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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL SUMMARY

RMB'000	**For the year ended 31 December 2011**	For the year ended 31 December 2010	**Change (%)**
Revenue	**1,617,800**	1,373,173	+18%
Profit from operations	**352,292**	208,979	+69%
Profit attributable to equity shareholders of the Company	**238,945**	158,064	+51%
Earnings per share *(RMB)*			
— Basic	**0.424**	0.279	+52%
— Diluted	**0.419**	0.278	+51%
Proposed dividends per share *(HK cents)*			
— Final	**10.6**	6.6	+61%
— Special	**10.6**	6.6	+61%

Revenue:

RMB'000	**For the year ended 31 December 2011**	For the year ended 31 December 2010	**Change (%)**
Media resources management	**1,605,435**	1,378,316	+16%
Integrated brand communication services	**18,613**	9,875	+88%
Creative production of advertisement and content	**39,255**	18,467	+113%
Others	**638**	—	N/A
Sales taxes and surcharges	**(46,141)**	(33,485)	+38%
Revenue	**1,617,800**	1,373,173	+18%

The Board of directors (the "**Board**") of SinoMedia Holding Limited ("**SinoMedia**" or the "**Company**") is pleased to announce the audited results and financial position of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2011, with comparative figures for previous year.

Consolidated Income Statement

For the year ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Revenue		**1,617,800**	1,373,173
Cost of services		**(1,116,620)**	(1,033,979)
Gross profit		**501,180**	339,194
Other income		**7,238**	6,098
Selling and marketing expenses		**(66,778)**	(67,493)
General and administration expenses		**(89,348)**	(68,820)
Profit from operations		**352,292**	208,979
Finance income	3	**17,068**	20,960
Finance costs	3	**(728)**	(7,406)
Net finance income		**16,340**	13,554
Share of loss of equity accounted investees		**(7,169)**	(584)
Profit before taxation	4	**361,463**	221,949
Income tax	5	**(119,132)**	(55,598)
Profit for the year		**242,331**	166,351
Attributable to:			
Equity shareholders of the Company		**238,945**	158,064
Non-controlling interests		**3,386**	8,287
Profit for the year		**242,331**	166,351
Proposed dividends	6	**96,004**	62,944
Earnings per share	7		
Basic earnings per share (RMB)		**0.424**	0.279
Diluted earnings per share (RMB)		**0.419**	0.278

Consolidated Statement of Financial Position

At 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Assets			
Property, plant and equipment		**56,229**	54,601
Investment property		**3,899**	—
Investments in equity-accounted investees		**47,722**	6,000
Other non-current financial assets		**30,447**	—
Deferred tax assets		**3,643**	8,748
Trade and other receivables	8	**230,000**	—
Non-current assets		**371,940**	69,349
Trade and other receivables	8	**566,039**	419,108
Cash and cash equivalents		**913,179**	795,791
Current assets		**1,479,218**	1,214,899
Total assets		**1,851,158**	1,284,248
Capital and reserves			
Share capital		**171**	174
Reserves		**1,018,704**	848,966
Equity attributable to equity shareholders of the Company		**1,018,875**	849,140
Non-controlling interests		**6,359**	6,904
Total equity		**1,025,234**	856,044
Liabilities			
Other non-current financial liability		**14,245**	13,657
Deferred tax liability		**—**	4,041
Non-current liabilities		**14,245**	17,698

	Notes	2011 RMB'000	2010 RMB'000
Trade and other payables	9	**742,860**	369,185
Current taxation		**68,819**	29,450
Other current financial liability		**—**	11,871
Current liabilities		**811,679**	410,506
Total liabilities		**825,924**	428,204
Total equity and liabilities		**1,851,158**	1,284,248
Net current assets		**667,539**	804,393
Total assets less current liabilities		**1,039,479**	873,742

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Attributable to equity shareholders 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 interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2010	173	461,741	18	17,414	37,735	2,776	(11,151)	227,767	736,473	5,465	741,938
Share-based payments	—	—	—	3,362	—	—	—	—	3,362	19	3,381
Acquisition of non-controlling interests	—	—	—	—	—	—	1,813	(35,436)	(33,623)	(6,867)	(40,490)
Dividends	—	—	—	—	—	—	—	(17,786)	(17,786)	—	(17,786)
Appropriation to reserves	—	—	—	—	17,482	—	—	(17,482)	—	—	—
Exercise of share options	1	6,665	—	(2,746)	—	—	—	—	3,920	—	3,920
Total comprehensive income for the year	—	—	—	—	—	(1,270)	—	158,064	156,794	8,287	165,081
Balance at 31 December 2010	174	468,406	18	18,030	55,217	1,506	(9,338)	315,127	849,140	6,904	856,044
Share-based payments	—	—	—	4,645	—	—	—	—	4,645	—	4,645
Purchase of own shares	(3)	—	3	—	—	—	—	(19,722)	(19,722)	—	(19,722)
Acquisition of non-controlling interests	—	—	—	9,842	—	—	—	3,301	13,143	(3,301)	9,842
Dividends	—	—	—	—	—	—	—	(62,224)	(62,224)	(630)	(62,854)
Appropriation to reserves	—	—	—	—	5,435	—	—	(5,435)	—	—	—
Exercise of share options	—	803	—	(186)	—	—	—	—	617	—	617
Total comprehensive income for the year	—	—	—	—	—	(5,669)	—	238,945	233,276	3,386	236,662
Balance at 31 December 2011	**171**	**469,209**	**21**	**32,331**	**60,652**	**(4,163)**	**(9,338)**	**469,992**	**1,018,875**	**6,359**	**1,025,234**

