



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

# SinoMedia Holding Limited

Stock code: 623

## 2010 Interim Results

## 26 August 2010



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# Agenda

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# Company Introduction



## The largest privately-owned operator of TV advertisement time for CCTV, the dominant TV network in China

- ▶ Stock code: 623.hk
- ▶ Date of listing: 8 July 2008
- ▶ Market cap \*: HK\$1.24 billion
- ▶ Shares outstanding: 566 million shares
- ▶ Website: [www.sinomedia.com.hk](http://www.sinomedia.com.hk)
- ▶ Headquarters: Beijing, China
- ▶ Shareholding structure:
  - ▶ Mr. Chen Xin & Ms. Liu Jinlan (53%)
  - ▶ Bain Capital (21%)
  - ▶ Public (26%)

### 52 week share price



\* 31 July 2010



# Unique Business Model

## Media Resources

## Tender Business

Bidding for prime CCTV time

## Customer Service

Serving over 1,500 enterprises and 300 cities and tourism destinations

- ▶ **Creative**
  - ▶ Creative advertising forms
  - ▶ Advertisement design & production
- ▶ **Communication**
  - ▶ Innovative media strategy
  - ▶ Efficient execution
- ▶ **Marketing**
  - ▶ CCTV
  - ▶ Local TV
  - ▶ Internet

## Customers

Multinational Companies	Domestic Companies



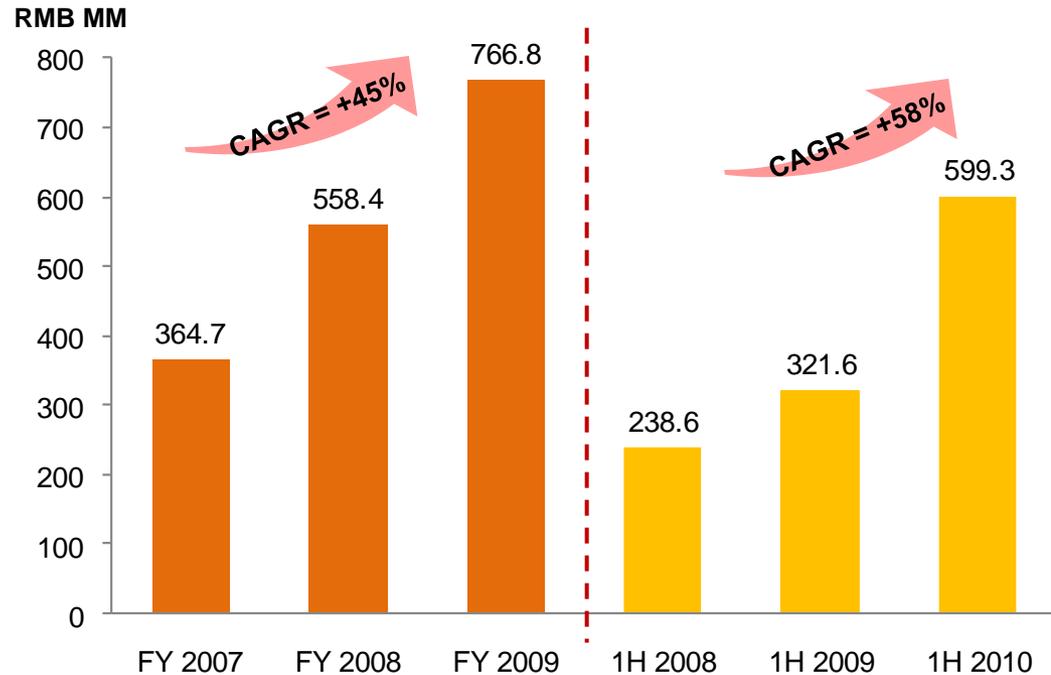
# Proven Sustainable Revenue Growth



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- ✓ The 1st Chinese TV media advertising operator listed in HKEX
- ✓ The largest privately-owned operator of TV advertisement time for CCTV
- ✓ “Top 10 CCTV media advertising agency” for 4 consecutive years

## Revenue





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# Business Review



# Diversified Media Resources

Dual acquisition channels offer high flexibility and secure more premium media resources

Participated in the “2010 CCTV Contracting Advertising Underwriting Rights Tender”



Negotiations with various business partners to gain more premium advertising resources



Abundant media resources including TV and digital media

TV advertising:



Internet advertising:



Consolidating and optimising advertising resources

Enhanced media resources

More comprehensive coverage

Diversified advertising options

Generate higher revenue



# Core Media Resources on CCTV

Underwriting rights of approx. 6,136 minutes,  
of which 4,035 minutes were sold during 1H 2010

## CCTV-1(National News)



- Two high quality programs, namely “Evening News” and “News 30”

