary equity shareholders (diluted)	2009 *RMB'000*	2008 *RMB'000*
Profit attributable to ordinary equity shareholders (basic and diluted)	**97,245**	120,800

Weighted average number of ordinary shares (diluted)	2009 *'000*	2008 *'000*
Weighted average number of ordinary shares (basic)	**564,310**	497,011
Effect of share options on issue	**15**	—
Weighted average number of ordinary shares (diluted) at 31 December	**564,325**	497,011

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Fixtures, fittings and computer equipment RMB'000	Motor vehicles RMB'000	Under construction RMB'000	Total RMB'000
Original cost					
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
Balance at 1 January 2009	**44,617**	**457**	**10,892**	**3,567**	**59,533**
Additions	**5,545**	**3,000**	**2,020**	**512**	**11,077**
Transfers	**—**	**—**	**—**	**(4,079)**	**(4,079)**
Balance at 31 December 2009	**50,162**	**3,457**	**12,912**	**—**	**66,531**
Depreciation and impairment losses					
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
Balance at 1 January 2009	**1,821**	**96**	**3,434**	**—**	**5,351**
Depreciation for the year	**1,640**	**709**	**1,769**	**—**	**4,118**
Balance at 31 December 2009	**3,461**	**805**	**5,203**	**—**	**9,469**
Carrying amounts					
At 31 December 2008	42,796	361	7,458	3,567	54,182
At 31 December 2009	**46,701**	**2,652**	**7,709**	**—**	**57,062**

19. INVESTMENT IN SUBSIDIARIES

	The Company	
	2009	2008
	RMB'000	*RMB'000*
Investment, at cost	**204,593**	136,778
Share-based payments	**10,171**	5,872
Less: impairment loss	**—**	—
	214,764	142,650

As at 31 December 2009, the Company had direct and indirect interests in the following principal subsidiaries:

Name of company	*Note*	Place and date of incorporation/ establishment	Registered and fully paid capital	Proportion of ownership interest Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
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	USD30,000,000	99.7%	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							
CTV Golden Bridge International Media Jiangsu Co., Ltd. 中視金橋國際傳媒江蘇有限公司	*(ii)*	Jiangsu, the PRC 30 January 2007	RMB2,000,000	99.7%	–	100%	Provision of nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agents
Beijing Taihe Ruishi 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	44.9%	–	45%	Provision of nationwide advertising coverage and campaign planning, and advertisement production services for advertisers and advertising agents

(Expressed in Renminbi unless otherwise indicated)

19. INVESTMENT IN SUBSIDIARIES (CONTINUED)

As at 31 December 2009, the Company had direct and indirect interests in the following principal subsidiaries: (continued)

Name of company	Note	Place and date of incorporation/ establishment	Registered and fully paid capital	Proportion of ownership interest Group's effective interest	Held by the company	Held by a subsidiary	Principal activities
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	RMB28,000,000	59.8%	–	60%	Provision of nationwide advertising coverage and campaign planning, and advertisement production services for advertisers and advertising agents
Beijing Chengshi Zhiguang Advertising Company Limited. 北京城市之光廣告有限公司	*(ii)* *(iii)*	Beijing, the PRC 19 October 2009	RMB3,000,000	99.7%	–	100%	Provision of nationwide advertising coverage and campaign planning, and advertisement production services for advertisers and advertising agents
Beijing Zhongshi Lanting Advertising Company Limited. 北京中視瀾庭廣告有限公司	*(ii)* *(iii)*	Beijing, the PRC 19 October 2009	RMB5,000,000	99.7%	–	100%	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 five entities are invested by CTV Golden Bridge International Media Company Limited.

(iii) Entities not audited by KPMG.

(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 all of the above companies is for reference only. The official names of the companies are in Chinese.

20. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

	The Group 2009 RMB'000	2008 RMB'000
Share of net assets	**584**	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 of incorporation	Paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	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	RMB5,000,000	18.9%	–	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.

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 who holds 81% of the equity interests in Dongfang Kaishi Media Advertising (Beijing) Company Limited. 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.

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
2009						
Dongfang Kaishi Media Advertising (Beijing) Company Limited	**3,127**	**53**	**3,074**	**–**	**(1,360)**	**(1,360)**

21. OTHER FINANCIAL ASSET AND OTHER FINANCIAL LIABILITY

(i) Other financial asset

Other financial asset accounted for the option to acquire 20% equity interest in Beijing Golden Bridge Senmeng Media Advertising Company Limited before 2013 (see note 6(a)). The estimate of the fair value of the option is measured using the Black-Scholes Model.