Consolidated Cash Flow Statement

For the year ended 31 December 2011

	2011	2010
	RMB'000	*RMB'000*
Cash flows from operating activities		
Profit for the year	**242,331**	166,351
Adjustments for:		
Depreciation	**6,799**	5,012
Loss on sale of property, plant and equipment	**434**	303
Income tax expense	**119,132**	55,598
Impairment loss on other unlisted equity investment	**18,952**	—
Finance costs	**579**	7,373
Finance income	**(17,068)**	(20,889)
Share of loss of equity-accounted investees	**7,169**	584
Equity-settled share-based payments	**4,645**	3,381
	382,973	217,713
Change in trade and other receivables	**(151,899)**	97,083
Change in trade and other payables	**374,608**	232,668
	605,637	547,464
Income tax paid	**(78,699)**	(43,072)
Net cash from operating activities	**526,983**	504,392
Cash flows from investing activities		
Interest received	**10,589**	3,835
Proceeds from sale of property, plant and equipment	**377**	755
Acquisition of property, plant and equipment	**(9,148)**	(3,571)
Prepayment for acquisition of property, plant and equipment	**(230,000)**	—
Payment for purchase of equity-accounted investees	**(51,880)**	(6,000)
Payment for purchase of other unlisted equity investments	**(38,952)**	—
Net cash used in investing activities	**(319,014)**	(4,981)

	2011	2010
	RMB'000	*RMB'000*
Cash flows from financing activities		
Acquisition of non-controlling interest	**(3,583)**	(11,820)
Shares issued under share option scheme	**617**	4,172
Repurchase of own shares	**(19,722)**	—
Dividends paid	**(62,224)**	(17,786)
Net cash used in financing activities	**(84,912)**	(25,434)
Net increase in cash and cash equivalents	**123,057**	473,977
Cash and cash equivalents at the beginning of the year	**795,791**	323,084
Effect of exchange rate fluctuations on cash held	**(5,669)**	(1,270)
Cash and cash equivalents at the end of the year	**913,179**	795,791

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") 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 have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- non-derivative financial instruments at fair value through profit and loss are measured at fair value

The IASB has issued a number of amendments to IFRSs and one new interpretation that are first effective for the current accounting period of the Group and the Company. The amendments and new interpretation have had no material impact on the Group's financial statements as they were consistent with policies already adopted by the Group, or these changes will first be effective as and when the Group enters into a relevant transaction and there is no requirement to restate the amounts recorded in respect of previous such transactions.

2 Segment reporting

In a manner consistent with the way in which information is reported internally to the group's most senior executive management 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.

3 Finance income and costs

	Notes	**2011** *RMB'000*	2010 *RMB'000*
Interest income on bank deposits		**9,610**	4,813
Changes in fair value of derivative financial assets	(i)	**7,458**	16,076
Net foreign exchange gain		**—**	71
Finance income		**17,068**	20,960
Changes in the expected consideration to be paid for the acquisition of non-controlling interests	(ii)	**(579)**	(7,373)
Net foreign exchange loss		**(149)**	—
Others		**—**	(33)
Finance costs		**(728)**	(7,406)
Net finance income		**16,340**	13,554

(i) For the year ended 31 December 2011, it represents the change in fair value of derivative financial assets in relation to certain rights of Group to (a) acquire additional equity interests, (b) convert the shares held by the Group from one class to another, and (c) request for the redemption of its shares in equity accounted investees under certain conditions.

For the year ended 31 December 2010, it represents the change in fair value of the option to acquire additional 20% equity interests in Beijing Golden Bridge Senmeng Media Advertising Company Limited ("Golden Bridge Senmeng") by the Group.

(ii) It represents the change in the present value of the expected consideration to be paid for the acquisition by the Group of remaining 10% equity interests in Golden Bridge Senmeng.

