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SINOMEDIA HOLDING LIMITED
中視金橋國際傳媒控股有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 623)

**CONNECTED TRANSACTION —
STRUCTURE CONTRACTS**

On 27 October 2011, the Group entered into the Structure Contracts with the Legal Owners and the New Entity such that through the Structure Contracts, the Group will have full effective control over the finance, operation strategies and decision making of the New Entity, which engaged in, inter alia, the business of video and other content production, and all the economic risks and benefits of the New Entity will in effect be fully transferred to the Group from the Legal Owners.

The Legal Owners are Directors and therefore connected persons (as defined in the Listing Rules) of the Company. Accordingly, the Structure Contracts constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As each of the relevant applicable percentage ratios (other than the profits ratio) of the Structure Contracts as a whole is more than 0.1% but less than 5%, the Structure Contracts are only subject to the reporting and announcement requirements but are exempt from the requirement of approval by the independent shareholders of the Company under Chapter 14A of the Listing Rules.

BACKGROUND

In order to realise the Company's strategic plans of expanding its business into upstream channels, content and technological platform along the value chain of the media industry, the Group has decided to acquire an entity engaged in, inter alia, video and other content production. The Group entered into the Structure Contracts with the Legal Owners and the New Entity such that through the Structure Contracts, the Group will have full effective control of the New Entity and all the economic risks and benefits of the New Entity will in effect be fully transferred to the Group.

STRUCTURE CONTRACTS

CTV Media (Shanghai), a sino-foreign equity joint venture enterprise which is owned as to 99.7% by the Company, has on 27 October 2011 entered into the following Structure Contracts with the Legal Owners, among which the Operation Agreements were signed in escrow conditional upon the due establishment of the New Entity. The principal terms of the Structure Contracts are set out below:

Non-operation Agreements

1 The Loan Agreement

Parties: CTV Media (Shanghai)
Mr. Chen
Ms. Liu

Pursuant to the Loan Agreement, CTV Media (Shanghai) as the lender shall lend to each of Mr. Chen and Mr. Liu, as the borrowers, RMB15,000,000 (equivalent to approximately HK\$18,375,000) (i.e. RMB30,000,000 (equivalent to approximately HK\$36,750,000) in total) for their onward investment in the New Entity such that they will together have 100% equity interest in the New Entity.

The Loan Agreement stipulates that:

- (a) the loan must only be repaid by way of the Legal Owners transferring their respective equity interest in the New Entity to CTV Media (Shanghai) or CTV Media (Shanghai)'s nominee;
- (b) the loan is interest-free and may only be used by the Legal Owners for the purpose of investing in the New Entity; and
- (c) none of the Legal Owners can transfer their respective interest in the New Entity to any third party.

2 The Voting Trust and Share Purchase Option Agreement

Parties: CTV Media (Shanghai)
Mr. Chen
Ms. Liu

Pursuant to the Voting Trust and Share Purchase Option Agreement, CTV Media (Shanghai) will have

- (a) the full power and authority to exercise the shareholder's voting rights with respect to the Legal Owners' interests in the New Entity;
- (b) the right to appoint and remove the legal representative, company secretary and director of the New Entity; and
- (c) the right to change the bank signatories of the New Entity.

CTV Media (Shanghai) or its nominee shall be entitled to exercise an option to purchase the Legal Owners' equity interest in the New Entity at the consideration being either the net assets value of the New Entity or the minimum price allowed by applicable laws if such transfer of equity interest is allowed by the applicable PRC laws.

3 *The Equity Pledge Agreement*

Parties: CTV Media (Shanghai)
Mr. Chen
Ms. Liu

Pursuant to the Equity Pledge Agreement, the Legal Owners pledge their respective interest in the New Entity as well as any dividend generated from such interests to CTV Media (Shanghai) to secure the New Entity's due performance of its obligations under the Operation Agreements.

Subject to the due establishment of the New Entity and the completion of its relevant capital injection by the Legal Owners, the Operation Agreements signed in escrow as described below will become effective.

Operation Agreements

4 *The Exclusive Consulting Service Agreement*

Parties: CTV Media (Shanghai)
the New Entity

Pursuant to the Exclusive Consulting Service Agreement, CTV Media (Shanghai) will provide to the New Entity certain consulting services, including but not limited to problem-based solution design, business and strategic planning, clientele management and development etc. at the agreed service fees. The service fee will be payable to CTV Media (Shanghai) by the New Entity each year, being 10% of the revenue of the New Entity, and such service fee is determined with reference to (i) the complexity of the services provided; (ii) the time spent on such services; (iii) the value of such services; and (iv) the prevailing market price for such services.

