SinoMedia®

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 2013

FINANCIAL SUMMARY

RMB'000	**For the year ended 31 December 2013**	For the year ended 31 December 2012	**Change (%)**
Revenue	**1,767,036**	1,642,113	+8%
Profit from operations	**506,131**	419,672	+21%
Profit attributable to equity shareholders of the Company	**369,108**	302,591	+22%
Earnings per share *(RMB)*			
— Basic	**0.661**	0.544	+22%
— Diluted	**0.636**	0.532	+20%
Proposed dividends per share *(HKD)*			
— Final	**16.48 cents**	13.5 cents	+22%
— Special	**16.48 cents**	13.5 cents	+22%

Revenue:

RMB'000	**For the year ended 31 December 2013**	For the year ended 31 December 2012	**Change (%)**
Media resources management	**1,670,774**	1,592,942	+5%
Integrated brand communication services	**49,820**	39,276	+27%
Internet media and content operations	**49,088**	35,706	+37%
Rental income	**34,509**	145	>100%
Sales taxes and surcharges	**(37,155)**	(25,956)	+43%
Revenue	**1,767,036**	1,642,113	

Turnover:

RMB'000	**For the year ended 31 December 2013**	For the year ended 31 December 2012	**Change (%)**
Media resources management	**1,670,774**	1,592,942	+5%
Integrated brand communication services	**1,206,902**	1,232,114	-2%
Internet media and content operations	**49,088**	35,706	+37%
Rental income	**34,509**	145	>100%
Sales taxes and surcharges	**(37,155)**	(25,956)	+43%
Turnover	**2,924,118**	2,834,951	

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 2013, with comparative figures for previous year.

Consolidated Statement of Profit or Loss

For the year ended 31 December 2013

	Note	**2013** *RMB'000*	2012 *RMB'000*
Revenue		**1,767,036**	1,642,113
Cost of services		**(1,122,346)**	(1,071,396)
Gross profit		**644,690**	570,717
Other revenue	3	**46,925**	25,630
Selling and marketing expenses		**(65,799)**	(68,216)
General and administrative expenses		**(119,685)**	(108,459)
Profit from operations		**506,131**	419,672
Finance income	4(a)	**21,823**	25,184
Finance costs	4(a)	**(914)**	(6,595)
Net finance income		**20,909**	18,589
Share of profit/(loss) of associates		**3,455**	(1,169)
Profit before taxation	4	**530,495**	437,092
Income tax	5	**(158,808)**	(131,468)
Profit for the year		**371,687**	305,624
Attributable to:			
Equity shareholders of the Company		**369,108**	302,591
Non-controlling interests		**2,579**	3,033
Profit for the year		**371,687**	305,624
Proposed dividends	6	**146,066**	121,306
Earnings per share	7		
Basic earnings per share *(RMB)*		**0.661**	0.544
Diluted earnings per share *(RMB)*		**0.636**	0.532

Consolidated Statement of Financial Position

At 31 December 2013

	Note	**2013**	2012
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	8	**219,393**	53,253
Investment property	8	**704,159**	3,766
Intangible assets		**38,336**	—
Goodwill		**23,644**	—
Prepayments		**—**	792,869
Interest in associates		**44,153**	48,086
Other non-current financial assets		**23,417**	24,339
Trade and other receivables	9	**1,800**	—
Deferred tax assets		**11,703**	5,146
		1,066,605	927,459
Current assets			
Trade and other receivables	9	**378,601**	468,945
Cash and cash equivalents		**1,070,106**	1,442,752
		1,448,707	1,911,697
Current liabilities			
Trade and other payables	10	**910,883**	1,501,348
Bank loans	11	**5,000**	—
Current taxation		**83,563**	91,666
Other financial liability		**10,500**	—
		1,009,946	1,593,014
Net current assets		**438,761**	318,683
Total assets less current liabilities		**1,505,366**	1,246,142
Non-current liability			
Other non-current financial liability		**—**	12,442
		—	12,442
NET ASSETS		**1,505,366**	1,233,700

	2013 RMB'000	2012 RMB'000
CAPITAL AND RESERVES		
Share capital	**172**	171
Reserves	**1,477,978**	1,224,542
Total equity attributable to equity shareholders of the Company	**1,478,150**	1,224,713
Non-controlling interests	**27,216**	8,987
TOTAL EQUITY	**1,505,366**	1,233,700

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	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 profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2012	**171**	**469,209**	**21**	**32,331**	**60,652**	**(4,163)**	**(9,338)**	**469,992**	**1,018,875**	**6,359**	**1,025,234**
Changes in equity for 2012											
Profit for the year	—	—	—	—	—	—	—	302,591	302,591	3,033	305,624
Other comprehensive income	—	—	—	—	—	733	—	—	733	—	733
Total comprehensive income	—	—	—	—	—	733	—	302,591	303,324	3,033	306,357
Appropriation to reserves	—	—	—	—	136	—	—	(136)	—	—	—
Purchase of own shares	(1)	—	1	—	—	—	—	(7,346)	(7,346)	—	(7,346)
Shares issued under share option scheme	1	3,764	—	(1,263)	—	—	—	—	2,502	—	2,502
Equity-settled share-based transactions	—	—	—	3,904	—	—	—	—	3,904	—	3,904
Dividends declared in respect of the current year	—	—	—	—	—	—	—	(96,546)	(96,546)	(405)	(96,951)
Balance at 31 December 2012 and 1 January 2013	**171**	**472,973**	**22**	**34,972**	**60,788**	**(3,430)**	**(9,338)**	**668,555**	**1,224,713**	**8,987**	**1,233,700**
Changes in equity for 2013											
Profit for the year	—	—	—	—	—	—	—	369,108	369,108	2,579	371,687
Other comprehensive income	—	—	—	—	—	(1,156)	—	—	(1,156)	—	(1,156)
Total comprehensive income	—	—	—	—	—	(1,156)	—	369,108	367,952	2,579	370,531
Appropriation to reserves	—	—	—	—	21,844	—	—	(21,844)	—	—	—
Purchase of own subsidiaries	—	—	—	—	—	—	—	—	—	16,235	16,235
Shares issued under share option scheme	1	12,240	—	(10,042)	—	—	—	—	2,199	—	2,199
Equity-settled share-based transactions	—	—	—	2,739	—	—	—	—	2,739	—	2,739
Dividends declared in respect of the current year	—	—	—	—	—	—	—	(119,453)	(119,453)	(585)	(120,038)
Balance at 31 December 2013	**172**	**485,213**	**22**	**27,669**	**82,632**	**(4,586)**	**(9,338)**	**896,366**	**1,478,150**	**27,216**	**1,505,366**