4 Profit before taxation

Profit before taxation is arrived at after charging:

	2011	2010
	RMB'000	*RMB'000*
Impairment losses on bad and doubtful accounts	**(816)**	13,244
Impairment losses on available-for-sale equity investment	**18,952**	—
Depreciation	**6,799**	5,012
Professional fee	**3,219**	2,397
Auditors' remuneration	**3,100**	2,800
Operating lease rental charges	**6,514**	3,477

5 Income tax

	2011	2010
	RMB'000	*RMB'000*
Current tax expense		
Provision for PRC income tax	**118,068**	52,841
Deferred tax expense		
Temporary differences	**1,064**	2,757
Total income tax expense	**119,132**	55,598

No provision has been made for Hong Kong profits tax as the Group did not earn any income subject to Hong Kong profits tax during the year.

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.

6 Proposed dividends

	2011	2010
	RMB'000	*RMB'000*
Dividends proposed after the balance sheet date:		
Proposed final dividend of HK10.6 cents (equivalent to approximately RMB8.6 cents) per ordinary share (2010: HK6.6 cents, approximately RMB5.6 cents)	**48,002**	31,472
Proposed special dividend of HK10.6 cents (equivalent to approximately RMB8.6 cents) per ordinary share (2010: HK6.6 cents, approximately RMB5.6 cents)	**48,002**	31,472
	96,004	62,944

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

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB238,945 thousand (2010: RMB158,064 thousand) and the weighted average of 563,649 thousand ordinary shares (2010: 565,716 thousand shares) in issue during the year, calculated as follows:

Profit attributable to ordinary equity shareholders	**2011**	2010
	RMB'000	*RMB'000*
Profit for the year	**238,945**	158,064
Profit attributable to ordinary equity shareholders	**238,945**	158,064

Weighted average number of ordinary shares	**2011**	2010
	'000	*'000*
Issued ordinary shares at 1 January	**566,838**	564,310
Effect of issues of ordinary shares upon exercise of share options	**181**	1,406
Effect of repurchased ordinary shares	**(3,370)**	—
Weighted average number of ordinary shares at 31 December	**563,649**	565,716

(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 RMB238,945 thousand (2010: RMB158,064 thousand) and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 570,921 thousand shares (2010: 569,298 thousand shares), calculated as follows:

Profit attributable to ordinary equity shareholders (diluted)	**2011**	2010
	RMB'000	*RMB'000*
Profit attributable to ordinary equity shareholders (basic and diluted)	**238,945**	158,064

Weighted average number of ordinary shares (diluted)	**2011**	2010
	'000	*'000*
Weighted average number of ordinary shares (basic)	**563,649**	565,716
Effect of share options on issue	**7,272**	3,582
Weighted average number of ordinary shares (diluted) at 31 December	**570,921**	569,298

8 Trade and other receivables

	Note	2011 RMB'000	2010 RMB'000
Trade and bills receivables	(i)	**151,953**	134,654
Less: Impairment losses on bad and doubtful accounts	(i)	**(58,216)**	(60,115)
		93,737	74,539
Prepayments and deposits to media suppliers		**465,381**	334,546
Advances to employees		**2,398**	3,804
Prepayments for acquisition of property		**230,000**	—
Other debtors		**4,687**	5,240
Less: Doubtful accounts of other receivables		**(164)**	—
Interest receivables		**—**	979
		796,039	419,108
Non-current		**230,000**	—
Current		**566,039**	419,108
		796,039	419,108

(i) Included in trade and other receivables are trade and bills receivables with the following ageing analysis as of the reporting date:

	2011 Gross RMB'000	2011 Impairment RMB'000	2010 Gross RMB'000	2010 Impairment RMB'000
Current	**69,816**	**—**	71,923	—
Less than 6 months past due	**23,137**	**—**	6,682	4,066
More than 6 months but less than 12 months past due	**2,132**	**1,348**	1,365	1,365
More than one year past due	**56,868**	**56,868**	54,684	54,684
Total amounts past due	**82,137**	**58,216**	62,731	60,115
	151,953	**58,216**	134,654	60,115

Credit terms are granted to 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.

9 Trade and other payables

	Note	2011 RMB'000	2010 RMB'000
Trade and bills payables	(i)	**432,475**	130,949
Payroll and welfare expenses payables		**14,681**	11,266
Other tax payables		**11,726**	18,801
Other payables and accrued charges		**8,301**	6,548
Dividends payable due to non-controlling interest of a subsidiary		**646**	16
		467,829	167,580
Advances from customers		**275,031**	201,605
		742,860	369,185

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

	2011 RMB'000	2010 RMB'000
Due within three months	**94,925**	130,949
Due after three months but within six months	**105,235**	—
Due after six months but within one year	**232,315**	—
	432,475	130,949

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT THE GROUP

Since 2011, according to the strategic goals of becoming "the leading media corporation with video media management as its core business" set out by the Board of Directors, the Group has made remarkable progress on developing four core businesses, namely, "the media resources management, integrated brand communication services, creative production of advertisement and content, and new media investment and integration".

