VOLUME X No. 137 **W E D N E S D A Y** **July 23, 2008**

SINOMEDIA HOLDING LTD:
IT IS NOT WHAT YOU KNOW, BUT WHO YOU KNOW

When one is in the in, one is in the in.

And the world can be yours.

That is the situation that publicly listed SinoMedia Holding Ltd () (Code: 623, Main Board, The Stock Exchange of Hongkong Ltd) is, presently, enjoying – and hopes (and, probably prays with daily incantations) to be able to enjoy for many years to come.

SinoMedia Holding Ltd is a media advertising operator in the People's Republic of China (PRC), proper, being distinct and separate from the Hongkong Special Administrative Region (HKSAR) of the PRC.

This Company went public on the Main Board of The Stock Exchange of Hongkong Ltd on June 25, 2008, when it pitched a Global Offering of 139.40 million, $HK0.0003125 Shares at $HK2.63 per Share.

As at April 30, 2008, this Company was without any appreciable debt.

On scanning the Consolidated Balance Sheets for the 3 Financial Years, ended December 31, 2007, **TARGET ()** noted that, as at December 31, 2007, SinoMedia Holding Ltd was sitting on a veritable treasure chest:

Cash and Cash Equivalents	352.06 million renminbi
Receivables Due From Related Parties	28.26 million renminbi
Trade and Other Receivables	97.26 million renminbi
Assets Classified as Held for Sale	11.04 million renminbi

TOTAL : **488.62 MILLION RENMINBI**

The Total Liabilities, as at December 31, 2007, stood at about 150.53 million renminbi, all of which was Current – that is, payable within one year.

In short, as at the time of the **I**nitial **P**ublic **O**ffering (IPO) on the Main Board of The Stock Exchange of Hongkong Ltd, SinoMedia Holding Ltd was in an extremely strong financial position.

And so, the question is:

> *For what reason would this Company want to spend its money on pitching an IPO in the HKSAR?*

The answer to **TARGET**'s question cannot be to raise about $HK250 million because it had more than that amount of money in cash and cash equivalents, as at December 31, 2007.

At Page 175 of the Prospectus, it is stated that the net proceeds of the IPO would be used for the following purposes:

1. About 70 percent of the net proceeds of the IPO to be used *'for strategic acquisitions of businesses that could enhance or complement our existing businesses …'*;
2. About 20 percent of the net proceeds of the IPO to be used *'to acquire more advertising resources from CCTV*[1]**,** *other regional TV stations and digital media …'*; and,
3. About 10 percent of the net proceeds of the IPO for Working Capital.

[1] CCTV **=** **C**hina **C**entral **T**elevision **S**tation (), the national television broadcaster of the PRC, is controlled and operated by the Government of the PRC.

It is **…** **CLICK TO ORDER FULL ARTICLE**

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