Consolidated Cash Flow Statement

For the year ended 31 December 2013

	2013	2012
	RMB'000	*RMB'000*
Operating activities		
Profit before taxation	**530,495**	437,092
Adjustments for:		
Depreciation	**24,187**	7,243
Amortization of intangible assets	**1,039**	—
Net loss/(gain) on sale of property, plant and equipment	**157**	(11)
Impairment loss on interest in associates	**—**	9,380
Finance costs	**351**	5,201
Finance income	**(21,823)**	(25,184)
Share of profits less losses of associates	**(3,455)**	1,169
Equity-settled share-based payment expense	**2,739**	3,904
	533,690	438,794
Changes in working capital:		
Decrease in trade and other receivables	**109,101**	111,094
(Decrease) / Increase in trade and other payables	**(738,207)**	758,083
	(95,416)	1,307,971
PRC income tax paid	**(167,012)**	(110,124)
Net cash (used in)/generated from operating activities	**(262,428)**	1,197,847
Investing activities		
Payment for purchase of property, plant and equipment	**(7,636)**	(558,634)
Payment for the purchase of intangible assets	**(88)**	—
Proceeds from sales of property, plant and equipment	**2,427**	511
Payment for acquisition of subsidiaries, net of cash acquired	**(3,797)**	(22,869)
Payment for acquisition of associate	**—**	(10,000)
Interest received	**19,701**	23,381
Net cash generated from/(used in) investing activities	**10,607**	(567,611)

	2013	2012
	RMB'000	*RMB'000*
Financing activities		
Repayment of bank loans	**(3,000)**	—
Payment for repurchase of shares	**—**	(7,346)
Proceeds from shares issued under share option scheme	**2,199**	2,502
Other borrowing costs paid	**(111)**	—
Dividends paid to non-controlling interests	**(501)**	—
Dividends paid to equity shareholders of the Company	**(119,453)**	(96,546)
Net cash used in financing activities	**(120,866)**	(101,390)
Net (decrease)/increase in cash and cash equivalents	**(372,687)**	528,846
Cash and cash equivalents at 1 January	**1,442,752**	913,179
Effect of exchange rate changes	**41**	727
Cash and cash equivalents at 31 December	**1,070,106**	1,442,752

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**"), International Accounting Standards ("**IAS**") and Interpretations 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 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:

- derivative financial instruments

The IASB has issued a number of new IFRSs and 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 IAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*
- IFRS 10, *Consolidated financial statements*
- IFRS 12, *Disclosure of interests in other entities*
- IFRS 13, *Fair value measurement*
- *Annual Improvements to IFRSs 2009–2011 Cycle*
- Amendments to IFRS 7 — *Disclosures — Offsetting financial assets and financial liabilities*

The amendments to IFRS 7,10,12,13 and IAS 1 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 revenue

	Note	**2013** ***RMB'000***	2012 *RMB'000*
Government grant	**(i)**	**46,800**	25,468
Others		**125**	162
		46,925	25,630

(i) It represented the unconditional discretionary grants received from local government authorities in recognition of the Group's contribution to the development of the local economy.

4 Profit before taxation

(a) Finance income and costs

	Note	**2013** **_RMB'000_**	2012 *RMB'000*
Interest income on bank deposits		**19,701**	23,381
Changes in fair value of derivative financial instruments	(i)	**2,122**	1,803
Finance income		**21,823**	25,184
Interest on bank borrowings wholly repayable within five years		**(111)**	—
Changes in fair value of derivative financial instruments	(i)	**(240)**	(5,201)
Net foreign exchange loss		**(522)**	(1,359)
Others		**(41)**	(35)
Finance costs		**(914)**	(6,595)
Net finance income		**20,909**	18,589

(i) It represented the change in fair value of derivative financial instruments 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 associates under certain conditions. It also included 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

	2013 **_RMB'000_**	2012 *RMB'000*
Salaries, wages and other benefits	**77,364**	61,143
Contribution to defined contribution plan	**16,735**	13,336
Equity-settled share-based payment expense	**2,739**	3,904
	96,838	78,383

(c) Other items

	2013 **_RMB'000_**	2012 *RMB'000*
Amortization	**1,039**	—
Depreciation	**24,187**	7,243
Impairment losses	**8,245**	20,801
Operating lease charges	**10,692**	10,119
Auditors' remuneration	**3,200**	3,100
Professional fee	**3,936**	3,133
Research and development costs	**1,664**	—

5 Income tax

	2013	2012
	RMB'000	*RMB'000*
Current tax		
Provision for PRC income tax	**158,909**	132,971
Deferred tax		
Origination and reversal of temporary differences	**(101)**	(1,503)
Total income tax expense	**158,808**	131,468

No provision has been made for Hong Kong and Singapore profits tax as the Company and its overseas subsidiaries in Hong Kong and Singapore did not have assessable profit subject to Hong Kong and Singapore 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 subsidiaries in Hong Kong and Singapore, applicable income tax rate of other Group entities in the PRC is the uniform tax rate of 25%.