While continues to consolidate its notable advantage on China Central Television Station ("CCTV") for the core media resource management, the Group focuses on the increase of its investments in upstream channels, content and technological platforms, including making active expansion in the field of mobile video and preparation for building agricultural new media platform. Meanwhile, the Group speeds up the international communications of clients' brands and the cooperation with international media, and is actively engaged in video management service and content production including that of microfilms.

With regard to internal management, the Group continues to adjust its organisational structure to adapt for group management, and has improved its systems of the recruitment, promotion and training of staff so as to ensure that human resource supply can keep up with the sustained rapid expansion of the Group, thereby having taken the first strategic step to upgrade the Group from a media advertising company to a media corporation.

BUSINESS REVIEW

I. Media Resources Management

The Group enjoys notable advantages in the media resources management. It is one of the leading operators for CCTV in terms of the long partnership, the abundance of underwriting resources, the form of cooperation and the scale of operations, and has been awarded one of the "CCTV's Top Ten Advertising Agencies" for consecutive years.

During the year under review, the Group renewed its current exclusive underwriting contracts and acquired additional exclusive underwriting rights, which consolidated and strengthened the Group's position as a leading underwriter of CCTV's programme advertisements. The Group had approximately 41,209 minutes of advertising time resources for a total of 46 programmes on channels including CCTV-1 (General)/CCTV-News (Chinese), CCTV-2 (Finance), CCTV-4 (Chinese International, including Europe and US), CCTV-5 (Sports), CCTV-7 (Military and Agriculture) and CCTV-NEWS (English). We have advertising resources of the "Night News (晚間新聞)" on CCTV-1 (General), "News 30' (新聞30分)" joint broadcast on CCTV-1 (General)/CCTV-News (Chinese), "Make More Money" (生財有道) on CCTV-2 (Finance), "China News (中國新聞)", "Across the Strait (海峽兩岸)", "All-Day Package (全天時段套)", "Exposition of Chinese Culture Relics (國寶檔案)" and "China Showbiz (中國文藝)" on CCTV-4 (Chinese International, including Europe and US), "Weather Forecast" during "Sports News" programmes on CCTV-5 (Sports), seven programmes including "Zhi Fu Jing

(致富經)", "Focus on the Three Agricultural Issues (聚焦三農)" and "Daily Agricultural News (每日農經)" on CCTV-7 (Military and Agriculture), and all programmes on CCTV-NEWS (English).

II. Integrated Brand Communication Services

In addition to recommending advertisement placement on our exclusive underwritten media resources, the Group also offers a full range of campaign strategy and execution services that target our clients' different brand communication needs. A comprehensive advertising procurement system that covers TV, the Internet and mobile Internet, radio, print and outdoor media is in place. This system includes brand positioning, media strategy and procurement execution.

During the year under review, the Group successively acquired the businesses of omni-media procurement agency services of China Life Insurance (Group) Company, Postal Savings Bank of China and The People's Insurance Company (Group) of China Limited in the year of 2011 through 2012. Once again, the Group delivered impressive results in the 2012 CCTV Prime Time Resources Bidding. By adopting highly cost effective media strategies, it purchased on behalf of its clients advertising resources worth over RMB1.4 billion, which was more than double of 2011. The above achievements symbolise that the Group's integrated brand communication services have already established and are widely recognised by the market.

Additionally, the Group is the first domestic company in the industry to strategically expand into the international media domain. In 2011, we entered into cooperation agreements with MediaCorp from Singapore and CNBC, the world's largest financial TV station, from the United States of America, becoming their master advertising agent and exclusive advertising sales representative respectively in Mainland China. Expansion into the international media domain at the right time and pace not only demonstrates the Group's strategic development towards internationalisation, but also enables Chinese clients to develop global business with effective brand and advertising exposure in overseas markets through our abundant and high quality domestic and international media resources. This also allows the Group to gain firsthand experience from international communication services, winning the initiative for further development.

In line with the strategy of business globalisation, the Group has formally established its subsidiary in Hong Kong in September 2011. Currently, the Hong Kong subsidiary is mainly engaged in providing Hong Kong and overseas clients with advertising services of the Group's exclusive media resources which would help Hong Kong and offshore clients promote their corporate and product brands in Chinese market through the strongest media platform in the mainland. The Group is one of the few domestic advertising agencies that have overseas sales offices. We consider the establishment of the Hong Kong subsidiary as an important strategic deployment for the gradual expansion of the Group's overseas business.

III. Creative Production of Advertisement and Content

1. Creative production services for commercial advertisements and microfilms

Since establishment, the Group has produced numerous cases of successful advertisements. We have extensive execution experience in campaign strategy, brand creativity, visual design and filming of advertisements and won several prestigious awards both domestically and internationally. At the same time, the Group's client volume and contract amounts had also reached a record high. During the year under review, the Group acquired new business from Everbright Bank to provide annual service of creative advertisement and graphic design, as well as the domestic luxury brand "Royal Ruyi" to provide creative production of its image film.

