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 2018

FINANCIAL SUMMARY

RMB'000	**For the year ended 31 December 2018**	For the year ended 31 December 2017	Change (%)
Revenue	**1,615,704**	1,472,698	+10%
Profit from operations	**101,397**	138,441	-27%
Profit attributable to equity shareholders of the Company	**82,127**	93,042	-12%
Earnings per share			
— Basic and Diluted	**16.2 RMB cents**	17.7 RMB cents	-8%
Proposed final dividend per share	**7.71 HKD cents**	8.86 HKD cents	-13%

REVENUE

RMB'000	**For the year ended 31 December 2018**	For the year ended 31 December 2017	Change (%)
TV media resources management	**1,403,362**	1,242,418	+13%
Integrated communication services and Content operations	**81,778**	122,781	-33%
Digital marketing and Internet media	**86,738**	79,893	+9%
Rental income	**60,371**	44,591	+35%
Sales taxes and surcharges	**(16,545)**	(16,985)	-3%
	1,615,704	1,472,698	

The Board of directors (the "**Board**") of SinoMedia Holding Limited ("**SinoMedia**" or the "**Company**") announces the audited results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2018, with comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Note	**2018**	2017
		RMB'000	*RMB'000*
Revenue		**1,615,704**	1,472,698
Cost of services		**(1,360,814)**	(1,173,591)
Gross profit		**254,890**	299,107
Other revenue	4	**3,059**	6,612
Selling and marketing expenses		**(59,446)**	(60,995)
General and administrative expenses		**(97,106)**	(106,283)
Profit from operations		**101,397**	138,441
Finance income	5(a)	**17,198**	8,605
Finance costs	5(a)	**(581)**	(2,098)
Net finance income		**16,617**	6,507
Profit before taxation	5	**118,014**	144,948
Income tax	6	**(37,085)**	(54,662)
Profit for the year		**80,929**	90,286
Attributable to:			
Equity shareholders of the Company		**82,127**	93,042
Non-controlling interests		**(1,198)**	(2,756)
Profit for the year		**80,929**	90,286
Earnings per share			
Basic and diluted (RMB cents)	7	**16.2**	17.7

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018	2017
	RMB'000	*RMB'000*
Profit for the year	**80,929**	90,286
Other comprehensive income/(loss) for the year (after tax and reclassification adjustments)	**4,037**	(3,970)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the Company and overseas subsidiaries	**4,037**	(3,970)
Total comprehensive income for the year	**84,966**	86,316
Attributable to:		
Equity shareholders of the Company	**86,164**	89,072
Non-controlling interests	**(1,198)**	(2,756)
Total comprehensive income for the year	**84,966**	86,316

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Note	2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment	9	**229,738**	239,256
Investment property	9	**576,684**	589,110
Intangible assets		**22,399**	24,902
Goodwill		**6,002**	6,002
Trade and other receivables	10	**865**	865
		835,688	860,135
Current assets			
Other current financial assets		**1,737**	1,537
Trade and other receivables	10	**428,745**	631,771
Pledged bank deposits		**—**	595
Time deposits with original maturity over three months		**8,514**	10,636
Cash and cash equivalents		**715,109**	678,791
		1,154,105	1,323,330
Current liabilities			
Trade and other payables	11	**121,656**	533,990
Contract liabilities	12	**241,275**	—
Current taxation		**37,508**	74,037
		400,439	608,027
Net current assets		**753,666**	715,303
Total assets less current liabilities		**1,589,354**	1,575,438
NET ASSETS		**1,589,354**	1,575,438
CAPITAL AND RESERVES			
Share capital		**510,981**	510,981
Reserves		**1,085,380**	1,068,777
Total equity attributable to equity shareholders of the Company		**1,596,361**	1,579,758
Non-controlling interests		**(7,007)**	(4,320)
TOTAL EQUITY		**1,589,354**	1,575,438

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The financial information relating to the years ended 31 December 2018 and 2017 included in this document does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (the "**Companies Ordinance**") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2018 in due course.

The Company's auditor has reported on the consolidated financial statements for both years. The auditor's reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the requirements of the Companies Ordinance. As Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong, are derived from and consistent with IFRSs, these financial statements also comply with HKFRSs. 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 for derivative financial instruments and investments in equity securities which are stated at their fair value.

2 Changes in accounting policies

The IASB/HKICPA has issued a number of new IFRSs/HKFRSs and amendments to IFRSs/HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IFRS/HKFRS 9, *Financial instruments*
- IFRS/HKFRS 15, *Revenue from contracts with customers*
- HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to IFRS/HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as IFRS/HKFRS 9.

(a) Impact on the financial statements

The Group has been impacted by IFRS/HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by IFRS/HKFRS 15 in relation to presentation of contract liabilities. Under the transition methods chosen, the Group recognises cumulative effect of the initial application of IFRS/HKFRS 9 and IFRS/HKFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The reclassifications and the adjustments arising from the new accounting policies are therefore not reflected in the consolidated financial statements as at 31 December 2017, but are recognised in the opening consolidated financial statements on 1 January 2018.

