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 2012

FINANCIAL SUMMARY

RMB'000	**For the year ended 31 December 2012**	For the year ended 31 December 2011	**Change (%)**
Revenue	**1,642,113**	1,617,800	+2%
Profit from operations	**419,672**	352,292	+19%
Profit attributable to equity shareholders of the Company	**302,591**	238,945	+27%
Earnings per share *(RMB)*			
— Basic	**0.544**	0.424	+28%
— Diluted	**0.532**	0.419	+27%
Proposed dividends per share *(HKD)*			
— Final	**13.5 cents**	10.6 cents	+27%
— Special	**13.5 cents**	10.6 cents	+27%

Revenue:

RMB'000	**For the year ended 31 December 2012**	For the year ended 31 December 2011	**Change (%)**
Media resources management	**1,592,942**	1,605,435	-1%
Integrated brand communication services	**39,276**	18,613	+111%
Creative production of advertisement and content	**35,706**	39,255	-9%
Others	**145**	638	-77%
Sales taxes and surcharges	**(25,956)**	(46,141)	-44%
Revenue	**1,642,113**	1,617,800	

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 (collectively the "**Group**") for the year ended 31 December 2012, with comparative figures for previous year.

Consolidated Income Statement

For the year ended 31 December 2012

	Note	**2012** *RMB'000*	2011 *RMB'000*
Revenue		**1,642,113**	1,617,800
Cost of services		**(1,071,396)**	(1,116,620)
Gross profit		**570,717**	501,180
Other income	3	**25,630**	7,238
Selling and marketing expenses		**(68,216)**	(66,778)
General and administrative expenses		**(108,459)**	(89,348)
Profit from operations		**419,672**	352,292
Finance income		**25,184**	17,068
Finance costs		**(6,595)**	(728)
Net finance income	4(a)	**18,589**	16,340
Share of loss of associates		**(1,169)**	(7,169)
Profit before taxation	4	**437,092**	361,463
Income tax	5	**(131,468)**	(119,132)
Profit for the year		**305,624**	242,331
Attributable to:			
Equity shareholders of the Company		**302,591**	238,945
Non-controlling interests		**3,033**	3,386
Profit for the year		**305,624**	242,331
Proposed dividends	6	**121,306**	96,004
Earnings per share	7		
Basic earnings per share *(RMB)*		**0.544**	0.424
Diluted earnings per share *(RMB)*		**0.532**	0.419

Consolidated Statement of Financial Position

At 31 December 2012

	Note	**2012**	2011
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment	8	**53,253**	56,229
Investment property	8	**3,766**	3,899
Prepayments		**792,869**	230,000
Interest in associates		**48,086**	47,722
Other non-current financial assets		**24,339**	30,447
Deferred tax assets		**5,146**	3,643
		927,459	371,940
Current assets			
Trade and other receivables	9	**468,945**	566,039
Cash and cash equivalents		**1,442,752**	913,179
		1,911,697	1,479,218
Current liabilities			
Trade and other payables	10	**1,501,348**	742,860
Current taxation		**91,666**	68,819
		1,593,014	811,679
Net current assets		**318,683**	667,539
Total assets less current liabilities		**1,246,142**	1,039,479
Non-current liability			
Other non-current financial liability		**12,442**	14,245
		12,442	14,245
NET ASSETS		**1,233,700**	1,025,234

	2012	2011
	RMB'000	*RMB'000*
CAPITAL AND RESERVES		
Share capital	**171**	171
Reserves	**1,224,542**	1,018,704
Total equity attributable to equity shareholders of the Company	**1,224,713**	1,018,875
Non-controlling interests	**8,987**	6,359
TOTAL EQUITY	**1,233,700**	1,025,234

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Attributable to equity shareholders of the Company										
	Share Capital	Share premium	Capital redemption reserve	Capital reserve	Statutory reserve	Translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2011	174	468,406	18	18,030	55,217	1,506	(9,338)	315,127	849,140	6,904	856,044
Equity-settled share-based transactions	—	—	—	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 option	—	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
Equity-settled share-based transactions	—	—	—	3,904	—	—	—	—	3,904	—	3,904
Purchase of own shares	(1)	—	1	—	—	—	—	(7,346)	(7,346)	—	(7,346)
Dividends	—	—	—	—	—	—	—	(96,546)	(96,546)	(405)	(96,951)
Appropriation to reserves	—	—	—	—	136	—	—	(136)	—	—	—
Exercise of share option	1	3,764	—	(1,263)	—	—	—	—	2,502	—	2,502
Total comprehensive income for the year	—	—	—	—	—	733	—	302,591	303,324	3,033	306,357
Balance at 31 December 2012	**171**	**472,973**	**22**	**34,972**	**60,788**	**(3,430)**	**(9,338)**	**668,555**	**1,224,713**	**8,987**	**1,233,700**