In addition, the Group produced several microfilms applicable for interactive new media communications for clients. This particular service provides clients with creative production service for videos of longer duration and more vivid and rich content, so as to satisfy consumers' changing habit of watching video online and on mobile Internet.

2. Creative production and syndication of public service advertisements

The Group's wholly owned subsidiary Beijing Taihe Ruishi Culture and Media Company Limited is the only operator in China that has a nationwide public service advertising broadcast network of 150 regional television channels which not only helps SinoMedia to increase its influence in the creative production sector, but also supplements the Group's existing advertising media resources.

With the standardisation of the broadcasting of domestic commercial TV advertisements by the State Administration of Radio Film and Television, TV media increased the promotion of public service advertisements and the trend of using public service advertisements for building corporate brands become more prominent. Hence, the Group expects that through the independent creativity, filming and production of public service advertisements and their syndication to a wide range of regional television channels, this platform will attract more interest of clients, bringing in more sponsorship revenue from corporate clients for the Group.

3. Video dynamic management service

During the year under review, the Group set up the only media asset management system in advertising industry to provide clients with dynamic management services of gathering, collating, editing and the application of video information. It would help clients manage their video advertising more effectively and systematically. At the same time, the Group can significantly improve the efficiency of its production team which helps to improve the quality of video production service. This system is currently in service and enquiries are also received from interested clients.

IV. New Media Investment and Integration

The Group strongly believes that the increase in Internet population and the development of mobile smart terminals, the Internet, especially mobile Internet, will accelerate the change in the media industry and promote the consolidation and development of various media in the next decade. During this process, content production with creativity and communications capacity will be the core competitiveness of the media. Accordingly, during its process of developing into a leading media corporation in China, the Group will continue to pay particular attention to the development of content platforms in the new media and, leveraging on its own edges, it will focus on the development of video-related business.

In 2011, several key strategic investments were made or completed, including the investments in www.lotour.com, FoneNet Inc. ("100TV") and Beijing Zhongtoushixun Cultural Media Co., Ltd. ("Zhongtoushixun"), and the preparation for the establishment of the agricultural Internet portal www.wgool.com was started off in the second half of the year. The details are as follows:

1. 100TV

With the investment in 100TV completed in July 2011, the Group became the third largest shareholder of 100TV and appointed a member with preferred voting rights to join its board of directors. 100TV is one of the largest mobile TV platforms and service providers in China, focusing on the development of mobile TV technology and video players, and has obtained business licenses for telecommunications and information services and value-added telecommunications services.

2. Zhongtoushixun

The Group's acquisition of 5% stake in Zhongtoushixun was completed in July 2011. With the China Internet Information Center holding the controlling stake, Zhongtoushixun is a mobile TV operator that is responsible for the production of audio and visual content for CNLive's mobile TV platform, as well as mobile TV services through the mobile communication network. The company also provides video services to its subscribers through the Internet.

3. www.lotour.com

In December 2010, the Group entered into an agreement with Beijing Lotour Internet Technology Co., Ltd. to establish a joint venture for the exclusive operation of www.lotour.com, the largest Internet portal for the travel industry. During the year under review, the Group successfully completed its investment in this joint venture.

4. www.wgool.com

In August 2011, the Group started to build the Internet portal www.wgool.com which aims to becoming the largest and the most authoritative agricultural website in China. This website has been officially online in early 2012. This project demonstrates the Group's determination to develop its new media investment and integration business, and represents a critical initiative for the Group to expand its business to upstream content production of the media value chain and to establish a complete and three-dimensional media operation system. Moreover, it shows that the Group is optimistic towards the unprecedented opportunities arising from the informationalised development in the Chinese agriculture and the brand development of agricultural products.

During the year under review, the above projects as a whole did not yet make contribution to the profit of the Group. The Group expects to nurture the market with the project partners and develop the Group's integration and operation capability in the related new media sector in the next one to two years. Given the promising outlook of the aforementioned projects and our good expectation on the increasing synergy of our operations in the future, the Group believes that these sectors will soon become new revenue drivers of the Group after one to two years, and will play a positive role in the Group's growth in the long run.

FINANCIAL REVIEW

Revenue and Profit Attributable to the Equity Shareholders of the Company

For the year ended 31 December 2011, the Group recorded a revenue of RMB1,617,800 thousand, representing a 18% increase from RMB1,373,173 thousand recorded in 2010. The increase of the revenue was mainly attributable to (1) the increase of the average selling prices and the utilisation rates of the advertising time of the key programmes of the Group's core business, media resources management; (2) the continuous expansion of the scale of operation of the integrated brand communication services; and (3) the increase of the revenue of creative production of advertisement and content business driven by its continuously improving standard of work.