## CCTV-4(Chinese International)



- All programs during entire prime time from 20:00 to 22:00 and “All-Day Package”

## CCTV-7(Agricultural)



- Seven popular programs covering different time slots

## CCTV-NEWS(English International, formerly known as CCTV-9)



- All programs on CCTV-NEWS



# Media Resources on CCTV-1

## CCTV-1

- ▶ Exclusive underwriting rights to the advertising resources of two high quality programs, namely “Evening News” and “News 30”
- ▶ The advertisement time of each program amounts to no less than 1.5 minutes per day
- ▶ “Evening News” is one of the most influential CCTV program, while “News 30” ranked fifth among all TV news and finance programs in terms of program influence \*

Program:



Air time:

Mon-Sun 22:00 - 22:20

Mon-Sun 12:00 - 12:30



\* Source: CTR China Media Influence — Television Assessment Research by CTR Market Research Co., Ltd., Sep 2009

# Media Resources on CCTV-4 & CCTV-NEWS)

## CCTV-4(Chinese International)



- ▶ High-end international channel with market share grew by 22% year-on-year and reached 2.5% in 2008<sup>1</sup>
- ▶ Exclusive underwriting rights to all programs during the entire prime time from 20:00-22:00, including “Walk Through China (走遍中国)”, “Across the Strait (海峡两岸)” and “China News Package (中国新闻套)”
- ▶ Exclusive underwriting rights to advertisement time of CCTV-4 “All-Day Package (全天时段套)”, effective from 1 March 2010, with 6 time slots per day
- ▶ Total daily advertisement time amounts to about 14 minutes

## CCTV-NEWS(English)



- ▶ English international channel of CCTV, formerly known as CCTV-9
- ▶ Exclusive underwriting rights to the advertising resources of all programs (effective from 1 Mar 2010)
- ▶ The channel underwent a revamp to place stronger emphasis on its position as a news channel
- ▶ Provides 24-hour global news with full editorial independence
- ▶ Intended to become one of the world’s most influential international news media platforms in 2-3 years

<sup>1</sup>Source :CVSC-Sofres Media Co., Ltd



# Media Resources on CCTV-7 & Other Media

## CCTV-7 (Agricultural)



- ▶ Overbeat CCTV-2 with household penetration rate of 84.34%, ranking 2<sup>nd</sup> among all TV channels in China\*
- ▶ High rating, high audience persuasion degree, high value/ price ratio with 1 billion TV audience
- ▶ “Zhi Fu Jing (致富经)”, “Daily Agricultural News (每日农经)” and “Focus on the Three Agricultural Issues(聚焦三农)” provided more than 3,100 minutes of advertisement time available for sale
- ▶ Benefitting from national policies that favour the agricultural sector and attach increasing importance to “three agricultural issues”

\*Source: China Central Television Audience Satisfaction Survey  
by CVSC-Sofres Media Co., Ltd, June 2009



## Nationwide public service advertising broadcast network



- ▶ Covers 120 local TV channels and the advertisement time of each channel covers no less than 30 seconds of evening prime time

## Internet advertising



- ▶ Exclusive agency to sell advertising resources on any webpage of [www.sohu.com](http://www.sohu.com) and [www.chinaren.com](http://www.chinaren.com) to clients relating to city tourism and business promotion industry in China