Consolidated Cash Flow Statement

For the year ended 31 December 2012

	2012	2011
	RMB'000	*RMB'000*
Cash flows from operating activities		
Profit before taxation	**437,092**	361,463
Adjustments for:		
Depreciation	**7,243**	6,799
Net (gain)/loss on sale of property, plant and equipment	**(11)**	434
Impairment loss on other non-current financial assets	**—**	18,952
Impairment loss on interest in associates	**9,380**	—
Finance costs	**5,201**	579
Finance income	**(25,184)**	(17,068)
Share of loss of associates	**1,169**	7,169
Equity-settled share-based payment expense	**3,904**	4,645
	438,794	382,973
Decrease/(Increase) in trade and other receivables	**111,094**	(151,899)
Increase in trade and other payables	**758,083**	374,608
	1,307,971	605,682
PRC income tax paid	**(110,124)**	(78,699)
Net cash generated from operating activities	**1,197,847**	526,983
Cash flows from investing activities		
Interest received	**23,381**	10,589
Proceeds from sales of property, plant and equipment	**511**	377
Payment for the purchase of property, plant and equipment	**(4,634)**	(9,148)
Prepayment for acquisition of a property	**(554,000)**	(230,000)
Prepayment for acquisition of an entity	**(22,869)**	—
Payment for acquisition of associates	**(10,000)**	(51,880)
Payment for acquisition of other non-current financial assets	**—**	(38,952)
Net cash used in investing activities	**(567,611)**	(319,014)

	2012	2011
	RMB'000	*RMB'000*
Cash flows from financing activities		
Proceeds from shares issued under share option scheme	**2,502**	617
Acquisition of non-controlling interests	**—**	(3,583)
Payment for purchase of own shares	**(7,346)**	(19,722)
Dividends paid to equity shareholders of the Company	**(96,546)**	(62,224)
Net cash used in financing activities	**(101,390)**	(84,912)
Net increase in cash and cash equivalents	**528,846**	123,057
Cash and cash equivalents at 1 January	**913,179**	795,791
Effect of exchange rate changes	**727**	(5,669)
Cash and cash equivalents at 31 December	**1,442,752**	913,179

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 ("**IFRS**") 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 ("**Stock Exchange**").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value according to the relevant accounting policies:

- derivative financial instruments

The IASB has issued several amendments to IFRS that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IFRS 7, *Financial instruments: Disclosures* — Transfers of financial assets
- Amendments to IAS 12, *Income taxes — Deferred tax*: Recovery of underlying assets

The amendments to IFRS 7 and IAS 12 have had no material impact on the Group's financial statements as either the amendments were consistent with policies already adopted by the Group or these changes will be effective as and when the Group enters a relevant transaction. None of the other developments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 Other income

	2012	2011
	RMB'000	*RMB'000*
Government grant	**25,468**	6,675
Others	**162**	563
	25,630	7,238

4 Profit before taxation

(a) Finance income and costs

	Note	**2012** **RMB'000**	2011 *RMB'000*
Interest income on bank deposits		**23,381**	9,610
Changes in fair value of derivative financial instruments	(i)	**1,803**	7,458
Finance income		**25,184**	17,068
Changes in fair value of derivative financial instruments	(i)	**(5,201)**	(579)
Net foreign exchange loss		**(1,359)**	(149)
Others		**(35)**	—
Finance costs		**(6,595)**	(728)
Net finance income		**18,589**	16,340

(i) 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.

It also includes the change in the present value of the expected consideration to be paid for the acquisition by the Group of remaining equity interest in a non-wholly owned subsidiary.

(b) Staff cost

	2012 **RMB'000**	2011 *RMB'000*
Salaries, wages and other benefits	**61,143**	46,131
Contribution to defined contribution plan	**13,336**	9,448
Equity-settled share-based payment expense	**3,904**	4,645
	78,383	60,224

(c) Other items

	2012 **RMB'000**	2011 RMB'000
Depreciation	**7,243**	6,799
Impairment losses	**20,801**	18,136
Operating lease charges	**10,119**	6,514
Auditors' remuneration	**3,100**	3,100
Professional fee	**3,133**	3,219

5 Income tax

	2012	2011
	RMB'000	*RMB'000*
Current tax		
Provision for PRC income tax	**132,971**	118,068
Deferred tax		
Origination and reversal of temporary differences	**(1,503)**	1,064
Total income tax expense	**131,468**	119,132

No provision has been made for Hong Kong profits tax as the Company and its subsidiary in Hong Kong 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.

Except for the Company and its subsidiary in Hong Kong, applicable income tax rate of other Group entities in the PRC is the uniform tax rate of 25%.

6 Proposed dividends

	2012	2011
	RMB'000	*RMB'000*
Dividends proposed after the balance sheet date:		
Proposed final dividend of HKD13.5 cents (equivalent to approximately RMB10.9 cents) per ordinary share (2011: HKD10.6 cents, approximately RMB8.6 cents)	**60,653**	48,002
Proposed special dividend of HKD13.5 cents (equivalent to approximately RMB10.9 cents) per ordinary share (2011: HKD10.6 cents, approximately RMB8.6 cents)	**60,653**	48,002
	121,306	96,004

Pursuant to a resolution passed at the Director's meeting on 20 March 2013, a final dividend of HKD13.5 cents per share and a special dividend of HKD13.5 cents per share in respect of the year ended 31 December 2012 totalling HKD150,035 thousand (equivalent to approximately RMB121,306 thousand at an exchange rate of 0.80852) will be proposed for shareholders' approval at the Annual General Meeting. Final dividend and special dividend of HKD150,035 thousand in total proposed after the statement of financial position date has not been recognised as a liability at the end of the reporting period.