Details of the revenue are as follows:

I. Before the deduction for sales taxes and surcharges, revenue recorded from the media resources management was RMB1,605,435 thousand, up 16% from RMB1,378,316 thousand last year. The sustained growth of revenue from this business was attributable to the increase in the advertising time of exclusive underwritten resources sold, as compared with the last year. The Group managed to promote sales by enhancing sales efforts, offering a more diversified product portfolio and strengthening regional sales and promotional initiatives. Besides, the Group continued to enhance our professional services provided for clients.

II. Before the deduction for sales taxes and surcharges, turnover recorded from the integrated brand communication services was RMB849,943 thousand, up 54% from RMB552,619 thousand year-on-year. Under the International Accounting Standards, the Group's revenue shall be recognised on a net basis with the related procurement costs deducted from the turnover if the Group procures media resources in the capacity of an agency for clients, and pursuant to which, revenue from the business was 18,613 thousand, significantly increased 88% from RMB9,875 thousand year-on-year. The increase was mainly due to the fact that the Group enhanced its promotion efforts and increased resource allocation to this business, thereby increasingly expanding the scale of this business and gaining higher recognition from clients.

III. Before the deduction for sales taxes and surcharges, revenue from creative production of advertisement and content was RMB39,255 thousand, up 113% from RMB18,467 thousand year-on-year. This revenue included the revenue from production services for commercial advertising and revenue from the production and distribution of advertisements by the nationwide public service advertising broadcast network.

1. The Group provided full range of high-quality creative production of advertisement and content services for its clients. This year, the Group successfully won several large commercial advertisement production projects through creative proposals and competitive presentation, and achieved a significant increase in client volume and contract amounts compared with the last year.

2. The nationwide public service advertising broadcast network, which comprises numerous local TV stations, continued to maintain a favorable growth momentum after dedicated nurturing, and recorded an increase of revenue compared with the last year. The Group will continue to provide clients with opportunities to build their brands and corporate image on social responsibility at a cost lower than that of ordinary television commercials, with an aim to achieving the Group's goal of expanding to the upstream of the media value chain and developing innovative business models.

As the revenue recorded from all the above businesses grew significantly, while the cost of services and operating expenses were maintained at reasonable levels, the profit attributable to equity shareholders of the Company for the year ended 31 December 2011 rose to RMB238,945 thousand, representing a significant increase by 51% from RMB158,064 thousand year-on-year.

Operating Expenses

For the year ended 31 December 2011, the Group's overall operating expenses were RMB156,126 thousand, increased RMB19,813 thousand year-on-year, and accounted for 9.7% of the Group's revenue (year ended 31 December 2010: 9.9%).

The operating expenses include the followings:

I. Selling and marketing expenses amounted to RMB66,778 thousand, showing a slight decrease from RMB67,493 thousand last year, and accounted for 4.1% of the Group's revenue (year ended 31 December 2010: 4.9%). The decrease in selling and marketing expenses was mainly due to the fact that: (1) following the sharp increase in revenue, performance-based payroll of sales personnel rose by approximately RMB3,001 thousand year-on-year; (2) With the Group's measures on further control over expenses showing effect and the agency for some of the Group's exclusive underwritten TV programs approaching the maturity phase of their product life cycles, promotion and marketing expenses for activities including promotion fairs, market research and industry analyses decreased by approximately RMB5,874 thousand compared with the last year.

II. General and administration expenses amounted to RMB89,348 thousand, representing an increase of RMB20,528 thousand from the last year (year ended 31 December 2010: RMB68,820 thousand). The increase of the general and administration expenses was mainly due to:

1. In line with business expansion, additional office space and office equipment were needed. Lease and property management fees, office expenses and depreciation increased by approximately RMB10,175 thousand compared with the last year.

2. Provision for bad and doubtful debts and impairment on long-term investment for the year increased by approximately RMB4,892 thousand compared with the last year. Among them, provision for bad and doubtful debts significantly decreased by RMB14,060 thousand compared to last year under strict control over delayed payments for advertisements and our extra effort in managing the recovery of the receivables; but due to the drastic changes in market environment, for prudence and having taken into consideration of the evaluation results of the recoverability analysis, the Group made an one-off full impairment on an equity investment in a group purchase website for the year, which amounted to RMB18,952 thousand.

Before provision for bad and doubtful debts and impairment loss on long-term investment, general and administration expenses amounted to RMB71,212 thousand, representing 4.4% of the Group's revenue (year ended 31 December 2010: 4.0%). Despite the continuous expansion of the scale of the Group's operation, the amount of expenses as a percentage of the Group's revenue still remained at a relatively low level, which indicated that the Group maintained a satisfactory control over the general and administration expenses.

Significant Investments and Acquisitions

Major investments and acquisitions took place during the year are as follows:

I. The Group has completed the strategic equity investment in www.lotour.com, 100TV and Zhongtoushixun respectively. The details are set out in section headed "New media investment and integration" of Business Review.