6 Proposed dividends

	2013	2012
	RMB'000	*RMB'000*
Dividends proposed after the balance sheet date:		
Proposed final dividend of HKD16.48 cents (equivalent to approximately RMB13.01 cents) per ordinary share (2012: HKD13.5 cents, approximately RMB10.9 cents)	**73,033**	60,653
Proposed special dividend of HKD16.48 cents (equivalent to approximately RMB13.01 cents) per ordinary share (2012: HKD13.5 cents, approximately RMB10.9 cents)	**73,033**	60,653
	146,066	121,306

Pursuant to a resolution passed at the Director's meeting on 20 March 2014, a final dividend of HKD16.48 cents (2012: HKD13.5 cents) per share and a special dividend of HKD16.48 cents (2012: HKD13.5 cents) per share in respect of the year ended 31 December 2013 totalling HKD185,001 thousand (equivalent to approximately RMB146,066 thousand at an exchange rate of 0.78954) (2012: 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 HKD185,001 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 RMB369,108 thousand (2012: RMB302,591 thousand) and the weighted average of 558,351 thousand ordinary shares (2012: 556,598 thousand shares) in issue during the year, calculated as follows:

Profit attributable to ordinary equity shareholders	**2013** ***RMB'000***	2012 *RMB'000*
Profit for the year	**369,108**	302,591
Profit attributable to ordinary equity shareholders	**369,108**	302,591

Weighted average number of ordinary shares	**2013** ***'000***	2012 *'000*
Issued ordinary shares at 1 January	**555,686**	557,025
Effect of issues of ordinary shares upon exercise of share options	**2,665**	1,262
Effect of purchase of own shares	**—**	(1,689)
Weighted average number of ordinary shares at 31 December	**558,351**	556,598

(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 RMB369,108 thousand (2012: RMB302,591 thousand) and the weighted average number of ordinary shares of 580,085 thousand shares (2012: 569,190 thousand shares) after adjusting for the effect of share options in issue, calculated as follows:

Profit attributable to ordinary equity shareholders (diluted)	**2013** ***RMB'000***	2012 *RMB'000*
Profit attributable to ordinary equity shareholders (basic and diluted)	**369,108**	302,591

Weighted average number of ordinary shares (diluted)	**2013** ***'000***	2012 *'000*
Weighted average number of ordinary shares (basic)	**558,351**	556,598
Effect of share options in issue	**21,734**	12,592
Weighted average number of ordinary shares (diluted) at 31 December	**580,085**	569,190

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 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
Balance at 1 January 2013	50,162	6,853	16,166	73,181	3,988	77,169
Additions	210,449	13,646	1,259	225,354	725,260	950,614
Decreases	(49,279)	(3,648)	(1,638)	(54,565)	—	(54,565)
Balance at 31 December 2013	**211,332**	**16,851**	**15,787**	**243,970**	**729,248**	**973,218**
Depreciation						
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
Balance at 1 January 2013	9,028	3,337	7,563	19,928	222	20,150
Depreciation for the year	7,798	8,290	2,624	18,712	24,867	43,579
Decreases	(11,361)	(1,146)	(1,556)	(14,063)	—	(14,063)
Balance at 31 December 2013	**5,465**	**10,481**	**8,631**	**24,577**	**25,089**	**49,666**
Carrying amounts						
At 31 December 2012	41,134	3,516	8,603	53,253	3,766	57,019
At 31 December 2013	**205,867**	**6,370**	**7,156**	**219,393**	**704,159**	**923,552**

9 Trade and other receivables

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Trade and other receivables		**1,800**	—
Current assets			
Trade debtors and bills receivable		**144,272**	173,979
Less: allowance for doubtful debts		**(73,475)**	(65,129)
	(i)	**70,797**	108,850
Prepayments and deposits to media suppliers		**230,840**	308,047
Advances to employees		**4,981**	4,474
Other debtors and prepayments		**78,249**	52,238
Less: allowance for doubtful debts of other debtors		**(6,266)**	(4,664)
		378,601	468,945
		380,401	468,945

(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:

	2013 RMB'000	2012 RMB'000
Neither past due nor impaired	**45,224**	84,391
Less than 6 months past due	**25,032**	24,212
More than 6 months but less than 12 months past due	**268**	247
More than 12 months past due	**273**	—
Total amount past due	**25,573**	24,459
	70,797	108,850

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	**2013**	2012
		RMB'000	*RMB'000*
Trade payables	(i)	**294,084**	1,165,772
Payroll and welfare expenses payables		**22,523**	17,302
Other tax payables		**5,437**	4,708
Other payables and accrued charges		**146,598**	4,135
Dividends payable due to non-controlling interest of a subsidiary		**1,135**	1,051
		469,777	1,192,968
Advances from customers		**441,106**	308,380
		910,883	1,501,348

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

	2013	2012
	RMB'000	*RMB'000*
Due within three months	**241,223**	406,901
Due after three months but within six months	**15,572**	116,532
Due after six months but within one year	**37,289**	642,339
	294,084	1,165,772

11 Bank loans

At 31 December 2013, the bank loans were repayable as follows:

	2013	2012
	RMB'000	*RMB'000*
Within one year or on demand	**5,000**	—

Loans of RMB5,000,000 were guaranteed by third party. Current secured bank loans carried annual interest rates ranging from 6.9% to 7.2% for the year ended 31 December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT THE GROUP

In 2013, with a slowdown in domestic economic growth, the difficulty in advancement of economic structural adjustments and the fission of the structure of media advertising industry, the Group maintained its market advantage in its own well-established business, and, at the same time, executed the enhancement of the group strategies based on the in time positioning in the previous years, to start a business expansion mainly focusing on the Internet media and the research and development as well as operation of programmes, thus updated its business structure. Both revenue and profit showed the positive momentum of sustainability.