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 RMB302,591 thousand (2011: RMB238,945 thousand) and the weighted average of 556,598 thousand ordinary shares (2011: 563,649 thousand shares) in issue during the year, calculated as follows:

Profit attributable to ordinary equity shareholders	**2012** ***RMB'000***	2011 *RMB'000*
Profit for the year	**302,591**	238,945
Profit attributable to ordinary equity shareholders	**302,591**	238,945

Weighted average number of ordinary shares	**2012** ***'000***	2011 *'000*
Issued ordinary shares at 1 January	**557,025**	566,838
Effect of issues of ordinary shares upon exercise of share options	**1,262**	181
Effect of purchase of own shares	**(1,689)**	(3,370)
Weighted average number of ordinary shares at 31 December	**556,598**	563,649

(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 RMB302,591 thousand (2011: RMB238,945 thousand) and the weighted average number of ordinary shares after adjusting for the effect of share options on issue of 569,190 thousand shares (2011: 570,921 thousand shares), calculated as follows:

Profit attributable to ordinary equity shareholders (diluted)	**2012** ***RMB'000***	2011 *RMB'000*
Profit attributable to ordinary equity shareholders (basic and diluted)	**302,591**	238,945

Weighted average number of ordinary shares (diluted)	**2012** ***'000***	2011 *'000*
Weighted average number of ordinary shares (basic)	**556,598**	563,649
Effect of share options on issue	**12,592**	7,272
Weighted average number of ordinary shares (diluted) at 31 December	**569,190**	570,921

8 Property, plant and equipment and investment property

	Buildings *RMB'000*	Fixtures, fittings and computer equipment *RMB'000*	Motor vehicles *RMB'000*	Sub-total *RMB'000*	Investment property *RMB'000*	Total *RMB'000*
Original cost						
Balance at 1 January 2011	50,162	4,462	14,064	68,688	—	68,688
Additions	—	2,221	6,927	9,148	3,988	13,136
Disposals	—	(925)	(2,927)	(3,852)	—	(3,852)
Balance at 31 December 2011	50,162	5,758	18,064	73,984	3,988	77,972
Balance at 1 January 2012	50,162	5,758	18,064	73,984	3,988	77,972
Additions	—	4,159	475	4,634	—	4,634
Disposals	—	(3,064)	(2,373)	(5,437)	—	(5,437)
Balance at 31 December 2012	**50,162**	**6,853**	**16,166**	**73,181**	**3,988**	**77,169**
Depreciation						
Balance at 1 January 2011	5,679	1,639	6,769	14,087	—	14,087
Depreciation for the year	1,048	2,780	2,882	6,710	89	6,799
Disposals	—	(922)	(2,120)	(3,042)	—	(3,042)
Balance at 31 December 2011	6,727	3,497	7,531	17,755	89	17,844
Balance at 1 January 2012	6,727	3,497	7,531	17,755	89	17,844
Depreciation for the year	2,301	1,899	2,910	7,110	133	7,243
Disposals	—	(2,059)	(2,878)	(4,937)	—	(4,937)
Balance at 31 December 2012	**9,028**	**3,337**	**7,563**	**19,928**	**222**	**20,150**
Carrying amounts						
At 31 December 2011	43,435	2,261	10,533	56,229	3,899	60,128
At 31 December 2012	**41,134**	**3,516**	**8,603**	**53,253**	**3,766**	**57,019**

9 Trade and other receivables

	Note	2012 RMB'000	2011 RMB'000
Trade debtors and bills receivable	(i)	**173,979**	151,953
Less: allowance for doubtful debts	(i)	**(65,129)**	(58,216)
		108,850	93,737
Prepayments and deposits to media suppliers		**308,047**	465,381
Advances to employees		**4,474**	2,398
Other debtors and prepayments		**52,238**	4,687
Less: allowance for doubtful debts of other debtors		**(4,664)**	(164)
		468,945	566,039

(i) As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), is as follows:

	2012 RMB'000	2011 RMB'000
Neither past due nor impaired	**84,391**	69,816
Less than 6 months past due	**24,212**	23,137
More than 6 months but less than 12 months past due	**247**	784
Total amount past due	**24,459**	23,921
	108,850	93,737

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.

10 Trade and other payables

	Note	2012	2011
		RMB'000	*RMB'000*
Trade payables	(i)	**1,165,772**	432,475
Payroll and welfare expenses payables		**17,302**	14,681
Other tax payables		**4,708**	11,726
Other payables and accrued charges		**4,135**	8,301
Dividends payable due to non-controlling interest of a subsidiary		**1,051**	646
		1,192,968	467,829
Advances from customers		**308,380**	275,031
		1,501,348	742,860

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

	2012	2011
	RMB'000	*RMB'000*
Due within three months	**406,901**	94,925
Due after three months but within six months	**116,532**	105,235
Due after six months but within one year	**642,339**	232,315
	1,165,772	432,475

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT THE GROUP

In 2012, the Group proactively responded to the challenges posed by China's economic fluctuations and changes in China's media advertising industry. Adhering to the objective of "actively expand the market of its existing businesses, make great effort to develop new businesses, and strive to achieve its annual development goals", the Group achieved steady improvement in the ability of self-construction and brand establishment. The Group has demonstrated its competitive edge in various links along the full industry value chain, such as media resources management, integrated brand communication services, and creative production of advertisement and content, and further expanded its market share. Moreover, its "Three Screens" strategic layout was preliminarily completed with the operation of the new media investment and integration business.

While continuing to highlight its notable advantage on managing resources of China Central Television ("**CCTV**") and other core media, the Group focuses on the development of the integrated brand communication services, and recorded encouraging results. Through investments in agricultural information portal website, digital television channel and video website, the Group achieved a significant breakthrough in the establishment of digital media which stepped up on its strategic path set out by the Board of Directors of becoming "a media corporation with video media management as its core business".