	31 December 2009 ***RMB'000***	9 January 2009 *RMB'000*
Fair value of the option and assumptions		
Fair value at measurement date	**11,031**	8,573
Spot price	**13,506**	11,062
Strike price	**2,700**	2,700
Expected volatility	**48.4%**	38.2%
Option life	**3 years**	4 years
Risk-free interest rate	**2.40%**	1.65%

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rates are a market related rate for a similar instrument at the measurement dates.

Other financial asset was recognised initially at the fair value of RMB8,573 thousand, and subsequently adjusted the movement of fair value through profit or loss of RMB2,458 thousand, as follows:

	The Group ***RMB'000***
At 9 January 2009	8,573
Changes in fair value	2,458
At 31 December 2009	**11,031**

(ii) Other financial liability

Other financial liability was initially recognised at the present value of the expected consideration to be paid for the acquisition of 20% equity interest in Beijing Golden Bridge Senmeng Media Advertising Company Limited in 2011 with the offsetting entry being recognised in other reserve and subsequently accounted for at amortised cost (see note 6(a)).

The expected consideration to be paid was made based on management's best estimation and the discount rates were based on the government bond yield curve at the measurement dates.

21. OTHER FINANCIAL ASSET AND OTHER FINANCIAL LIABILITY (CONTINUED)

(ii) Other financial liability (continued)

	The Group RMB'000
At 9 January 2009	18,032
Interest expenses for the period	123
At 31 December 2009	**18,155**

22. 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	Accrual for cost of services deductible in future RMB'000	Withholding tax on profits retained by PRC subsidiaries RMB'000	Tax loss carry-forwards RMB'000	Impairment loss for doubtful accounts RMB'000	Totals RMB'000
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)
At 1 January 2009	**–**	**1,286**	**(3,173)**	**(3,177)**	**(5,064)**
Charged/(credited) to profit or loss	**(3,470)**	**1,029**	**(3,136)**	**3,177**	**(2,400)**
At 31 December 2009	**(3,470)**	**2,315**	**(6,309)**	**–**	**(7,464)**

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' profits 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 2009 which has been determined as probable to be distributed in the foreseeable future.

	2009 RMB'000	2008 RMB'000
Net deferred tax asset recognised on the balance sheet	**(9,779)**	(6,350)
Net deferred tax liability recognised on the balance sheet	**2,315**	1,286
	(7,464)	(5,064)

22. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(b) Unrecognised deferred tax liability

At 31 December 2009, temporary differences relating to the undistributed retained earnings of PRC subsidiaries amounted to RMB185,235 thousand (2008: RMB102,779 thousand). Deferred tax liability of RMB9,262 thousand (2008: RMB5,139 thousand) 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 the Directors have determined that those retained earnings are not likely to be distributed in the foreseeable future.

23. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade and bills receivables	**88,630**	123,638	**—**	—
Less: Impairment losses on bad and doubtful accounts	**(46,871)**	(12,705)	**—**	—
	41,759	110,933	**—**	—
Amounts due from subsidiaries	**—**	—	**200,702**	84,988
Loans and receivables	**41,759**	110,933	**200,702**	84,988
Prepayments to media suppliers	**146,899**	61,438	**—**	—
Deposits	**321,131**	24,418	**—**	—
Advances to employees	**4,116**	3,314	**580**	580
Other debtors	**1,561**	2,545	**24**	102
	515,466	202,648	**201,306**	85,670

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(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:

	2009		2008	
	Gross	**Impairment**	Gross	Impairment
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Less than three months	**32,713**	**–**	94,821	4,964
Three months to six months	**2,326**	**153**	9,692	1,012
Six months to one year	**18**	**–**	8,726	1,986
More than one year	**53,573**	**46,718**	10,399	4,743
	88,630	**46,871**	123,638	12,705

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 31.

(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 is as follows:

	2009	2008
	RMB'000	*RMB'000*
Balance at 1 January	**12,705**	–
Impairment loss recognised	**34,166**	12,705
Balance at 31 December	**46,871**	12,705

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Impairment of trade and bills receivables (continued)

At 31 December 2009, the Group's trade and bills receivables of RMB46,871 thousand (2008: RMB36,850 thousand) 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 RMB46,871 thousand (2008: RMB12,705 thousand) 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	
	2009	2008
	RMB'000	*RMB'000*
Less than three months	**32,713**	76,773
Three months to six months	**2,173**	5,686
Six months to one year	**18**	190
More than one year	**6,855**	4,139
	41,759	86,788

Receivables that were 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.

24. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash at bank and on hand	**323,084**	574,503	**109,576**	286,683

Cash at bank and cash on hand are denominated in

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
RMB	**213,508**	287,820	**—**	—
USD	**94,034**	267,052	**94,034**	267,052
AUD	**8**	7	**8**	7
HKD	**15,534**	19,624	**15,534**	19,624
	323,084	574,503	**109,576**	286,683

As at 31 December 2009, bank balance of USD12,000 thousand equivalent to RMB81,977 thousand (2008: Nil) of the Company was restricted for the issue of an irrevocable standby letter of credit. The letter of credit was effective from 16 November 2009 as security for credit facilities granted to CTV Golden Bridge International Media Company Limited, a 99.7% owned subsidiary of the Company, and expired in full after 16 February 2010.

(Expressed in Renminbi unless otherwise indicated)

25. SHARE CAPITAL

(i) Authorised and issued share capital

	2009		2008	
	No.of ordinary shares	**Nominal value of ordinary shares** ***HKD***	No.of ordinary shares	Nominal value of ordinary shares *HKD*
Authorised:				
At 1 January	**1,800,000,000**	**562,500**	210,236,000	210,236
Share split	**—**	**—**	462,519,200	—
Share increase	**—**	**—**	1,127,244,800	352,264
At 31 December	**1,800,000,000**	**562,500**	1,800,000,000	562,500
Issued and fully paid				
At 1 January	**564,310,400**	**176,347**	135,007,000	135,007
Share split	**—**	**—**	297,015,400	—
Issues of ordinary shares in placing and public offering	**—**	**—**	139,347,000	43,546
Share repurchased	**—**	**—**	(7,059,000)	(2,206)
At 31 December	**564,310,400**	**176,347**	564,310,400	176,347
RMB equivalent		**173,182**		173,182

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

Exercise period	**Exercise price**	**2009 Number**	2008 Number
1 July 2008 to 30 June 2015	RMB1.56	**5,880,000**	5,880,000
1 July 2009 to 30 June 2015	RMB1.56	**4,480,000**	4,480,000
1 July 2010 to 30 June 2015	RMB1.56	**4,480,000**	4,480,000
1 July 2011 to 30 June 2015	RMB1.56	**3,080,000**	3,080,000
17 September 2009 to 16 September 2017	HKD1.49	**165,000**	—
17 September 2010 to 16 September 2017	HKD1.49	**165,000**	—
17 September 2011 to 16 September 2017	HKD1.49	**165,000**	—
17 September 2012 to 16 September 2017	HKD1.49	**165,000**	—
		18,580,000	17,920,000

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 28 to the financial statements.

26. RESERVES AND DIVIDENDS

(a) Movements in components of reserves

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

	Share premium *RMB'000*	Capital redemption reserve *RMB'000*	Capital reserve *RMB'000*	Translation reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
		(note 26(c))	*(note 26(c))*	*(note 26(c))*		
Balance at 1 January 2008	207,852	16	5,457	6,103	(37,986)	181,442
Changes in equity for 2008:						
Issuance of ordinary shares in public offer, net of issuance costs	253,889	—	—	—	—	253,889
Share-based payments *(note 28)*	—	—	7,012	—	—	7,012
Share repurchased						
— premium paid	—	—	—	—	(4,602)	(4,602)
— transfer between reserves	—	2	—	—	(2)	—
Total comprehensive income for the year	—	—	—	(9,801)	158,759	148,958
Dividends	—	—	—	—	(89,669)	(89,669)
Balance at 31 December 2008 and 1 January 2009	**461,741**	**18**	**12,469**	**(3,698)**	**26,500**	**497,030**
Changes in equity for 2009:						
Share-based payments *(note 28)*	**—**	**—**	**4,945**	**—**	**—**	**4,945**
Total comprehensive income for the year	**—**	**—**	**—**	**(796)**	**29,133**	**28,337**
Dividends	**—**	**—**	**—**	**—**	**(22,386)**	**(22,386)**
Balance at 31 December 2009	**461,741**	**18**	**17,414**	**(4,494)**	**33,247**	**507,926**

26. RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

(i) Dividends payable to owners of the Company attributable to the year

	2009 *RMB'000*	2008 *RMB'000*
Final dividend proposed after the balance sheet date of approximately RMB3 cents per ordinary share (2008: approximately RMB4 cents per ordinary share)	**17,832**	22,386

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

(ii) Dividends payable to owners of the Group attributable to the previous financial year approved during the year

	2009 *RMB'000*	2008 *RMB'000*
Dividends to owners of the Company	**22,386**	89,669
Dividends to non-controlling interests of a subsidiary	**101**	120
	22,487	89,789

Pursuant to the board resolutions dated 16 April 2009, the Company declared dividends at an aggregate amount of HKD25,394 thousand (equivalent to approximately RMB22,386 thousand at an exchange rate of 0.88153) to the shareholders from the distributable reserve. Such dividends were fully paid in June 2009.

(c) Nature and purpose of reserves

(i) Share premium and capital redemption reserve

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

26. RESERVES AND DIVIDENDS (CONTINUED)

(c) Nature and purpose of reserves (continued)

(ii) Capital reserve

The capital reserve comprises the portion of the grant date fair value of unexercised share options granted to employees and directors of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 3(g)(iii).

(iii) Statutory reserve

Pursuant to applicable PRC regulations, certain PRC subsidiaries are required to transfer 10% of their profit after income tax (after offsetting prior year's losses, if applicable) to statutory reserve until such reserve reaches 50% of the registered capital. The transfer to the reserve must be made before distribution of dividends to equity holders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(iv) Translation reserve

The translation reserve comprises 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).

(v) Other reserve

Other reserve comprises the following parts:

— the offsetting entry of the present value of the expected consideration to be paid for the acquisition of the non-controlling interests of a subsidiary (note 21(ii)); and

— the difference between the carrying amount of the net assets received and the consideration paid, as a result of the reorganization during which the Company acquired subsidiaries from the ultimate controlling shareholders of the Group in 2006 and 2007.

(vi) Distributability of reserves

At 31 December 2009, the aggregate amount of reserves available for distribution to owners of the Company was RMB33,247 thousand (2008: RMB26,500 thousand).

27. TRADE AND OTHER PAYABLES

	Note	2009 RMB'000	2008 RMB'000
Trade and bills payables	*(i)*	**13,087**	13,209
Payroll and welfare expenses payables		**2,367**	1,590
Other compulsory payables		**2,717**	1,603
Other tax payables	*(ii)*	**2,500**	2,476
Other payables and accrued charges		**3,355**	8,095
Dividends payable due to non-controlling interests of a subsidiary		**16**	120
Financial liabilities measured at amortised cost		**24,042**	27,093
Advances from customers	*(iii)*	**110,875**	116,082
		134,917	143,175

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

	2009 RMB'000	2008 RMB'000
Due within three months or on demand	**13,087**	5,379
Due after three months but within six months	**—**	7,830
	13,087	13,209

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

(iii) Advances from customers represented the down-payments received from customers, which are expected to be recognised as revenue within one year.

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 31.

28. 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 of 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 thereby 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 options	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

(Expressed in Renminbi unless otherwise indicated)

28. SHARE-BASED PAYMENTS (CONTINUED)

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

(ii) *The number and exercise price of the share options are as follows:*

	2009		2008	
	Exercise price	**Number of options**	Exercise price	Number of options
Outstanding at the beginning of the year	**RMB1.56**	**17,920,000**	RMB1.56	18,560,000
Forfeited during the year		**–**	RMB1.56	(640,000)
Outstanding at the end of the year		**17,920,000**		17,920,000
Exercisable at the end of the year		**10,360,000**		5,880,000

The options outstanding as at 31 December 2009 had an exercise price of RMB1.56 per share and a weighted average remaining contractual life of 5.5 years.

(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 estimate of the fair value of the share options granted was measured based on 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%

28. SHARE-BASED PAYMENTS (CONTINUED)

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

(iii) Fair value of share options and assumptions (continued)

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 2009, equity-settled share-based payments expenses of RMB4,847 thousand (2008: RMB7,012 thousand) in respect of the Pre-IPO Share Option Scheme 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 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.