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# Financial Review



# Financial Summary

For the six months ended 30 June

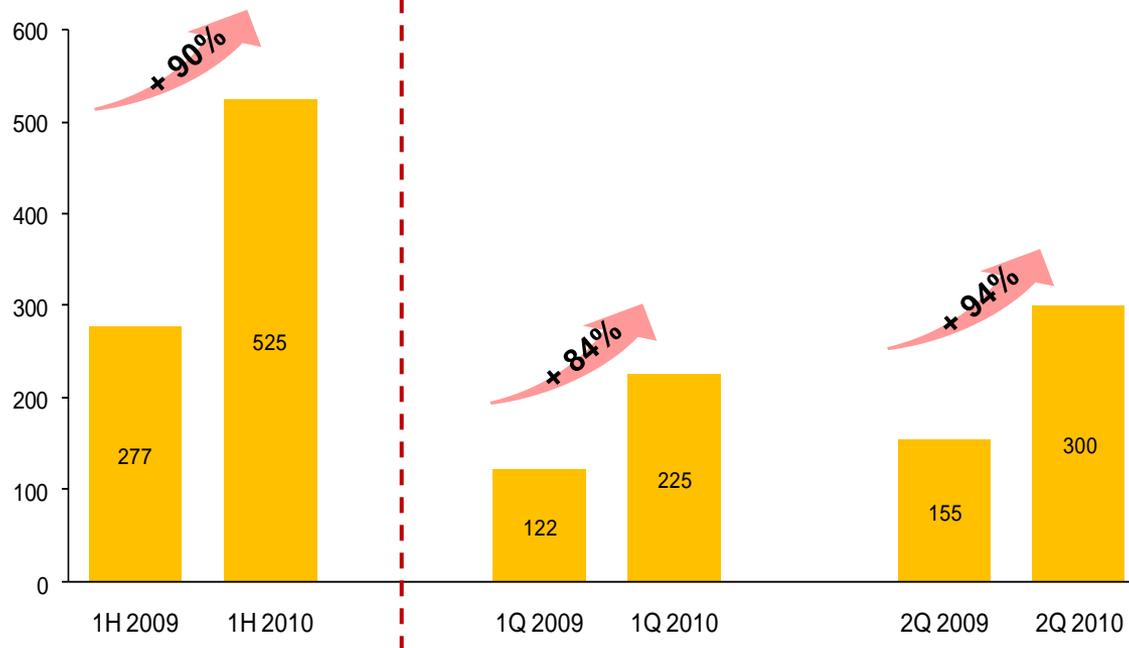
(RMB '000)	2010 (Unaudited)	2009 (Unaudited)	Change
Revenue	599,339	321,598	↑ 86.4%
Gross profit	70,443	37,148	↑ 89.6%
Profit from operations	34,492	5,929	↑ 481.8%
Profit attributable to owners of the Company	26,018	12,358	↑ 110.5%
Basic earnings per share (RMB)	0.046	0.022	↑ 109.1%



# Sustained Growth for CCTV-1 & CCTV-4 Businesses

## Revenue\*

RMB MM



**Revenue from CCTV-1 and CCTV-4 was in line with expectation and grew significantly year-on-year**



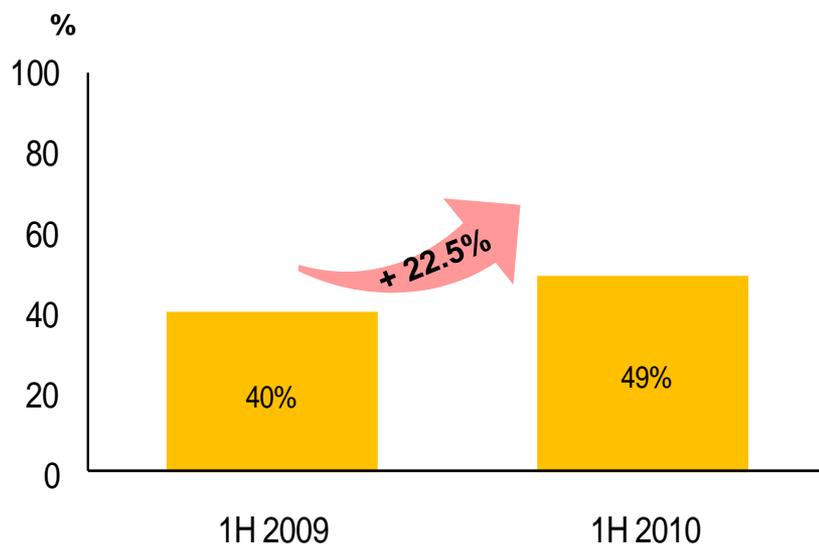
\*Before deduction of sales tax and surcharges