According to the relevant data from the National Bureau of Statistics of the PRC, China's Gross Domestic Product ("**GDP**") for 2013 achieved a year-on-year increase of 7.7%, higher than the growth target and in line with the general rule for which the growth rate of global catching-up economies may decline after a period of rapid growth, as well as embodying the objective requirement for the transformation and upgrade of China's economic development. Among which, the proportion in GDP of the tertiary industry has risen to 46.1%, surpassing the secondary industry for the first time. The annual retail sales of consumer goods, excluding the price factor, recorded an actual year-on-year growth of 11.5%, also higher than the GDP growth. Accordingly, combining the aforesaid consolidated effect of macroeconomics and the continuous growth of the tertiary industry and social consumption, the Group will face a more positive and broader scope for development in the mid- to long-term.

With regard to the industry, the sustained growth of Internet media and TV media has still provided opportunities for the Group's healthy and rapid development. According to the latest statistics from China Internet Network Information Center (CNNIC), the number of the country's Internet users reached 618 million as of December 2013. According to the latest data from CTR, an authoritative research institute, in 2013, the TV media advertising showed a continuous growth of 9.6%, higher than the overall growth of traditional media of 6.4%. Moreover, the growth of advertising in Internet media reached 27.6%, which showed a stronger latecomer advantage.

Linking the above trends, the Group maintained its advantage and stable development of its existing TV media and brand advertising agency business and, at the same time, set the key expansion direction at expanding Internet media platform as well as developing and operating lifestyle video programmes. The Group accelerated its business growth in terms of scale by allocating more resources to its Internet media platforms such as lotour.com (樂途旅遊網), boosj.com (播視網) and wugu.com.cn (吾谷網). In the coming two years, the Group will strive to significantly enhance the value of the Group's "Internet + TV" consolidated inter-screen communication marketing platform.

It is emphasised that, the Group has deeply cultivated its brand communication and marketing for fifteen years and accumulated substantial professional experience and client resources, while these were the Group's basic advantages as a comprehensive media corporation. We have put tremendous effort and expect to establish the core competitiveness which distinguished ourselves from existing traditional media advertising agencies through focusing on the development of vertical areas with long-term growth prospects and existing market advantage such as travel and agriculture, constructing a new media ecosystem covering multi-screen media such as TV, PC, and mobile terminals with values including brand communication, marketing channels and data mining, and, last but not least, striving to promote the communication and marketing for brands in the specific industries. The Internet media platforms which the Group has decided to invest and build based on the above logic in recent years have boosted in 2013, generating and to generate greater synergy with the Group's long-established TV advertising business.

BUSINESS OVERVIEW

Along with the commencement and expansion of the emerging businesses, during the year under review, the Group completed the upgrade of its business structure and integrated the Group's various business segments into two business clusters — "Internet media and content operations" and "TV advertising and branding services".

Internet Media and Content Operations

At present, Internet platforms step into the media-driven stage from the technology-driven stage, and the content marketing is becoming the marketing strategy to which the brands progressively pay more attention in the inter-screen era. During the year under review, the Group restructured and formed the business cluster of "Internet media and content operation", and aimed to adapt to the media and market environment in the future and create video communication content and Internet channels, thus to provide the overall strength and occupy the upstream in the media industry chain. This will ultimately lay the foundation for the mid- to long-term value of the Group as an inter-screen media operation platform. Currently, this business cluster includes the operation of lotour.com (樂途旅遊網), boosj.com (播視網) and wugu.com.cn (吾谷網), the Group's three largest Internet media platforms, as well as the businesses such as the development and operation of programmes and creative production of advertisement and content.

I. Internet Media

1. www.lotour.com (樂途旅遊網)

The Group completed the increase of holdings of Beijing Lotour Huicheng Internet Technology Company Limited during the year under review. As a leading travel network media in China, lotour.com owns a well-established technology team and serves the public and the consumer market with travel information. The Group has commenced fully engaging in the operation of lotour.com since August 2013. The Group spent over one month to complete lotour's overall transition with the successfully developed and launched "tourist destination information interactive marketing system" (brand homepage) products. The monthly user coverage increased 83% over the prior year as of October 2013 (Source: iResearch). Also, in December 2013, lotour.com ranked number one in terms of the "Coverage of Media Platform Travel Websites", surpassing numerous mainstream travel network media (Source: ctcnn.com Think-tank). Accordingly, the popularity and reputation of lotour.com were significantly enhanced and recognised by both the Internet users and the brand clients. According to the latest statistics from Google Analytics, the daily page views ("**PV**") and individual user visits ("**UV**") for lotour.com in 2013 increased 34% and 54% year-on-year, and cumulative PV and UV were over 1.9 billion times and 200 million times for the year, respectively. The Group highly praised the marketing platform value of lotour.com as a travel network media and considered that it will contribute the extended marketing value for the Group's enormous existing travel-related clientele, and realise the seamless connection between TV and Internet platform for them.