With regard to internal management, to meet the demand for strategic development and group management, the Group enriched the function of its organisational structure and improved the efficiency of management logistics; it introduced and implemented professional human resources management system; it also acquired "Tianjie Building" to consolidate and centralise the offices of relevant subsidiaries and business segments, in order to enhance the internal communication efficiency. At this point, the Group completed the strategic transition from an advertising agency to a media corporation.

BUSINESS OVERVIEW

I. Media Resources Management

In media resources management, the Group is one of the leading operators for CCTV in terms of the longest partnership, an abundance of underwriting resources, largest partnership scale of operations, and has won the CCTV Top Ten Advertising Agencies award and the CCTV Outstanding Achievement Award for Advertising Agency for consecutive years. Leveraging over fourteen years of cooperation with CCTV, a diversified customer base, plentiful working capital and an experienced management team, the Group continues to enjoy notable advantages under a complex market environment.

During the period 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 an exclusive underwriter of CCTV's program advertisements. The Group had approximately 39,718 minutes of advertising time resources on a total of 50 programs on channels including CCTV-1 (General)/CCTV-News (Chinese), CCTV-4 (Chinese International, including Europe and the US), CCTV-5 (Sports), CCTV-7 (Military and Agriculture) and CCTV-NEWS (English) across a variety of program types such as news, culture, arts, sports, life, agriculture, feature programmes and other topics. Its specific advertising resources include the "Night News" (晚間新聞) on CCTV-1 (General), "News 30" (新聞30分) jointly broadcasted on CCTV-1 (General)/CCTV-News (Chinese), "China News" (中國新聞), "Across the Straits" (海峽兩岸), "Exposition of Chinese Cultural Relics" (國寶檔案) and "China Showbiz" (中國文藝) on CCTV-4 (Chinese International, including Europe and the US), "Weather Forecast" during "Sports News" programs on CCTV-5 (Sports), programs including "Zhi Fu Jing" (致富經), "Focus on the Three Agricultural Issues" (聚焦三農), "Daily Agricultural News" (每日農經) and "The Rural World" (鄉村大世界) on CCTV-7 (Military and Agriculture), and all programs on CCTV-NEWS (English).

II. Integrated Brand Communication Services

Integrated brand communication services is one of the Group's recent development focus. By consolidating brand communication needs, the Group offers its customers various services including brand positioning and planning, market research and consultancy, media strategy and research, media procurement and placement, planning and execution of public relations, and placement monitoring and evaluation, covering the resources of omni-media brand communication and service solutions on TV, the Internet and mobile Internet, radio, print and outdoor media.

During the year under review, the Group successfully renewed its contracts with the Postal Savings Bank of China, China Life Insurance Company, and the People's Insurance Company of China (PICC), continuing to undertake their media procurement services business for the year. The Group was also engaged by China Construction Bank Corporation, Guangzhou Wanglaoji Health Industry Company and Suning Appliance Company for its TV advertising placement and service agency business. Once again, the Group delivered impressive results in the 2013 CCTV Prime Time Resources Auction. By adopting highly cost effective media strategies, it purchased, on behalf of its clients from the industries such as finance, transportation, food and health care products, advertising resources worth over RMB1.8 billion, representing an year-on-year increase of 28%, with an increase in market share accordingly.

The Group's creative planning case "PICC by My Side" was awarded the "Bronze Award for General Media Placement — Media Planning" at the award ceremony of the seventh China 4A Golden Seal Award. The award is a substantive recognition of the ability of the Group's integrated communication service. Meanwhile, during the year under review, there was an advancing progress in the volume of media procurement business of the Group with the amount of online media procurement exceeded RMB10 million.

The Group also continues to cooperate with MediaCorp of Singapore and the US financial TV station CNBC, building a new global television network resources communication platform to promote the influence of Chinese brands around the world.

III. Creative Production of Advertisement and Content

1. *Creative production services for commercial advertisements and microfilms*

From the beginning, the Group has possessed an outstanding content creation gene. At present, with a creative and strategic team of over forty members, the Group has provided comprehensive, professional and sophisticated creative advertisement and video content production services to numerous business sectors, corporations and city governmental institutions and regions, covering various formats including advertisements, features, micro films and video programs, and has won a number of national and international awards.

During the year under review, the following works were selected in the "IAI Annual Book of Chinese Advertising Work" (IAI 中國廣告作品年鑒) after an overall evaluation by the book's editorial board, including video assignments: "Beauty beyond Imagination — Tangshan" (想不到的美篇－唐山); "The Interview — Everbright Bank" (訪談篇－光大銀行); "The Ultimatum — Royal Ruyi" (極致篇－皇家如意); and "Tailor-made — Nogara" (定制篇－路嘉納). Print products "The Roller Coaster — Durex Pleasuremax" (過山車篇－杜蕾斯螺紋裝) and "One Person, One World — Everbright Private Banking" (一人一世界篇－光大私人銀行). SinoMedia's 2011 Annual Report, a product designed on the theme of "Breakthrough" by the Group's visual art center was also awarded the "League of American Communications Professionals Silver Award" and "Cover Design Honor Award (Media and Advertising Companies)". During the year under review, the Group has produced more than twenty video assignments in total, including: the initial public offerings propaganda video, two micro films "Action to Wish" (心願行動) and "Always with You" (一直在你身邊), and a promotional video "Warm Life Series" (溫暖生活篇) of PICC; the propaganda of Changbaishan International Resort of Dalian Wanda Group; "Country's Luck — Testimony" (國緣－見證篇) and "Luck for this Life — Nostalgie" (今世緣－懷舊篇), commercials for King's Luck Brewery; "The World" (世界篇), a commercial for Yunfu Stone; and the commercials for Henan Province Tourism Administration, etc.