# Sustained Growth for CCTV-1 & CCTV-4 Businesses

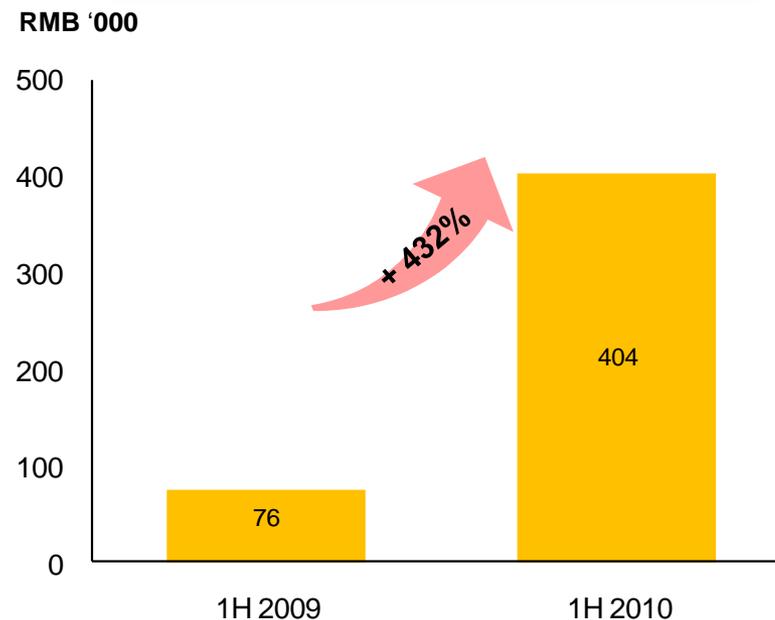


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## Utilisation Rate

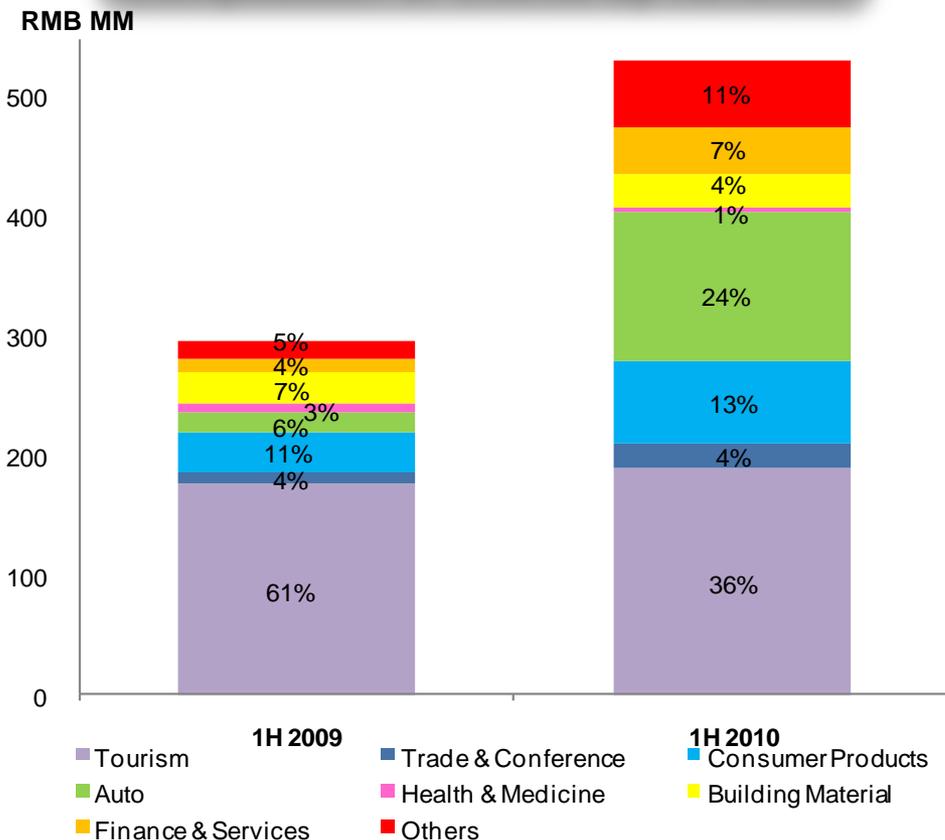


## ASP Per Minute

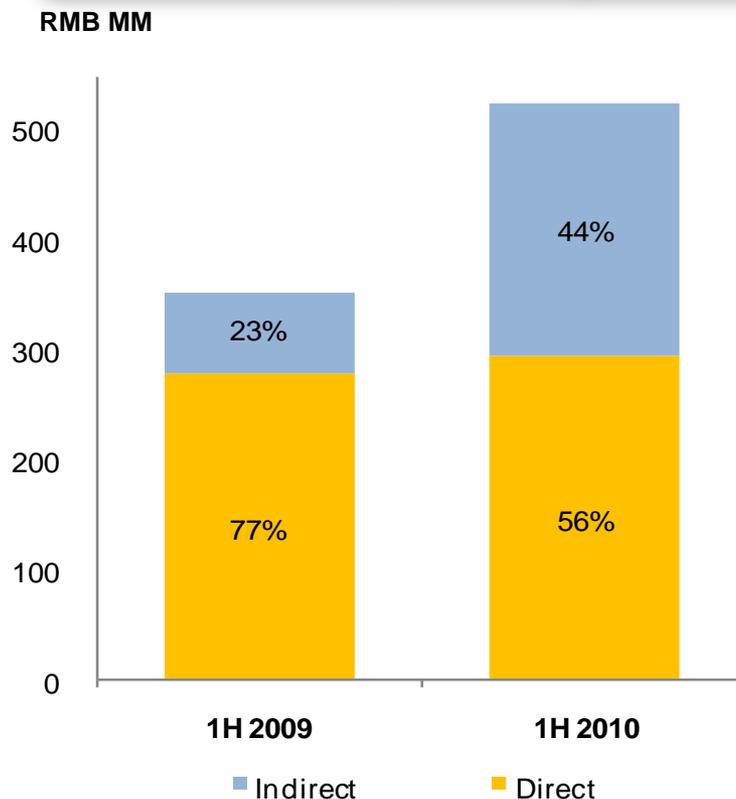


# Diversified & Balanced Customer Base – CCTV-1 & CCTV-4 Businesses

### Composition of Clients by Revenue\*



### Direct & Indirect Clients by Revenue

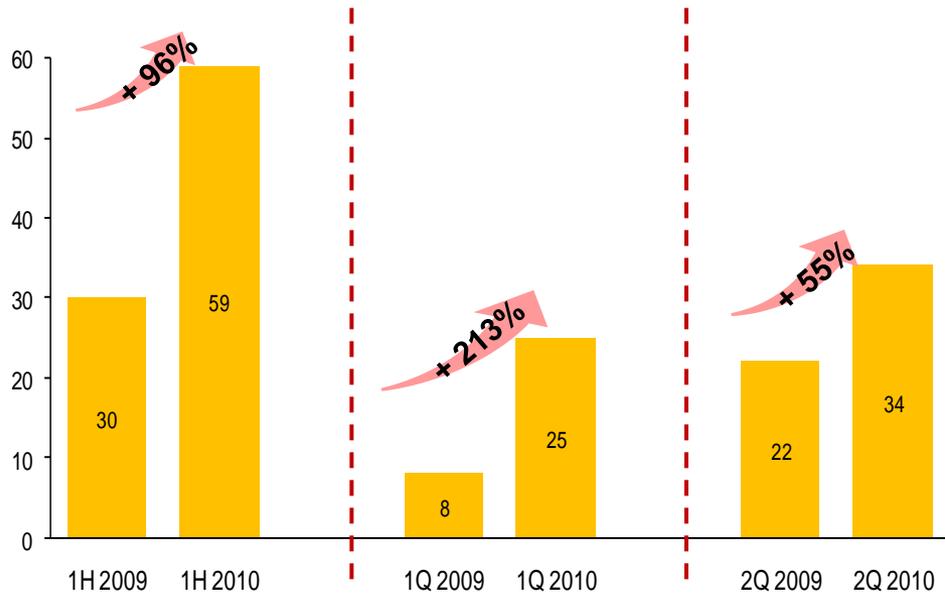


\*Before deduction of sales tax and surcharges

# CCTV-7 Business Turned to Profitability

## Revenue\*

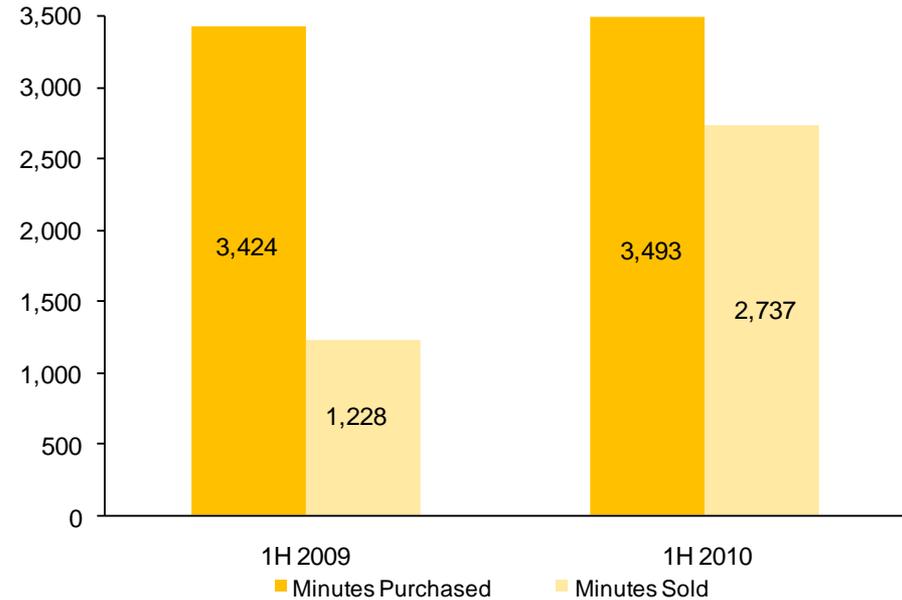
RMB MM



## Minutes Purchased & Sold

Utilisation rate: 36%

78%



\*Before deduction of sales tax and surcharges



# Satisfactory Progress for the Nationwide Public Service Advertising Broadcast Network

- The first and sole nationwide public service advertising broadcast network in China
- Provide advertising customers an opportunity to establish their brand and corporate image at a cost lower than general TV commercial advertisement
- Covers 120 local TV channels
- Revenue for 1H 2010 grew by 69% year-on-year
- Turned to profitability