2. www.boosj.com (播視網)

As the sole video Internet media of the Group, boosj.com concentrated on the completion of the upgrade of its website contents and operation structure during the year under review. With the catchword of "New Videos, New Life", boosj.com aimed at creating the top information platform for urban livelihood through delivering hotspot livelihood information and providing urban cultural lifestyle services. In the aspect of enhancing the quality of video content, "TV Landmark" project is the core of content integration, obtaining authorizations from over 60 channels and TV stations and having programmes of over 27,000 minutes per week. Meanwhile, as a result of the cooperation with Baidu Video (百度視頻), the maximum monthly cumulative user coverage for boosj.com in 2013 rose by 350%, continuously creating new records for the daily maximum user visits. In order to enhance the user experience, boosj.com is actively developing the collaboration with other Internet platforms and exploring ways of more sophisticated marketing techniques.

3. www.wugu.com.cn (吾谷網)

Wugu.com.cn is the Group's self-developed modern agricultural information services platform which continuously ranked the top among integrated agricultural Internet media in terms of daily PV (Source: Alexa, November 2013). During the year under review, wugu.com.cn actively extended the construction of its platform, developed and launched the technology of news search capture, and emphasised the quantity and quality of original news stories. Also, wugu.com.cn developed two product channels, "Wugu's specialties" and "Commune", which successfully went online, and confirmed its future product planning. With the cooperation of online and offline activities, wugu.com.cn achieved recognition from the industry and ultimately realised marketing breakthroughs. Wugu.com.cn, as the Group's precise deployment plan in the feature vertical area, principally focused on providing marketing and product services for high-end agricultural users, modern agricultural practitioners as well as agricultural investors.

II. Content Operation

1. Programme development and operation

During the year under review, the Group successfully launched its first original lifestyle programme "Scent of a Man", which was aired on Jiangxi Satellite TV, with its highest rating being among one of the highest of satellite TV channels in the same timeslot. This set a milestone for the Group's creative production of video programmes. Along with the first season of the programme on air, the Group has gained experience in the aspects of creativity, integration, operation and promotion of video programme development and operation business, and concluded a path for the future projects: relying on the core competitiveness comprising the marketing resources from quality clients and multi-screen media platforms; drawing support from a professional talent team; evaluating the video quality, influence of content, collaboration platforms and other aspects of the programmes; creatively implementing the example of programme content integrated marketing under the "SinoMedia" brand.

2. Creative production of advertisement and content

During the year under review, the Group continued its stable performance on creative production of advertisement and content business, which won a number of renowned national and international awards on creative advertisements, brand creativity, visual design and advertisement shooting, etc. Meanwhile, the Group has successfully planned and executed "Winter Swap", the online-offline linkage project of Jilin Province Tourism, which realised the Group's breakthrough on the Internet media creative planning. During the year under review, the team for creative production and syndication of public service advertisements completed several public service advertisements in hot topics. Through the enhancement of communication and collaboration with media platforms, it successfully connected the output channels for public service advertisements of about 200 local TV stations, and also became the partner of CCTV in public service advertising production.

TV Advertising and Branding Services

TV advertising and branding services, as the Group's traditional ascendant business cluster comprising two businesses of TV media resources management and integrated brand communication services, occupied the midstream and downstream of the media industry chain through the operation of exclusively underwritten TV advertising resources and the provision of integrated brand services. This served as the energy source for the Group's sustainable healthy development. This business cluster has accumulated nearly 3,000 basic clientele including enterprises and tourism attractions for the Group for over fifteen years. The Group distinguished itself from others by its strong resources and professional services, and shaped "SinoMedia" as the leading brand among China's domestic 4A advertising agencies.

I. TV Media Resources Management

During the year under review, the Group renewed its current exclusive underwriting contracts and acquired additional exclusive underwriting rights, which further consolidated the Group's leading position as an exclusive underwriter primarily of CCTV's programme advertisements. The Group had approximately 39,501 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), holding its market share in program types such as news, culture, agriculture, feature, lifestyle programmes and other topics. Its specific media 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), "World in depth" (深度國際), "Today's Focus"(今日關注), "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).

2. Integrated Brand Communication Services

By virtue of the Group's intensive nurture in recent years, the brand communication business flourished with rich harvest on the number of clients and the service coverage. During the year under review, the Group continued to serve clients such as the Postal Savings Bank of China, China Life Insurance Company, Ping An Insurance (Group) Company of China, Ltd., the People's Insurance Company (Group) of China, Suning Appliance Company, and Dalian Shangpintang Marine Life Co. Ltd.. The Group was also engaged by Zhongshan Vatti Gas Appliance Stock Co., Ltd., Alibaba, Tencent Holdings Ltd., Baidu, Qihoo 360 Technology Co. Ltd, McDonald's and Huiyuan Group for its TV advertising placement and service agency business. In the 2014 CCTV Prime Time Resources Auction, the advertising resources purchased on behalf of the clients had a year-on-year increase of about 20%, surpassing the average industry level and, as a result, further optimised the client structure and expanded the business scope. In addition, the Group made a breakthrough on the brand consultancy, continued to move forward in the purchasing sector of Internet and mobile interlinked media resources, and started to explore the integrated marketing on satellite TV, in order to comprehensively strengthen the communication services capability of SinoMedia brand.

FINANCIAL REVIEW

Revenue and Profit Attributable to the Equity Shareholders of the Company

For the year ended 31 December 2013, the Group recorded revenue of RMB1,767,036 thousand, representing an increase of 8% from RMB1,642,113 thousand last year.

Revenue details for the year under review are as follows:

I. Revenue recorded from media resources management was RMB1,670,774 thousand, up 5% from RMB1,592,942 thousand last year. During the year under review, despite the slowdown in the economic growth in China as well as the continual decline in advertising spending, the Group maintained its leading market position in such mature business. There was a stable development of media resources management. While enhancing its market share in the tourism, conventions and business invitation client sectors, the Group offered regional and industry specific promotional initiatives for its media products and successfully attracted a number of small and medium clients with an optimisation in customer structure and quality as well as client volume. These efforts contributed to an increase in the sales of core advertising resources in terms of increases in minutes sold and average sales rate, resulting in a moderate growth in the revenue for the year.