On 17 September 2009, the Group granted share options to three independent non-executive directors of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 3 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 options	Vesting conditions	Contractual life of options
17 September 2009	165,000	On the date of grant	8 years
17 September 2009	165,000	One year's service	8 years
17 September 2009	165,000	Two years' service	8 years
17 September 2009	165,000	Three years' service	8 years

(Expressed in Renminbi unless otherwise indicated)

28. SHARE-BASED PAYMENTS (CONTINUED)

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

(ii) *The number and exercise price of the share options are as follows:*

	2009	
	Exercise price	Number of options
Outstanding at 17 September 2009	**HKD1.49**	**660,000**
Exercisable at the end of the year		**165,000**

The options outstanding as at 31 December 2009 had an exercise price of HKD1.49 per share and a weighted average remaining contractual life of 7.75 years.

(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 estimate of the fair value of the share options granted was measured based on a binominal lattice model, with following input:

	17 September 2009
Share price	**HKD1.49**
Exercise price	**HKD1.49**
Expected volatility	**43.77%**
Option life (expressed as weighted average life)	**8 years**
Expected dividends	**2.49%**
Risk-free interest rate	**2.16%**

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected change to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options are granted mainly 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 2009, equity-settled share-based payments expenses of RMB98 thousand (2008: Nil) in respect of the Post-IPO Share Option scheme were recognised in the consolidated income statement.

29. 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

As at the reporting date, non-cancellable rentals of the Group are payable as follows:

	2009	2008
	RMB'000	*RMB'000*
Within one year	**2,054**	1,308
After one year but within five years	**1,649**	577
Total	**3,703**	1,885

As at the reporting date, non-cancellable contracts for purchasing advertisement resources for the Group are payable as follows:

	2009	2008
	RMB'000	*RMB'000*
Within one year	**97,928**	429,685
After one year but within five years	**105,877**	284,702
After five years	**1,050**	1,650
Total	**204,855**	716,037

(c) Contingent liabilities

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

30. RELATED PARTY TRANSACTIONS

(a) Transactions with the ultimate controlling shareholder of the Group

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

	Note	2009 RMB'000	2008 RMB'000
Sale of building		–	13,776
Rental of office	(i)	1,106	1,211

(i) CTV Golden Bridge International Media Company Limited Beijing Branch rented the office in Xinzhou Commercial Building and e-Tower from Ms. Liu Jinlan, the ultimate controlling shareholder of the Group, at a price of RMB1,106 thousand for the year ended 31 December 2009.

(b) Transactions with other related parties

	Note	2009 RMB'000	2008 RMB'000
Rental of office	(i)	578	578

(i) 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, which was effectively controlled by the ultimate controlling shareholder of the Group for the period from 1 January 2008 to 31 December 2010 at a price of RMB577,500 per annual. The amount of rent charged under the lease was determined with reference to amounts charged by Shanghai CTV Golden Bridge International Culture and Communication Company Limited to third parties.

30. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel remuneration

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

	2009 RMB'000	2008 RMB'000
Short-term employee benefits	**2,580**	1,485
Equity-settled share-based payment transactions	**1,171**	1,878
	3,751	3,363

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

31. 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	
	Note	**2009** ***RMB'000***	2008 *RMB'000*
Loans and receivables	*23*	**41,759**	110,933
Cash and cash equivalents	*24*	**323,084**	574,503
Other financial assets	*21*	**11,031**	—

31. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

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

	Carrying amount	
	2009	2008
	RMB'000	*RMB'000*
Customers		
Advertising agencies	**12,516**	5,136
Corporates	**19,220**	60,976
Government entities	**10,023**	44,821
	41,759	110,933

The impairment losses of trade and bills receivables have been disclosed in note 23(b).

(b) Liquidity risk

The following tables show the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows at the earliest date the Group and the Company can be required to pay:

The Group

	2009					
	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*	**24,042**	**—**	**—**	**—**	**24,042**	**24,042**
Income tax payables	**19,681**	**—**	**—**	**—**	**19,681**	**19,681**
Other financial liability	**—**	**18,602**	**—**	**—**	**18,602**	**18,155**

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

The Group (continued)

	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*	27,093	—	—	—	27,093	27,093
Income tax payables	16,000	—	—	—	16,000	16,000

* Excludes advances from customers

The Company

	2009					
	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	**17,547**	**—**	**—**	**—**	**17,547**	**17,547**

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

The Company (continued)

	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

(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.