2. *Creative production and syndication of public service advertisements*

Beijing Taihe Ruishi Advertising Company Limited, a wholly-owned subsidiary of the Group, is the only operator in China that has a nationwide public service advertising broadcast network of 150 regional television channels. This platform creates a good social morality and promotes progress in social civilisation through the dissemination of public service advertisements beneficial to the social concept, so as to create a macro effect on the society and the public. During the year under review, through optimal adjustment in organisational structure and management, there was a significant improvement in the quality of media collaboration for the company. It was also in collaboration with the public service advertisement production business of CCTV to strive for the development goal of becoming the "communication experts in public service brands".

3. *Video dynamic management services*

With the only media asset management system in the advertising industry, the system's database provides clients with the dynamic management services of gathering, collating, editing and applying video information. The database is proven in practice to substantially shorten the production cycles for clients' promotional videos, and provides a full range of source materials for production, resulting in a more effective and systematic video promotion campaign for clients. At the same time, the system significantly improves the efficiency of the Group's post-production team and the quality of its video production services. The system continued to provide highly efficient services during the year under review, and the Group planned to create dedicated databases for more customers to generate management income.

IV. New Media Investment and Integration

New media investment and integration plays an important role in the Group's ambitious expansion to the upstream media business and its integration of the industry value chain. The Group believes that in order to achieve its strategic transition from an advertising agency to a media corporation, it is vital for the Group to secure a strong and long-term foothold as well as advancement in respect of "Channel+Content" development in the upstream media business. In terms of "Channel", the Group strongly believes that in the next decade, with the increase in the Internet population and the development of mobile smart terminals, the Internet, especially the mobile Internet, will accelerate changes in the media industry and promote the consolidation and development of various media. Accordingly, the Group has continued to pay particular attention to the development of content platforms in the new media industry and, leveraging its own strengths, focused on the development of video-related business. During this process, creative content production with communication capacity will be the core competitiveness for all video media.

During the year under review, the Group's first self-developed agricultural information portal website was officially launched online, and key strategic investments in the digital TV channel "Super Channel" (環球奇觀) and the video clips website "boosj.com" (播視網) was preliminarily completed.

Details of the Group's investment projects during 2012 are as follows:

1. ***Boosj.com (播視網)***

In December 2012, the Group acquired Hangzhou 3G Media Company Limited (杭州三基傳媒有限公司), the operator of the video website boosj.com. Boosj.com is currently a leading integrated video website in Mainland China with WEB2.0 technology as its core element. With the concept of "New Videos, New Life", boosj.com integrates a wide variety of program resources with in-depth information regarding the hot news, entertainment, travel, fashion, cars and games. Boosj.com is devoted to establishing a video clips sharing video website dedicated to users in Mainland China and Chinese users from around the globe.

Leveraging its own robust development momentum, boosj.com has won various awards provincially and within the industry for consecutive years. According to data from iResearch, as of September 2012, boosj.com was ranked 12th place among the integrated video websites in China, 7th place among the professional video websites in Mainland China, and one of the top three among unlisted or not yet acquired integrated video websites.

The acquisition is of utmost importance to realise the Group's strategic goal of setting "video media management as its core business". Following the establishment of the self-developed agricultural information portal "wugu.com.cn" as well as the acquisition of equity interest in projects such as the digital pay TV channel "Super Channel" and the mobile TV platform "100TV", the Group has completed its "Three Screens" strategic layout of "TV+Internet+mobile".

2. Wugu.com.cn (吾谷網)

With an objective of becoming the largest and the most authoritative agricultural portal website in China, wugu.com.cn officially went online in February 2012, and is one of the Group's projects devoted to expanding its business to the upstream of the media industry value chain. Through obtaining capital injection and professional support together with elites and talents from the fields of Internet technology, agriculture and brand communication, wugu.com.cn has been positioned as the fastest growing new media platform amongst the agricultural media in Mainland China. In an effort to establish an integrated agricultural portal website which provides information communication services within the full agricultural industry value chain, wugu.com.cn is the first website to introduce the concept of "Origin in China" (中國原產地). Adhering to this concept, it has also launched a "Specialty Page", which acts as a new base for information exchange regarding agricultural specialties in Mainland China.

In just a few months after its official launch, wugu.com.cn has developed rapidly and was ranked one of the top three in terms of Internet traffic amongst integrated agricultural websites in China. As of December 2012, wugu.com.cn had an average number of visits per day of 320,000 with visits from 86,000 independent IP addresses. Accordingly, it was ranked the first in the Alexa global ranking amongst agricultural Internet media in China.

3. Super Channel (環球奇觀)

In March 2012, the Group entered into an agreement with Global Broadcasting Media Group (國廣環球傳媒控股有限公司), a company under China Radio International, to invest and participate in the operations of Super Channel, a digital pay TV channel. The digital pay TV channel Super Channel is approved by the State Administration of Radio Film and Television as a humanities and science educational TV channel featuring various spectacles. Since its first broadcast through satellite television in 2007, the channel has broadcast in 252 provinces and cities through cable networks, covering a TV audience of nearly 50 million.

The three abovementioned new projects, together with the Group's investments in the projects of CNLive and 100TV in 2011, has further strengthened the Group's channel layout which acts as a key framework for the Group's "Channel+Content" strategic development into the upstream media business.