II. Turnover recorded from integrated brand communication services was RMB1,206,902 thousand, a slight decrease of 2% from RMB1,232,114 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 RMB49,820 thousand, an increase of 27% over RMB39,276 thousand last year. The increase in revenue of this business over last year was mainly attributable to the increase in the Group's commission income received from various media for procurement over last year. The Group will persistently maintain the steady development of this business, enhance its professional service capabilities, develop new customer resources and strive to broaden the industry dimensions of our clients so as to further strengthen our position in the industry and make SinoMedia the leading integrated communication services provider through constructive development.

III. Revenue recorded from Internet media and content operations was RMB49,088 thousand in total, up 37% from RMB35,706 thousand last year. Revenue recorded from this business was primarily attributable to the revenue from creative production of commercial advertisements, revenue from programme production and operation, and revenue from the operation of Internet platforms. Among which, (1) revenue from creative production of commercial advertisements recorded a constant stable growth, with a steady increase in the contract value and the volume of contracts signed by our clients over last year; (2) revenue from programme production and operation was mainly the revenue recorded from the production of the Group's first original video programme "Scent of a Man", which contributed a new source of revenue for the Group; (3) revenue from the operation of Internet platforms was mainly the revenue from the three major Internet media platforms, namely lotour.com (樂途旅遊網), boosj.com (播視網) and wugu.com.cn (吾谷網), under the Group. During the year under review, the Group focused on the investment and operations of Internet media platforms. Revenue recorded by lotour.com (樂

途旅遊網) and boosj.com (播視網) was formally consolidated into the Group's revenue from the core business since the fourth quarter in 2013. With years of cultivation, wugu.com.cn (吾谷網) has also started contributing revenue for the Group.

IV. Rental income was RMB34,509 thousand, which mainly represented the revenue from the lease of the original and new property and office premises of the Group.

In view of the moderate growth of the revenue from core business and the increase in gross profit margin over last year, with an appropriate control on the increase of cost and expenses, the profit attributable to equity shareholders of the Group for the year ended 31 December 2013 rose to RMB369,108 thousand, representing an year-on-year increase of 22% from RMB302,591 thousand last year.

Operating Expenses

For the year ended 31 December 2013, the Group's operating expenses were RMB185,484 thousand in aggregate, representing a slightly year-on-year increase of RMB8,809 thousand, and accounted for 10.5% of the Group's revenue (year ended 31 December 2012: 10.8%). Operating expenses for the year were controlled properly and the ratio of expenses to revenue approximates that of last year.

The operating expenses include the following items:

I. Selling and marketing expenses amounted to RMB65,799 thousand, showing a decrease of RMB2,417 thousand from RMB68,216 thousand last year, and accounted for 3.7% of the Group's revenue (year ended 31 December 2012: 4.2%). The decrease in selling and marketing expenses was mainly due to the Group's plan on how to carry out its market development. We organised a number of brand-building and media promotion events in the first half of the year which extended the brand influence of the Group and promoted its products and services, successfully enhanced our brand recognition and broadened the industry dimensions of our clients, and the effects continued in the second half of the year. Accordingly, there was a reduction in activities and conferences such as marketing and negotiations with VIP customers of the Group in the second half of the year. Overall speaking, promotional and marketing expenses, conference expenses and entertainment expenses decreased by a total of approximately RMB4,984 thousand from last year.

II. General and administrative expenses amounted to RMB119,685 thousand, representing an increase of RMB11,226 thousand from RMB108,459 thousand last year, and accounted for 6.8% of the Group's revenue (year ended 31 December 2012: 6.6%). The increase in general and administrative expenses was mainly due to the fact that:

(1) To meet the demand for a diversified strategic development of SinoMedia, the Group placed increased emphasis on attracting talent and strengthened the efforts on cultivating the existing personnel of new media. In addition, we also employed professional institutions to provide professional consulting services on the remuneration system of the Group as well as the establishment of leadership model. Accordingly, labour costs, including staff payroll, increased by approximately RMB11,362 thousand from last year;

(2) The Group consolidated its offices and acquired certain office premises at the end of last year. Depreciation and related tax charges for the new property were approximately RMB5,583 thousand in aggregate. In addition, business development of the Group led to an increase in office area, resulting in a corresponding increase in Internet hosting fees, property management fees and office expenses by a total of approximately RMB4,246 thousand;

(3) The Group conducted an appropriate assessment and analysis of the collectability of trade receivables and the business value of equity investments. During the year under review, allowance for doubtful debts on trade and other receivables decreased by approximately RMB3,176 thousand compared to last year. Equity investments after the business value assessment showed no evidence of further impairment. Provision for impairment on long-term investments decreased by approximately RMB9,380 thousand compared to last year. The two aforesaid items decreased by a total of approximately RMB12,556 thousand compared to last year.

Significant Investments and Acquisitions

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

I. In December 2012, the Group entered into a framework agreement with an independent third party to acquire certain office premises located in the Tianjie Building, which is situated at 9 Guanghua Road, Chaoyang District, Beijing. Meanwhile, the Group terminated the acquisition of the property at 12 Dongdaqiao Road in the same district. During the year, the Group received a full refund of RMB230 million for the Dongdaqiao Road property project. Pursuant to the terms of the framework agreement, we have paid the second and third installments for the acquisition of the Tianjie Building, the intercepting fees for the project and relevant taxes in a total of approximately RMB225 million. As a self-owned property of the Group, Tianjie Building has officially renamed as Golden Bridge Tianjie Building (金橋天階大廈). The settlement of the outstanding balance of the project and other follow-up matters had been effectively carried forward according to the plan.