	The Group		**The Company**	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash and cash equivalents	**94,042**	267,059	**94,042**	267,059
— in USD	**94,034**	267,052	**94,034**	267,052
— in AUD	**8**	7	**8**	7
Gross balance sheet exposure	**94,042**	267,059	**94,042**	267,059

31. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Foreign currency risk (continued)

(i) Exposure to currency risk (continued)

The following significant exchange rates applied during the year:

RMB	Average rate 2009	Average rate 2008	Reporting date spot rate 2009	Reporting date spot rate 2008
USD	**6.8314**	7.0696	**6.8282**	6.8346
AUD	**5.4215**	5.5586	**6.1294**	4.7135

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained earnings) 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

	2009 Increase/ (decrease) in foreign exchange rates	2009 Effect on profit after tax and retained profits RMB'000	2008 Increase/ (decrease) in foreign exchange rates	2008 Effect on profit after tax and retained profits RMB'000
USD	**10%**	**9,403**	10%	26,705
	(10%)	**(9,403)**	(10%)	(26,705)
AUD	**10%**	**1**	10%	1
	(10%)	**(1)**	(10%)	(1)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax 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 2008.

31. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair values

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in IFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

	2009 The group			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets				
Derivative financial instruments				
—Option to acquire non-controlling interests	–	–	**11,031**	**11,031**

During the year there were no significant transfers between instruments in Level 1 and Level 2.

The movement during the year in the balance of Level 3 fair value measurements is disclosed in note 21.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2009 and 2008.

32. ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the group's accounting policies

Accounting judgements made by management in the process of applying the Group's accounting policies is included in note 3(d), 3(f), 3(g), 3(n) and 4.

(b) Sources of estimation uncertainty

Notes 21, 28 and 31 contain information about the assumptions and their risk factors relating to fair value of other financial asset, share options and financial instruments.

33. ULTIMATE HOLDING COMPANY

At 31 December 2009, 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.

34. SUBSEQUENT EVENTS

The following significant events took place subsequent to 31 December 2009:

On 8 April 2010, the directors of the Company proposed a final dividend for the year ended 31 December 2009. Further details are disclosed in note 26.

Five Year Summary

(Expressed in Renminbi)

	2009	2008	2007	2006	2005
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Results					
Revenue	**766,804**	558,356	364,702	263,657	230,124
Profit from operations	**120,907**	159,712	79,630	74,780	30,294
Net finance expense	**5,646**	(7,159)	(23,608)	(6,228)	(130)
Share of profit equity accounted investee (net of income tax)	**(259)**	(107)	—	—	—
Profit before income tax	**126,294**	152,446	56,022	68,552	30,164
Income tax expense	**(37,407)**	(31,343)	(13,247)	(7,233)	(5,324)
Profit for the year	**88,887**	121,103	42,775	61,319	24,840
Attributable to:					
Owners of the Company	**97,245**	120,800	42,316	61,319	26,641
Non-controlling interest	**(8,358)**	303	459	—	(1,801)
Profit for the year	**88,887**	121,103	42,775	61,319	24,840
Assets and liabilities					
Property, plant and equipment	**57,062**	54,182	48,266	23,831	25,891
Investment in equity accounted investee	**584**	843	—	—	—
Other financial assets	**11,031**	—	—	—	—
Deferred tax assets	**9,779**	6,350	3,268	—	—
Net current assets	**683,952**	617,976	338,087	296,283	82,820
Total assets less current liabilities	**762,408**	679,351	389,621	320,114	108,711
Deferred tax liability	**(2,315)**	(1,286)	—	—	—
Other non-current liabilities	**(18,155)**	—	—	(265,423)	(1,425)
NET ASSETS	**741,938**	678,065	389,621	54,691	107,286
Capital and reserves					
Share capital	**173**	173	137	90	106
Reserves	**736,300**	670,473	388,556	54,591	107,170
Total equity attributable to owners of the Company	**736,473**	670,646	388,693	54,681	107,276
Non-controlling interest	**5,465**	7,419	928	10	10
TOTAL EQUITY	**741,938**	678,065	389,621	54,691	107,286
Earnings per share					
Basic earnings per share *(RMB)*	**0.172**	0.243	0.098	0.122	0.083
Diluted earnings per share *(RMB)*	**0.172**	0.243	0.096	0.122	0.083

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 2005 to 2007 have been adjusted for comparison purposes.

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CTV中视金桥®

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）