FINANCIAL REVIEW

Revenue and Profit Attributable to the Equity Shareholders of the Company

For the year ended 31 December 2012, the Group recorded revenue of RMB1,642,113 thousand, representing an increase of 2% from RMB1,617,800 thousand last year.

Revenue details for the year under review are as follows:

I. Before the deduction for sales taxes and surcharges, revenue recorded from media resources management was RMB1,592,942 thousand, down 1% from RMB1,605,435 thousand last year. The drop in revenue was mainly attributable to the following:

(1) Since the beginning of this year, the domicile of the Group's principal operating subsidiaries have launched tax reforms, shifting from business taxes to value-added taxes; the revenue for the year ended 2012 was, therefore, the amount excluding tax (based on the amount of sales contracts divided by 106%). If the revenue included tax, revenue for the year would have increased by approximately 5% year-on-year.

(2) In view of macroeconomic uncertainties and market environment factors, the domestic advertising industry faced a slowdown in 2012 and experienced nearly zero growth in the first half of the year. However, the Group promoted sales by enhancing sales efforts, offering a diversified media product portfolio, and strengthening regional and industry specific promotional initiatives. As a result, the Group experienced a significant rebound in revenue in the second half of the year, and recorded a moderate increase in revenue for the year.

II. Before the deduction for sales taxes and surcharges, turnover recorded from integrated brand communication services was RMB1,232,114 thousand, up 45% from RMB849,943 thousand last year. Under the International Accounting Standards, the Group's revenue is credited as net commission with relevant procurement costs deducted from turnover if the Group procures media resources in the capacity of an agent for clients. On this basis, revenue from this business was RMB39,276 thousand, a significant increase of 111% over RMB18,613 thousand last year. The continuous increase in revenue was mainly attributable to the Group's increased promotion efforts and resource allocation to this business, which encouraged the steady expansion in the scale of operation of the business. In addition, the Group has persistently enhanced its professional service capabilities, and thus gained recognition from an increasing number of clients and acquired more major clients from the fields of finance, insurance and consumer goods.

III. Before the deduction for sales taxes and surcharges, revenue recorded from creative production of advertisement and content was RMB35,706 thousand, down 9% from RMB39,255 thousand last year. Excluding the impact arising from the tax reform of shifting from business taxes to value-added taxes (given that the accounting revenue was reverted to revenue inclusive of tax), revenue from creative production of advertisement and content would have decreased 4% as compared to last year.

    Revenue from this business segment mainly included revenue from commercial advertisement production and revenue from the production and distribution of promotional videos by the nationwide public service advertising broadcast network, amongst which:

    (1) The commercial advertisement production segment continued to develop and recorded an increase in revenue, client volume and contract value as compared to last year;

    (2) Revenue from the production and distribution of promotional videos for the nationwide public service advertising broadcast network decreased as compared to last year. The decrease in revenue for this business was mainly due to the sluggish overall market conditions and uncertain market outlook. In view of the above, the Group determined that the clients' demand for this business would be temporarily weakened, and thus reduced the resource and management time devoted to this business segment accordingly. Looking ahead, with gradual improvement in market conditions and growing demand from clients, revenue from this business will resume its normal growth rate, and the management of the Group is optimistic about its future performance.

As the overall revenue recorded from the above businesses grew as compared to last year, while the increases in the cost of services and operating expenses were controlled at reasonable levels, the profit attributable to equity shareholders of the Company for the year ended 31 December 2012 rose to RMB302,591 thousand, representing an year-on-year increase of 27% from RMB238,945 thousand last year.

Operating Expenses

For the year ended 31 December 2012, the Group's operating expenses were RMB176,675 thousand in aggregate, representing an year-on-year increase of RMB20,549 thousand, and accounted for 10.8% of the Group's revenue (year ended 31 December 2011: 9.7%).

The operating expenses include the following items:

I. Selling and marketing expenses amounted to RMB68,216 thousand, showing an increase of approximately RMB1,438 thousand from RMB66,778 thousand last year, and accounted for 4.2% (year ended 31 December 2011: 4.1%) of the Group's revenue. The increase in selling and marketing expenses was mainly due to the fact that following the increase in revenue, labour costs, such as performance-based payroll of marketing personnel, rose by approximately RMB1,138 thousand year-on-year.

II. General and administrative expenses amounted to RMB108,459 thousand, representing an increase of RMB19,111 thousand from RMB89,348 thousand last year, and accounted for 6.6% of the Group's revenue (year ended 31 December 2011: 5.5%). The increase in general and administrative expenses was mainly due to the fact that:

(1) The Group's expanded business scale led to the establishment of a number of new departments, and the recruitment of management and professionals for such departments, resulting in an increase in back-office staff payroll of approximately RMB11,881 thousand over last year;

(2) In line with our business expansion, additional office space and office equipment were needed. Therefore, lease and property fees and depreciation increased by approximately RMB3,902 thousand as compared to last year;

(3) Provision for impairment losses on trade debtors and other debtors and impairment on long-term investments in aggregate increased by approximately RMB2,665 thousand in total as compared to last year, and amounted to RMB20,801 thousand, which mainly includes: (a) provision for impairment losses on trade debtors was approximately RMB6,921 thousand; and (b) for prudence and having conducted a valuation assessment of the company, the Group has provided approximately RMB9,380 thousand for the impairment of an equity investment in a vertical travel portal website.