II. In December 2012, the Group acquired Hangzhou Sanji Media Company Limited ("Hangzhou Sanji"), the operator of the video website boosj.com (播視網), and entered into an agreement with the shareholder of Hangzhou Sanji regarding the transfer of equity interest in Hangzhou Sanji and capital injection. The aggregated amount of consideration for the acquisition and capital injection amounted to RMB49.89 million. During the year ended 31 December 2013, the Group had paid a total of RMB35.739 million for this project according to those agreements. The Group currently owns approximately 75% of the equity interest in Hangzhou Sanji. In addition, the Group has completed the process of change of the certifications such as the "License for the Information Network Dissemination of Audio-Visual Programmes" (信息網絡傳播視聽節目許可證) during the year and has started fully engaging in the operation and management of boosj.com (播視網) in the second half of the year.

III. In July 2013, the Group entered into an acquisition agreement with Beijing Lotour Huicheng Internet Technology Company Limited ("Lotour Huicheng"), the operator of lotour.com (樂途旅遊網), and its shareholders regarding the transfer of equity interest in Lotour Huicheng and capital injection. The Group completed the acquisition of equity interest in Lotour Huicheng with an aggregate consideration of approximately RMB13.025 million. After the acquisition, the Group owns approximately 71% of the equity interest in Lotour Huicheng. During the year, the consideration of the acquisition had been fully paid. The Group has started fully engaging in the operation and management of lotour.com (樂途旅遊網) in the second half of the year.

Liquidity and Financial Resources

The Group maintained a healthy financial position and adequate liquidity. As at 31 December 2013, the Group's cash and bank balances amounted to RMB1,070,106 thousand (31 December 2012: RMB1,442,752 thousand), of which approximately 96% was denominated in Renminbi and the remaining 4% in HK dollars and other currencies.

Despite a decrease in the Group's cash and bank balances as compared to the end of last year, the Group maintained cash and bank balances at a healthy level that can adequately meet our day-to-day working capital requirements and all financial obligations. During the year, details of the cash flows status were as follows:

I. Net cash outflow from operating activities was RMB262,428 thousand (net cash inflow of RMB1,197,847 thousand for the year ended 31 December 2012). The outflow was mainly attributable to: (1) the gradual repayment to media suppliers of outstanding media agency costs for prior years, which led to a significant decrease in trade payables from RMB1,165,772 thousand at the end of last year to RMB294,084 thousand by the end of this year; (2) trade receivables was under effective control during the year. The collection of trade receivables within credit period was favourable, while we reinforced strict approval and management over delayed client payment for advertisements and increased our efforts on collecting long outstanding overdue receivables from clients, so as to maintain trade receivables at a relatively low level amidst the increase in revenue. As of the end of the year, trade receivables (excluding bills receivable and net of allowance for doubtful debts) was RMB53,820 thousand (31 December 2012: RMB86,451 thousand), accounting for 3.0% of revenue for the year as compared to 5.3% last year;

II. Net cash inflow from investing activities was RMB10,607 thousand (net cash outflow of RMB567,611 thousand for the year ended 31 December 2012). The inflow was mainly attributable to: (1) net cash outflow of approximately RMB7,636 thousand regarding the payment of the balance for the acquisition of Tianjie Building, renovation costs and the purchase of office equipment; (2) net cash outflow of approximately RMB3,797 thousand regarding the acquisition of equity investments; (3) net cash inflow of approximately RMB19,701 thousand regarding interest income on bank deposits;

III. Net cash outflow from financing activities was RMB120,866 thousand (year ended 31 December 2012: RMB101,390 thousand), which arose mainly from the payment of final and special dividends for 2012 of approximately RMB119,453 thousand in total.

As at 31 December 2013, the Group's total assets amounted to RMB2,515,312 thousand, which consisted of equity attributable to equity shareholders of the Company of RMB1,478,150 thousand and non-controlling interests of RMB27,216 thousand.

As at 31 December 2013, the Group's outstanding bank loans amounted to RMB5,000 thousand, which was arisen from the increase in demand of working capital under the business expansion of a subsidiary acquired by the Group.

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

Human Resources

As at 31 December 2013, the Group had a total of about 630 employees, an increase of approximately 43% over the beginning of the year. The increase in the number of employees was mainly attributable to the completion of two investment projects during the second half of the year with its employees included in the Group, in which about 110 employees were from Internet media technology and product operations and about 70 employees were Internet media content editors. The Group developed and implemented the overall co-ordination within the Group, formulated human resources development and management proposals that were relatively independent to the subsidiaries, specifically engaged professional institutions to provide professional support to the aspects such as the establishment of remuneration system and leadership competency model of the Group. Meanwhile, the Group formulated leadership development implementation plans for the optimisation of the organisation and talent structure to meet the demand of talents under the diversified business development of the Group. In addition, we will provide employees with an incentive and remuneration policy that is competitive, and offer commissions and discretionary bonuses to our sales personnel and other employees in accordance to the Group's performance and the performance and experience of individual employees. We provide employees with benefits such as insurance and medical check-ups in order to maintain our competitiveness in the labour market. The Group offers various training courses and seminars for our employees, with a view to enhancing their knowledge and skills. In order to align the personal 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 but remained unexercised as of the end of the year totalled 37,557,500 units.

INDUSTRY AND GROUP OUTLOOK

2014 and 2015 will be the critical period for the Group to realise its strategic upgrade. The Group will increasingly put effort to comprehensively support the new businesses and maintain an optimistic attitude towards the overall optimisation development of its business structure in the coming two years.