5 *The Non-exclusive Trademark Licence Agreement*

Parties: CTV Media (Shanghai)
the New Entity

Pursuant to the Non-Exclusive Trademark Licence Agreement, CTV Media (Shanghai) shall grant to the New Entity a non-exclusive right to use certain trademarks of CTV Media (Shanghai) in the PRC, at a consideration of 10% of the revenue of the New Entity per annum.

The PRC counsel of the Company is of the view that each of the Structure Contracts will be valid, enforceable, and legally binding to the parties to the agreements and will not violate the PRC laws, subject to uncertainty in the interpretation of relevant PRC laws and implementation of new PRC rules and regulations by the regulatory authorities.

Effect of the Structure Contracts

Through the Structure Contracts the Group will be able to have full effective control over the finance and operation of the New Entity and in effect to obtain the entire economic interest and benefits in the New Entity, accordingly the accounts of the New Entity will be fully consolidated into the financial statements of the Group.

The Operation Agreements are to ensure the profits or income generated by the New Entity will be directed to CTV Media (Shanghai) in the form of service or licence fees.

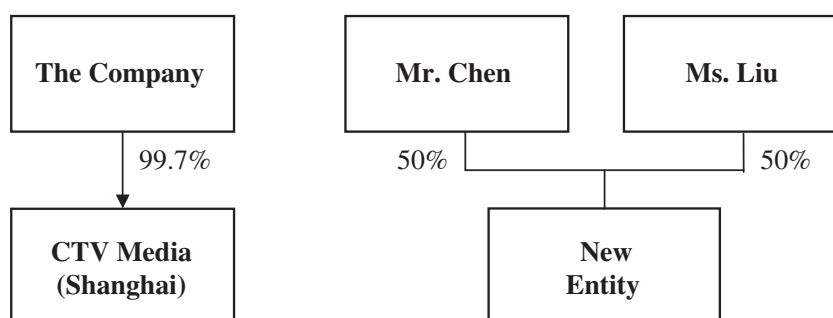
The Equity Pledge Agreement is to secure the due performance of obligations of the New Entity under the Operation Agreements and to ensure that the Legal Owners cannot transfer their respective equity interest in the New Entity to the other parties unless with the consent of CTV Media (Shanghai).

The Voting Trust and Share Purchase Option Agreement is (i) to grant CTV Media (Shanghai) voting rights in respect of the Legal Owners' equity interest in the New Entity so that CTV Media (Shanghai) can control the New Entity; (ii) when the Legal Owners act against CTV Media (Shanghai)'s interests, CTV Media (Shanghai) can designate another person to acquire the Legal Owners' equity interest in the New Entity at the agreed exercise price; and (iii) when the PRC law lifts the restrictions on market admission, CTV Media (Shanghai) may acquire and hold equity interest in the New Entity directly at the agreed exercise price.

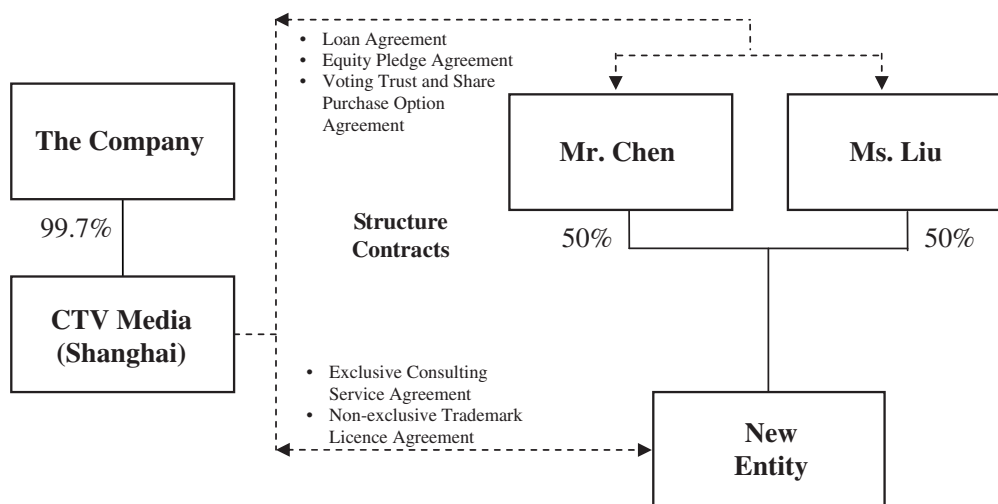
STRUCTURE CHART

The structure chart of the Group's interest in the New Entity immediately before and after the signing of all the Structure Contracts are as follows:

Structure chart immediately before the signing of the Structure Contracts



Structure chart immediately after the signing of the Structure Contracts



If there is any material change to the terms of the Structure Contracts, the Company will re-comply with the relevant requirements of the Listing Rules.