Excluding the provision for impairment losses on trade debtors and other debtors and impairment on long-term investments, general and administrative expenses amounted to RMB87,658 thousand, accounting for 5.3% of the Group's revenue (year ended 31 December 2011: 4.4%). General and administrative expenses took up slightly more of the Group's revenue as compared to last year, but its growth was still within the reasonable range expected by the Group.

The Group will continue to strengthen and optimize its overall budgetary control over its operating expenses, so as to achieve a more steady and efficient management for this aspect.

Significant Investments and Acquisitions

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

I. In March 2012, the Group entered into an agreement with Global Broadcasting Media Group, the shareholder of Guoguang Shengshi Cultural Media Company (國廣盛世文化傳媒（北京）有限公司) ("**Guoguang Shengshi**"), to inject to Guoguang Shengshi an additional investment of RMB10 million, which accounted for 49% of Guoguang Shengshi's registered capital, and take part in the operation of the digital pay TV channel "Super Channel", which is owned by Guoguang Shengshi.

II. In December 2012, the Group entered into an agreement with the shareholder of Hangzhou 3G Media Company Limited ("**Hangzhou 3G**"), the operator of the video website boosj.com, regarding the transfer of equity interest in Hangzhou 3G and capital injection. The aggregated amount of consideration for the acquisition and capital injection amounted to RMB49.89 million. As at 31 December 2012, the Group has paid RMB22.869 million for this project. Following the completion of this transaction, the Group will own 75.26% of the shareholding interest in Hangzhou 3G.

III. In December 2012, the Group entered into a framework agreement with an independent third party to acquire the office premises located on the 6th to 16th floor as well as 40 parking lots located on the 2nd underground floor of the Tianjie Building, which is situated at Block 4, 9 Guanghua Road, Chaoyang District, Beijing, for the cost of RMB854 million (inclusive of the consideration and intercepting fees for the acquisition). Meanwhile, the Group has terminated the acquisition of the property at 12 Dongdaqiao Road, Chaoyang District, Beijing ("**Dongdaqiao Property**"), and the consideration paid for this acquisition project, which amounted to RMB230 million, will be fully refunded to the Group by the vendor (which may be utilized to offset part of the consideration payable for the acquisition of the office premises of Tianjie Building). As at 31 December 2012, the Group has paid RMB540 million in respect of the Tianjie Building project. The acquisition was mainly due to the fact that the floor area of the Dongdaqiao Property the Group originally planned to acquire is inadequate to support the current needs of the business development and team expansion of the Group. Also, the existing office locations are widely scattered, and the consolidation of office locations can simplify management, strengthen communication and improve operational efficiency, which will in turn support the Group's overall development.

Liquidity and Financial Resources

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

As at 31 December 2012, the Group's cash and bank balances amounted to RMB1,442,752 thousand (31 December 2011: RMB913,179 thousand), up 58% as compared to the end of last year, of which 99% was denominated in Renminbi and 1% in US dollar and other currencies.

The Group further strengthened its liquidity management. During the year under review, the net cash inflow from operating activities amounted to RMB1,197,847 thousand (year ended 31 December 2011: RMB526,983 thousand). After deducting RMB567,611 thousand in net cash outflow from investment activities mainly arising from equity investments and property acquisition, and RMB101,390 thousand in net cash outflow from financing activities arising mainly from the payment of final and special dividends for 2011, there was still an increase in cash and bank balances of approximately RMB529,573 thousand as compared to the end of last year.

The Group continued to reinforce strict management and control over receivables and delayed client payments. As a result, the accounts receivables remained at a low level. As at the end of the year, the Group's accounts receivables (excluding notes receivables) after provision for allowance for doubtful debts amounted to RMB86,451 thousand (31 December 2011: RMB74,811 thousand), accounting for the 5.3% of the Group's revenue (calculated as the accounts receivables at the end of the year over the revenue from operation for the year). As at 31 December 2012, the Group's accounts payables amounted to RMB1,165,772 thousand (31 December 2011: RMB432,475 thousand), representing an increase of RMB733,297 thousand. The increase was mainly attributable to extension of credit period granted by media suppliers regarding a portion of the media agency costs payable for the year by the Group. The Group will closely monitor its present and expected liquidity status to ensure that its cash is maintained at a level that can adequately meet its short-term and long-term liquidity requirements.

As at 31 December 2012, the Group's total assets amounted to RMB2,839,156 thousand, which consists of equity attributable to equity shareholders of the Company of RMB1,224,713 thousand and non-controlling interests of RMB8,987 thousand. As at year end, the Group did not have any 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 2012, the Group had a total of about 440 employees, an increase of approximately 14% over the beginning of the year. We have implemented a remuneration policy that is competitive in the industry, and offer commissions and discretionary bonuses to our sales personnel and other employees in accordance to the performance of the Group and of individual employees. The Group also reviews its remuneration policy periodically. Meanwhile, we also provide employees with benefits such as insurance and medical check-ups as well as various training courses, with a view to maintaining the Group's competitiveness in the labour market. In addition, in order to align the interests of employees with those of shareholders, share options are granted to employees under the Company's share option schemes. Share options that were granted and remained unexercised as at the end of the year amounted to 36,896,500 units

INDUSTRY AND GROUP OUTLOOK

In 2012, China achieved a growth of 7.8% in gross domestic product, among which the growth in the fourth quarter amounted to 7.9%. The growth not only ceased the receding trend over the last seven consecutive quarters, but also outperformed the market expectation. The Group believed that it was an explicit sign of “national economy operated in stability, and economy and society advanced in deliberation”. Regarding the industry, as one of the key components of the mass culture industry, the media advertising industry shall see historic development opportunities during the “12th Five-Year” period, with the support of the State’s policies, development of national economy, advancement in information technology and extended experience gained by the industry over years. According to the “12th Five-Year development plan for the advertising industry” announced by the State Administration for Industry and Commerce, the State’s government will give extended support to the media advertising industry through its fiscal and taxation policies, enhance the industrial level of integration, specialisation and internationalisation, in a bid to further maximise both economic and social contributions of the media advertising industry. Therefore, with continuous attention to the prevailing economic landscape and active capture of business opportunities, the Group remains positive to the outlook in 2013.