# Continuous Improvement in Cost Control

## Expenses

	1H 2010	1H 2009	Change
Selling & marketing expenses(RMB'000)	18,379	15,043	↑ 3,336
<i>As a % of revenue</i>	3.1%	4.7%	↓ 1.6 pts
General & administration expenses (before impairment losses)(RMB'000)	21,322	20,839	↑ 483
<i>As a % of revenue</i>	3.6%	6.5%	↓ 2.9 pts

### Continuous improvement in marketing efficiency and management

Despite the expansion in sales, operating expenses have not increased notably in amount  
 The two types of expenses as a percentage of revenue have both declined



# Solid Balance Sheet

<i>(RMB '000)</i>	<i>At 30 Jun 2010 (Unaudited)</i>	<i>At 31 Dec 2009 (Audited)</i>
<b>Cash and cash equivalents</b>	<b>502,849</b>	<b>323,084</b>
<b>Current assets</b>	<b>945,253</b>	<b>838,550</b>
<b>Total assets</b>	<b>1,022,607</b>	<b>917,006</b>
<b>Current liabilities</b>	<b>247,503</b>	<b>154,598</b>
<b>Total liabilities</b>	<b>268,405</b>	<b>175,068</b>
<b>Net assets</b>	<b>746,390</b>	<b>736,473</b>



# Healthy Cash Flow

For the six months ended 30 June

(RMB '000)

	2010 (Unaudited)	2009 (Unaudited)
Net cash from operating activities	195,398	72,310
Net cash used in investing activities	(719)	(1,694)
Net cash used in financing activities	(14,426)	(20,086)
<b>Net increase in cash and cash equivalents</b>	<b>180,253</b>	<b>50,530</b>
Cash and cash equivalents at 1 January	323,084	574,503
Effect of foreign exchange rates changes	(488)	(273)
<b>Cash and cash equivalents at 30 June</b>	<b>502,849</b>	<b>624,760</b>



# Improved Management of Receivables

(RMB '000)	At 30 Jun 2010 (Unaudited)	At 31 Dec 2009 (Audited)	At 30 Jun 2009 (Unaudited)
Current – 90 days	38,036	25,713	18,647
91 – 180 days	3,990	1,873	9,666
181 days – 1 year	6,204	18	45,060
Over 1 year	4,395	6,855	11,328
<b>Trade debtors (net of impairment losses)</b>	<b>52,625</b>	<b>34,459</b>	<b>84,701</b>
Turnover days	(1H) 13	(FY) 34	(1H) 56
Bills receivables	6,702	7,300	400

## Receivables remained at a low level despite the significant increase in revenue

- Stringent control over delayed payments and continuous efforts in collecting receivables





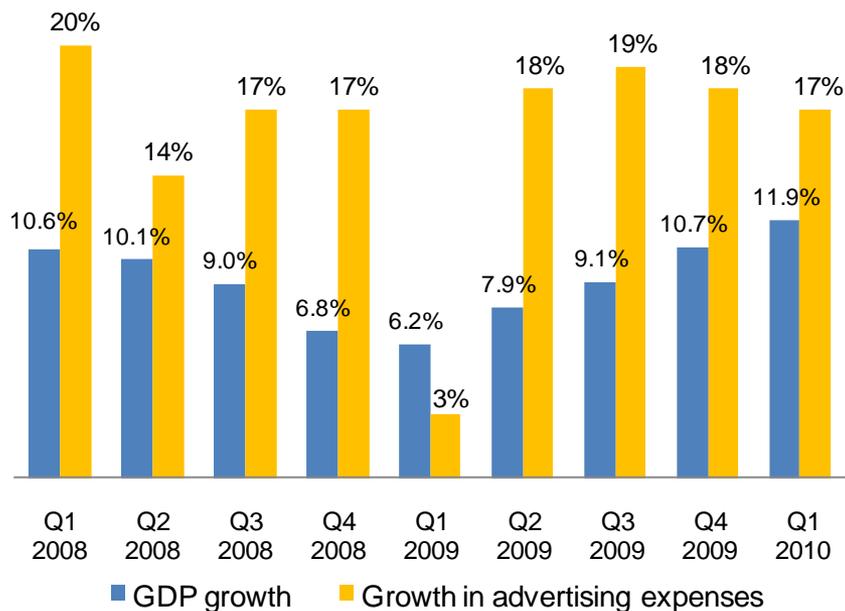
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# Outlook