In 2014, China's economic development will be "stable with slight decline", but optimistic in the long term. Pursuant to the forecast in the "Global Economic Prospects Report" issued by the World Bank in January 2014, in 2014, China's economic growth will be 7.7%. The data published by China Federation of Logistics and Purchasing and the Investigation Center for Service Industry of National Bureau of Statistics on 1 March 2014 showed that the China Manufacturing Purchasing Managers Index ("**PMI**") in February this year was 50.2%, 0.3 percentage point lower than the preceding month, showing a decrease for three consecutive months. Also, HSBC China Manufacturing PMI final value in February 2014 was 48.5%, continuously lower than the standard of 50%. Based on the above, the Group believes that the economy at the beginning of 2014 was barely stable. The specific measures to a comprehensive and in-depth reform proposed in the 18th Third Plenary Session of the Communist Party of China will be launched successively to stimulate people's confidence in the economic sustainability. Integrating the above variable factors, the Group will closely monitor the overall economic situation and respond in a prudent manner in the coming year. The Group will positively strive to coordinate the scale and pace of business development in order to seek for the best results for the Group's business.

From the viewpoint of the industry, one of the main trends influencing brand communication and marketing for the coming two to three years will be "multi-screen integration". Accordingly, the Group will adhere to the spirit of pioneering, continue to allocate various resources such as human resources and capital to, and nurture the constructive development of its Internet media platforms. Lotour.com will strive to achieve the target of significant growth in both active users and revenue based on the tourist destination marketing system and the Group's existing travel-related brand clients. The ultimate goal for Lotour.com is to become the most appealing tourist destination Internet media in the future, forming the core competitiveness which differentiates it from other online travel platforms. With the commencement of the double operation centres, Boosj.com will be able to integrate and utilise the quality content resources and connect the brands' communication demand with the video media swiftly. Wugu.com.cn will further target at specific target audience with innovative and pragmatic products, as a result develop this Internet media into a platform which assembles and influences the elite group in agriculture.

In pace with the progressively established technologies, we believe that, market competition among Internet media platforms has successively transformed from technology-driven to product-driven and service-driven. At this stage, our accumulated professional experience and profound understanding of the brand communication in various industries in China, integrated with the fundamental experience in Internet media platform projects in recent years, will assist the Group to establish a clear competitive edge in the aspects of development and operation of Internet media platforms as well as the business of integrated content operation. The demand for brand communication and marketing in the industries with promising prospects such as travel industry and agriculture will grow rapidly in the mid- to long-term and stimulate the flourishing growth of the Group's relevant platforms.

On the other hand, we note that, along with the emergence of social media and self-media, content marketing has been increasingly prominent in terms of maximising the communication value for the brands, which was highly emphasised by the brand advertisers. In response to this trend with the Group's existing advantages in creative video production, the Group will emphasise the research and development as well as operation of video programmes in the coming one to two years. The Group will strive to air one to two programmes about lifestyle and entertainment on the top satellite TV channels and leading Internet video media platform simultaneously in 2014 to realise the effective exploration in marketing models.

The focus point is that TV advertising and brand communication business is still the Group's foundation for strategic upgrade. In 2014, while the Group will put effort into stable business development, its marketing strategy will be upgraded. It will first focus on the CCTV media communication and then strive to satisfy the demand for satellite TV as well as inter-screen communication of clients from various industries, progressively enhancing the Group's capability of integrated brand marketing.

Focusing on the above business developments and enhancements, the Group will also further optimise the Group's organisational structure as well as the management level, to ensure the quantity, quality and structure of development along with the constantly fast pace for development. We believe that, SinoMedia, which persists and spreads the spirit of dream and innovation while positively embraces the inter-screen era, will continuously bring substantial profits to the shareholders.

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

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2013, the Company has fully complied with all code provisions ("**Code Provisions**") of the Corporate Governance Code and Corporate Government Report as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the following deviations:

Under Code Provision A.5.2, the 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 of the Company was held. However, on the Board meeting of 22 August 2013, the Board had reviewed the structure, size and composition of the Board and the policy for the nomination of Directors and the relevant nomination procedures and criteria, adopted the terms of reference of the nomination committee revised in view of the requirement of a board diversity policy, and approved the adoption of the board diversity policy of the Company.

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 engagements which must be attended to by Mr. Ding Junjie, Mr. Qi Daqing, and Mr. Lian Yuming, the independent non-executive directors of the Company, they were not able to attend the annual general meeting of the Company held on 23 May 2013.

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 2013.

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 2013, 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 HKD16.48 cents (2012: HKD13.5 cents) per share and a special dividend of HKD16.48 cents (2012: HKD13.5 cents) per share, with an aggregate value of approximately RMB146 million, to shareholders. Subject to the approval of shareholders at the forthcoming annual general meeting to be held on Thursday, 12 June 2014 ("**AGM**"), the final and special dividends will be paid in Hong Kong dollars on or about Wednesday, 2 July 2014 to those members registered in the Company's register of members as at Friday, 20 June 2014.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Thursday, 12 June 2014. Notice of the AGM together with the Company's annual report for the year ended 31 December 2013 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, 10 June 2014 to Thursday, 12 June 2014 (both dates inclusive), for the purposes of determining the entitlements of the members of the Company to attend and vote at the AGM. No transfer of shares may be registered during the said period. In order to qualify to attend and vote at the AGM, all transfers 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, 9 June 2014.

The register of members of the Company will also be closed from Wednesday, 18 June 2014 to Friday, 20 June 2014 (both dates inclusive), for the purposes of determining the entitlements of the members of the Company to the proposed final dividend and special dividend upon the passing of the relevant resolution. No transfer of shares may be registered during the said period. 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, 17 June 2014.

On behalf of the Board
SinoMedia Holding Limited
CHEN Xin
Chairman

Hong Kong, 20 March 2014

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