In the time when opportunities abound and yet industry consolidation accelerates, we believe that swift changes in the industry require its leading players to set up examples and standards in a number of aspects, including brand influence, market share, resource deployment capability, operational system, organisational management and talent cultivation, combine with its own strengths, and walk along an innovative path under clear strategic goals.

Hence, the Group will adhere to the principle of “video media management as its core business”, continue to refine the operation of all business sectors from upstream to downstream of the media industry value chain which has been established during the year, and consolidate the communication platform involving all media. With regard to media resources management, the major business contributor of the Group, we strive to deeply plow our current customer base in the vertical level and expand clientele, maintain market share and continue to highlight our industry advantages. From the perspective of customer servicing, providing omni-media communication service under renowned brand name remains a dominant trend. We will develop each component of the multi-media and achieve breakthroughs in the brand management consultancy business. Meanwhile, by making use of the self-developed HUI tender system and M-cube investment driver, the Group will exert major efforts on promoting the brand of its integrated brand communication services, with an aim to gain reputation and distinguish itself from other competitors.

The “Channel+Content” media platform of the Group has been established during the year. The Group has also acquired the leading platform resources required in the development of video media operation. For those completed strategic acquisition projects, general development approaches in the coming year have been set out: the Group will re-position and re-package boosj.com for integration before further development, improve the profitability of the TV channel Super Channel, and strengthen the brand and marketing power of wugu.com.cn. The mid-term target of the Group is to focus on developing the mentioned media channels and build up interaction and linkage among them. Upon effective integration of branding and marketing resources of the Group, we strive to facilitate survival, growth and expansion of various media in their respective realms and ultimately maximise values in communication, thereby forming a new bolster for the Group’s core business.

We believe, along with the media advertising industry gaining support from steady economic growth in China and policies formulated by the State, directors, the management and all staff of the Group will aim at developing a top-ranking media corporation both domestically and internationally with radiative effect in the industry, keeping on to reap great investment returns for our investors.

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

During the year ended 31 December 2012, the company repurchased 3,028,000 ordinary shares on the Stock Exchange at an aggregate price of HKD8,941,510. 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*
5 June 2012	605,000	2.90	2.76	1,705,870
29 June 2012	10,000	2.93	2.93	29,300
9 July 2012	620,000	2.92	2.86	1,783,790
10 July 2012	205,000	2.95	2.93	603,880
24 July 2012	50,000	2.92	2.92	146,000
25 July 2012	371,000	2.94	2.86	1,078,790
26 July 2012	300,000	2.92	2.91	875,500
27 July 2012	7,000	2.92	2.92	20,440
3 August 2012	60,000	2.95	2.94	176,700
24 August 2012	800,000	3.18	3.09	2,521,240
	3,028,000			8,941,510

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2012, the Company has complied with all the applicable code provisions of the Corporate Governance Code 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 provisions A.5.2 and A.6.7.

Under code provision A.5.2, nomination committee should review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the issuer's corporate strategy. During the year under review, no meeting of the nomination committee was held. This is due to shortly prior to the establishment of the nomination committee on 15 March 2012, the Board had reviewed and determined the policy for the nomination of directors of the Company, adopted the relevant nomination procedures and criteria, and Ms. Wang Xin was accordingly nominated for election as a new Director. Thus, even though the members of the nomination committee did not meet during the year under review, the structure, size and composition of the Board was reviewed.

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged business commitments which should be attended to by each of them, Mr. Zhu Jia, being a non-executive director of the Company, and Mr. Ding Junjie, Mr. Qi Daqing, and Mr. Lian Yuming, being independent non-executive directors of the Company, were not present at the annual general meeting of the Company held on 23 May 2012.

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 2012.

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 2012, 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 HKD13.5 cents (2011: HKD10.6 cents) per share and a special dividend of HKD13.5 cents (2011: HKD10.6 cents) per share, with an aggregate value of approximately RMB121 million, to shareholders. Subject to the approval of shareholders at the forthcoming annual general meeting to be held on Thursday, 23 May 2013 (the "**AGM**"), the final and special dividends will be paid in Hong Kong dollars on or about Friday, 14 June 2013 to those members registered in the Company's register of members as at Friday, 31 May 2013.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Thursday, 23 May 2013. Notice of the AGM together with the Company's annual report for the year ended 31 December 2012 will be dispatched to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 21 May 2013 to Thursday, 23 May 2013 (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 Monday, 20 May 2013.

The register of members of the Company will also be closed from Wednesday, 29 May 2013 to Friday, 31 May 2013 (both dates inclusive), for the purposes of determining the entitlements of shareholders to the proposed final dividend and special dividend upon the passing of the 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 Tuesday, 28 May 2013.

On behalf of the Board
SinoMedia Holding Limited
CHEN Xin
Chairman

Hong Kong, 20 March 2013

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, Mr. Lian Yuming and Ms. Wang Xin as independent non-executive directors.