II. In July 2011, the Group entered an agreement with Life Media Limited acquiring the minority interest of Life Media Limited and began business cooperation with it. Life Media Limited operates the domestic group purchase website "F-tuan". The group purchase business of F-tuan began in 2010. Currently, it is one of the leading brands in the highly competitive group purchase market in China.

III. In September 2011, the Group entered into a framework agreement with an independent third party to acquire a building for office premises purposes, located at the 12 Dongdaqiao Road, Chaoyang District which is at the heart of Beijing, at a consideration of RMB258 million.

To facilitate future development of the Group, the Group sees the need of consolidating current office locations of various subsidiaries and departments and preparing office for the operation of new projects. The acquisition will enhance the Group's general operation efficiency and increase the edges of overall internal coordination.

Liquidity and Financial Resources

During the year under review, the Group maintained adequate working capital and a strong financial position.

As at 31 December 2011, the Group's cash and bank balances amounted to RMB913,179 thousand (as at 31 December 2010: RMB795,791 thousand), up 15% compared to the last year, of which 97% was denominated in Renminbi and 3% in US dollar and other currencies.

The Group strengthened liquidity management to maintain adequate cash flows. During the year under review, the net cash inflow from operating activities amounted to RMB526,983 thousand (year ended 31 December 2010: RMB504,392 thousand). The Group reinforced the management of receivables and imposed strict control over delayed payments for advertisements. As a result, while the Group's revenue increased significantly year-on-year, its receivables remained at a low level. As at the end of the year, the Group's outstanding accounts receivables (excluding notes receivables) after provision for bad and doubtful debts amounted to RMB74,811 thousand.

As at 31 December 2011, the Group's total assets amounted to RMB1,851,158 thousand, which were financed by equity attributable to equity shareholders of the Company of RMB1,018,875 thousand, and non-controlling interests of RMB6,359 thousand. As at year end, there were no bank borrowings or assets held under financial lease.

The majority of the turnover, expenses and capital investments of the Group were denominated in RMB.

Human Resources

As at 31 December 2011, the Group had over 380 employees in total, increased by approximately 15% from the beginning of the year. We implement a remuneration policy that is competitive in the industry, and pay commissions to our sales people and discretionary bonuses to our other employees in view of 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. Share options that have been granted and remained unexercised as at the end of the year amounted to 36,780,000 units. We also continued to provide employees with benefits like insurance, medical check-ups and various training courses with a view to maintaining the Group's competitiveness.

INDUSTRY AND GROUP OUTLOOK

In 2011, China's economy growth was slowing down steadily. The Group considers that it is the expected outcome of PRC government curbing over-investment and restructuring industry. On the contrary, the news of "the once rapidly rising Consumer Price Index (CPI) turned around in the fourth quarter of 2011" and "the government decided to offer preferential treatment on corporate income tax for small and medium-sized enterprises" laid a foundation for the strong recovery of the economy in the second half of 2012. As to the industry, according to the latest release of China's advertising spending data compiled by an authoritative research institution, CTR Marketing Research, the total income of China's advertising market (measured by standard ratecards) grew by 13% in 2011, higher than the 9.2% growth rate of China's gross domestic product (GDP) for the year. Therefore, the Group will closely monitor the current uncertainties of the decreasing economic growth and the industry development, while still remains cautiously positive to the outlook of whole year of 2012.

We consider that driven by capital, technology and policy, consolidation in the industry will be further accelerated and the "Matthew effect" will appear among media and advertising companies. Whoever integrates various media platforms of television, the Internet and mobile internet better and coordinates the various sectors of the industry value chain will continue to lead the race.

The "opinions on further strengthening the management of television programmes of general satellite channels" (commonly called "cutback on TV entertainment") and the "notice of further strengthening the management of the advertisement broadcasting on radio and television" (commonly called "cutback on TV commercials") issued by the State Administration of Radio, Film and Television have been put into effect, which would slow down the migration of television audience to the Internet media, and also shrink the TV advertisement resources of entertainment shows and TV dramas, resulting in the improvement of the viewing experience of television audience. Hence, the Group firmly believes that having news programmes as its core, the media resources management business that accounts for the majority of the Group's businesses will continue to grow consistently and rapidly.

However, the rapid increase in the number of users of new media will cause a profound change in media industry. According to the "29th Statistical Report on Internet Development in China" published by the China Internet Network Information Center (CNNIC), as of the end of December 2011, China had a total of over 500 million Internet users, including 325 million online video users and 356 million mobile Internet users. The Group expects that the increasing smartphone population in China will trigger a wave of innovative developments just like that happened on desktop computers.