# Strong Growth for Chinese Advertising Market

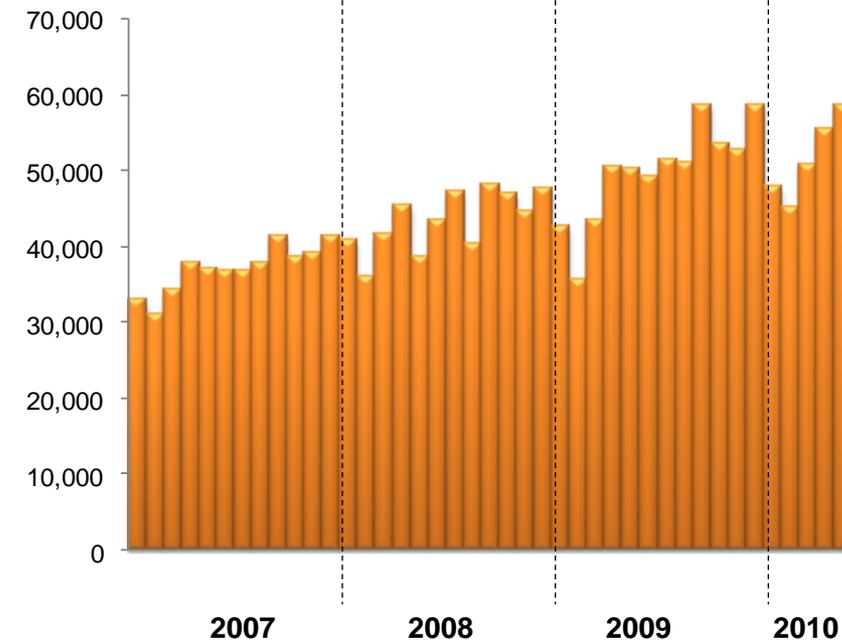
## GDP and Advertising Growth in China



Source: Nielsen Company

## Monthly advertising expenses in China

(TV, newspapers, magazines & radios)



Source: Nielsen Company

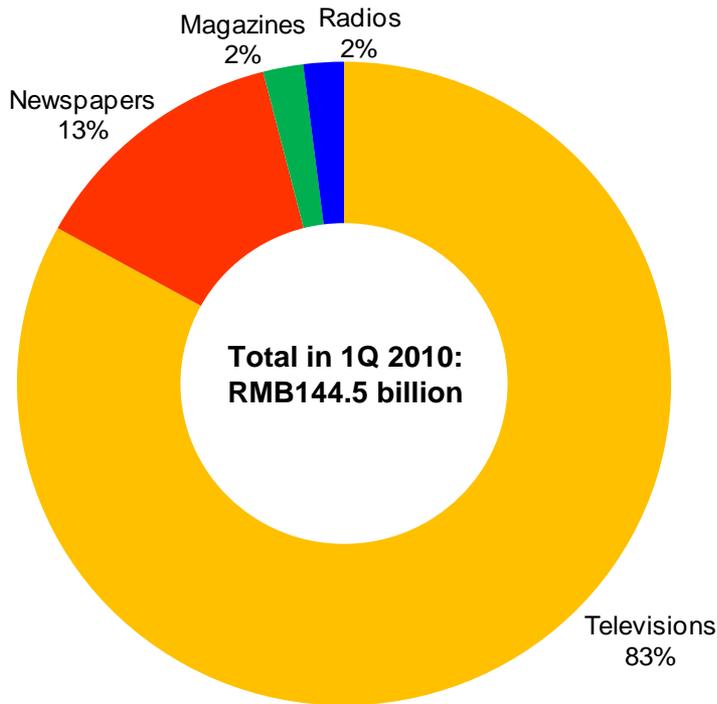


# TV Remains as the Main Advertising Medium



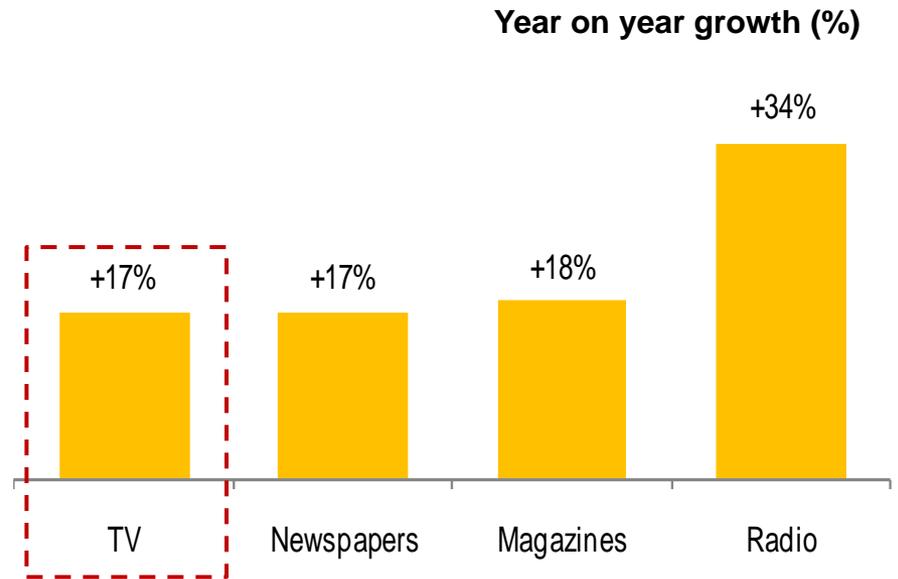
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## Advertising Expenses by Media(1Q 2010)