INFORMATION ON THE PARTIES TO THE STRUCTURE CONTRACTS

Mr. Chen, a Director and the chairman of the Company, will own 50% equity interest in the New Entity upon its establishment.

Ms. Liu, a Director and the chief executive officer of the Company, will own 50% equity interest in the New Entity upon its establishment.

CTV Media (Shanghai), a sino-foreign equity joint venture enterprise, is owned as to 99.7% by the Company.

The New Entity, an enterprise to be established under the laws of the PRC with the name of CTV Golden Bridge Culture Development (Beijing) Company Limited, will be owned by Mr. Chen and Ms. Liu as to 50% and 50% of its equity interest.

REASONS FOR AND BENEFITS OF ENTERING INTO THE STRUCTURE CONTRACTS

The Board considers that the acquisition of and the integration of the business of the New Entity to the Group could extend the Group's business to the provision of video and other content production services and thus could facilitate the Group in achieving a vertically integrated business model by providing upstream support to the Group's current core businesses. Such integration could increase the Group's profitability by opening up to the Group opportunities arising from synergies of various links of the value chain of the media industry.

Although the Group does not have direct legal ownership over the New Entity, the Group will be able to have full effective control over the finance, operation strategies and decision making of the New Entity; and the entire economic risks and benefits in the New Entity will in effect be transferred to the Group through the Structure Contracts. As advised by the PRC counsel of the Company, the Structure Contracts and the transactions contemplated thereunder are valid and enforceable under the current PRC laws and regulations and if either one of the Legal Owners and/or the New Entity be in breach of the Structure Contracts or any of his/her/its obligations contained therein, the Group could enforce the relevant Structure Contracts against such party(ies).

The Directors (including the independent non-executive Directors) consider that the Structure Contracts were entered into after arm's length negotiations and reflect normal commercial terms and that the terms are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES REQUIREMENTS

The Legal Owners are Directors and therefore connected persons (as defined in the Listing Rules) of the Company. Accordingly, the Structure Contracts constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As each of the relevant applicable percentage ratios (other than the profits ratio) of the Structure Contracts as a whole is more than 0.1% but less than 5%, the Structure Contracts are only subject to the reporting and announcement requirements but are exempt from the requirement of approval by the independent shareholders of the Company under Chapter 14A of the Listing Rules.

Save for Mr. Chen and Ms. Liu, no Director has material interest in the Structure Contracts. Mr. Chen and Ms. Liu have abstained from voting on the board resolutions approving the Structure Contracts.

GENERAL

The Company is principally engaged in media advertising business.

CTV Media (Shanghai) is principally engaged in the provision of nationwide television advertising coverage and campaign planning, and television advertisement production services for advertisers and advertising agents.

DEFINITION

“Board”	the board of Directors
“Company”	SinoMedia Holding Limited (中視金橋國際傳媒控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 623)
“CTV Media (Shanghai)”	CTV Golden Bridge International Media Co., Ltd. (中視金橋國際傳媒有限公司), a sino-foreign equity joint venture enterprise which is owned as to 99.7% by the Company
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Legal Owners”	Mr. Chen and Ms. Liu
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chen”	Mr. Chen Xin, a Director and the chairman of the Company
“Ms. Liu”	Ms. Liu Jinlan, a Director and the chief executive officer of the Company
“New Entity”	an enterprise to be established under the laws of the PRC with the name of CTV Golden Bridge Culture Development (Beijing) Company Limited(中視金橋文化發展(北京)有限公司)
“Operation Agreements”	the exclusive consulting service agreement and the non-exclusive trademark licence agreement
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region and Taiwan, for the purposes of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Structure Contracts”

collectively (1) the Loan Agreement; (2) the Voting Trust and Share Purchase Option Agreement; (3) the Equity Pledge Agreement; (4) the Exclusive Consulting Service Agreement and (5) the Non-exclusive Trademark Licence Agreement

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.225 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

On behalf of the Board
SinoMedia Holding Limited
Chen Xin
Chairman

Hong Kong, 27 October 2011

As at the date of this announcement, the Board comprises Mr. Chen Xin, Ms. Liu Jinlan and Mr. Li Zongzhou as executive directors, Mr. Zhu Jia and Mr. He Hui David as non-executive directors and Mr. Ding Junjie, Mr. Qi Daqing and Mr. Lian Yuming as independent non-executive directors.