Leveraging on its competitive edges and upholding the principle of "video media operation as its core", the Group will integrate various terminals like television, the Internet and mobile Internet. In particular, we will assure that operation of the agricultural Internet portal, www.wgool.com, will be stable in the first half of 2012, and at the same time we will strive to complete one to two investment projects on video platforms during the year in order to lay a foundation for diversifying source of income and sustainable development of the Group. During the process, the Group will continue to increase its investment on human resources and management to maintain its core competencies.

From the perspective of clients, we reckon that the “one-stop” service concept covering creative and production, advertising strategy and procurement, public relations activity is a general trend. Therefore, we will accelerate our cooperation with overseas media to cater to the increasing communication needs of domestic brands, and at the same time get in touch with clients proactively in various aspects of the above so as to satisfy clients’ multiple demands.

We believe that with the continued growth of China’s economy and the opportunities in the vibrant domestic media industry, the Board of Directors, the management and the Group’s entire staff will all aim at realising the mission of becoming a leading media corporation in China and worldwide. With the Group’s concerted efforts and proactive attitude, we will continue to deliver the good investment returns to our shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year ended 31 December 2011, the company repurchased 10,218,000 ordinary shares on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at an aggregate price of HK$24,090,040. The repurchased shares had been cancelled subsequently. The details of the repurchased shares are as follows:

Date	**Number of Shares Repurchased**	**Highest Price paid per share** *HKD*	**Lowest Price paid per share** *HKD*	**Aggregate price paid** *HKD*
22 June 2011	322,000	2.47	2.39	786,290
23 June 2011	325,000	2.57	2.47	822,110
24 June 2011	50,000	2.54	2.54	127,000
27 June 2011	1,000	2.61	2.61	2,610
29 June 2011	140,000	2.70	2.70	378,000
30 June 2011	13,000	2.70	2.70	35,100
12 July 2011	402,000	2.70	2.68	1,084,800
5 August 2011	465,000	2.62	2.53	1,197,930
8 August 2011	419,000	2.50	2.35	1,007,860
9 August 2011	77,000	2.46	2.44	189,010
10 August 2011	500,000	2.58	2.48	1,263,420
22 August 2011	250,000	2.46	2.46	615,000
6 September 2011	116,000	2.55	2.54	295,640
14 September 2011	1,000,000	2.47	2.42	2,440,270
15 September 2011	564,000	2.51	2.47	1,398,840
16 September 2011	327,000	2.58	2.52	842,340
20 September 2011	437,000	2.52	2.47	1,092,070
22 September 2011	1,500,000	2.40	2.25	3,498,280
23 September 2011	1,310,000	2.28	2.13	2,907,270
26 September 2011	1,500,000	2.18	2.00	3,134,600
3 October 2011	500,000	1.97	1.92	971,600
	10,218,000			24,090,040

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2011, the Company had complied with all the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save for the deviation from code provision B.1.1 which provides that a majority of the members of the remuneration committee should be independent non-executive directors. During the period from 20 May 2011 to 24 August 2011, after the retirement of Mr. Chen Tianqiao from being an independent non-executive Director and a member of the Remuneration Committee of the Company and before the appointment of Mr. Lian Yuming as a member of the Remuneration Committee, the committee has only two members, one of whom is an independent non-executive Director.

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 confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2011.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has, together with the management of the Company, reviewed the Group's audited consolidated financial statements and the annual report for the year ended 31 December 2011, including the accounting principles and practices adopted by the Group.

FINAL AND SPECIAL DIVIDENDS

The Company is always committed to providing attractive returns for its shareholders and maintaining a stable dividend policy. In view of the Group's continuing strong liquidity, the Board recommended a final dividend of HK10.6 cents (2010: HK6.6 cents) per share and a special dividend of HK10.6 cents (2010: HK6.6 cents) per share, with an aggregate value of approximately RMB96 million, to shareholders. Subject to the approval of shareholders at the forthcoming annual general meeting to be held on Wednesday, 23 May 2012 (the "AGM"), the final and special dividends will be paid in Hong Kong dollars on or about Thursday, 14 June 2012 to those members registered in the Company's register of members as at Wednesday, 30 May 2012.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Wednesday, 23 May 2012. Notice of the AGM together with the Company's annual report for the year ended 31 December 2011 will be dispatched to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 21 May 2012 to Wednesday, 23 May 2012 (both dates inclusive), for the purposes of determining the entitlements of shareholders to attend and vote at the AGM. No transfer of shares may be registered on those dates. In order to qualify to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Friday, 18 May 2012.

The register of members of the Company will also be closed from Tuesday, 29 May 2012 to Wednesday, 30 May 2012 (both dates inclusive), for the purposes of determining the entitlements of shareholders to the proposed final dividend and special dividend upon the passing of relevant resolution. No transfer of shares may be registered on those dates. In order to qualify for the proposed final dividend and special dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Monday, 28 May 2012.

On behalf of the Board
SinoMedia Holding Limited
CHEN Xin
Chairman

Hong Kong, 16 March 2012

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.