Source: Nielsen Company

## Growth Rates for Advertising Expenses by Media(1Q 2010)

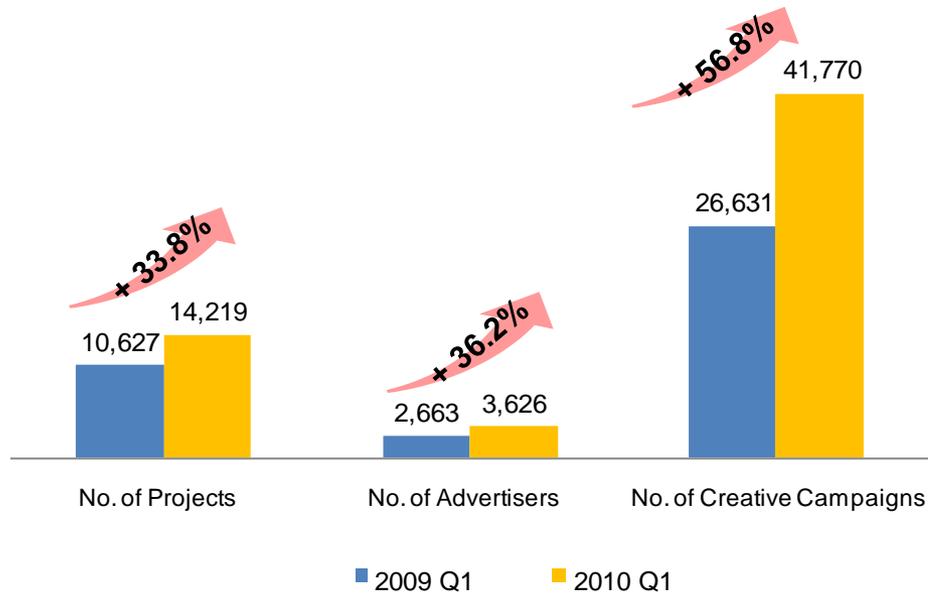


Source: Nielsen Company



# Robust Growth in Internet Advertising

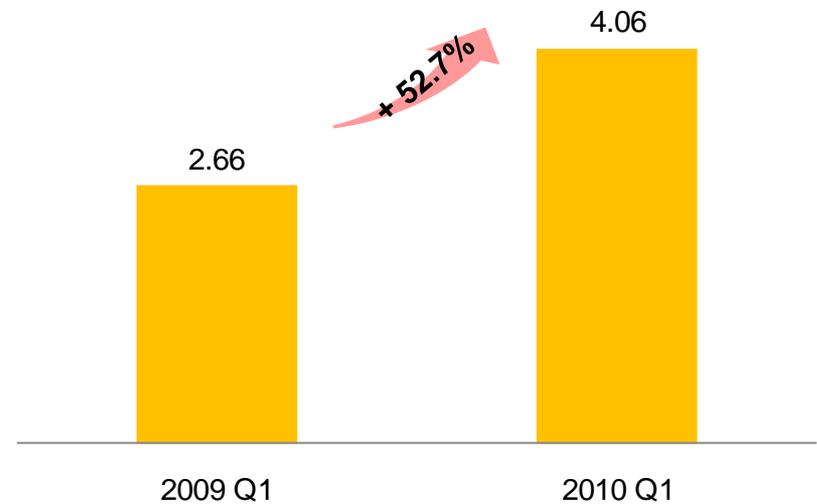
## Internet Advertising in China



Source: Nielsen Company

## Estimated Value of Internet Advertisements

(RMB Billion)



Source: Nielsen Company



# Highlights

Prospect of advertising and media industry remains bright as advertising market in China has rebounded from its trough

Robust consumer confidence and growing purchasing power for both the urban and rural population

A convergence of the Internet, mobile phones and TV is likely to create tremendous growth potential

Huge market potential for new media and internet advertising services



- ▶ **Extensive media resources**
- ▶ **Solid client base**
- ▶ **Excellent customer service & brand position**
- ▶ **Strong management & execution capabilities**
- ▶ **Healthy financial position**
- ▶ **Increasing efforts in strategic planning for new media**



**Safeguard and solidify the position as a leading advertising operator in the mainstream media**





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# Open Forum