(b) IFRS/HKFRS 9 *Financial Instruments*

IFRS/HKFRS 9 replaces the provisions of IAS/HKAS 39 that relate to the recognition, classification and measurement of financial instruments and impairment of financial assets..

(i) Classification and measurement of financial assets and financial liabilities

IFRS/HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. These supersede IAS/HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at fair value through profit or loss.

The following table shows the original measurement categories for each class of the Group's financial assets under IAS/HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with IAS/HKAS 39 to those determined in accordance with IFRS/HKFRS 9:

	IAS/HKAS 39 carrying amount at 31 December 2017	Reclassification	Remeasurement	**IFRS/HKFRS 9 carrying amount at 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*	***RMB'000***
Financial assets carried at amortised cost				
Trade and other receivables	632,636	—	(4,778)	**627,858**
Pledged bank deposits	595	—	—	**595**
Time deposits with original maturity over three months	10,636	—	—	**10,636**
Cash and cash equivalents	678,791	—	—	**678,791**
	1,322,658	—	(4,778)	**1,317,880**
Financial assets carried at fair value through profit or loss				
Equity securities not held for trading	—	—	—	**—**
Other derivative assets	1,537	—	—	**1,537**
	1,537	—	—	**1,537**

(ii) *Credit losses*

IFRS/HKFRS 9 replaces the "incurred loss" model in IAS/HKAS 39 with the "expected credit loss" model. The expected credit loss model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises expected credit losses earlier than under the "incurred loss" accounting model in IAS/HKAS 39.

The following table reconciles the closing loss allowance determined in accordance with IAS/HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with IFRS/HKFRS 9 as at 1 January 2018:

	RMB'000
Loss allowance at 31 December 2017 under IAS/HKAS 39	80,105
Additional credit loss recognised at 1 January 2018 on:	
— Trade receivables	4,778
Loss allowance at 1 January 2018 under IFRS/HKFRS 9	84,883

(c) IFRS/HKFRS 15, *Revenue from contracts with customers*

IFRS/HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS/HKFRS 15 replaces IAS/HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and IAS/HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

To reflect these changes in presentation, the Group has reclassified advances from customers amounting to RMB405,464 thousands from trade and other payables to contract liabilities at 1 January 2018.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under IAS/HKAS 11 and 18. As allowed by IFRS/HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

(d) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way.

The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

3 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.

4 Other revenue

		2018	2017
	Note	***RMB'000***	*RMB'000*
Government grant	(i)	**1,718**	2,528
Others		**1,341**	4,084
		3,059	6,612

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

5 Profit before taxation

(a) *Finance income and costs*

	2018	2017
	RMB'000	*RMB'000*
Interest income on bank deposits	**17,198**	8,265
Net foreign exchange gain	**—**	340
Finance income	**17,198**	8,605
Interest on bank borrowings	**—**	(2,040)
Net foreign exchange loss	**(529)**	—
Others	**(52)**	(58)
Finance costs	**(581)**	(2,098)
Net finance income	**16,617**	6,507

(b) *Staff cost*

	2018	2017
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**86,261**	93,957
Contributions to defined contribution plan	**7,486**	8,155
Equity-settled share-based payment expenses	**2,894**	1,718
	96,641	103,830

(c) *Other items*

	2018	2017
	RMB'000	*RMB'000*
Amortization	**3,622**	3,432
Depreciation	**23,082**	23,370
Impairment losses for doubtful debts	**11,060**	7,483
Operating lease charges	**4,787**	5,256
Auditors' remuneration	**2,950**	2,950
Professional fee	**2,512**	3,279
Research and development costs	**3,185**	5,496

6. Income tax

	2018	2017
	RMB'000	*RMB'000*
Current tax		
Provision for PRC income tax	**37,085**	54,688
Deferred tax		
Origination and reversal of temporary differences	**—**	(26)
	37,085	54,662

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

No provision has been made for Hong Kong profits tax and Singapore income tax as the Company's subsidiaries in Hong Kong and Singapore had unutilised tax losses brought forward from prior years which was sufficient to set-off against taxable income of 2018.

Pursuant to the currently relevant income tax rules and regulations of the PRC, the Group's entities in the PRC were liable to the PRC Corporate Income Tax at a rate of 25%, except that Beijing Lotour Huicheng Internet Technology Company Limited was at a preferential rate of 15% as an advanced technology-based service enterprise, and Beijing Laite Laide Management Consultancy Company Limited was at a preferential rate of 20% as a small meager-profit enterprise, during the year ended 31 December 2018.

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 RMB82,127 thousand (2017: RMB93,042 thousand) and the weighted average of 506,896 thousand ordinary shares (2017: 526,648 thousand shares) in issue during the year, calculated as follows:

	2018	2017
	RMB'000	*RMB'000*
Profit attributable to ordinary equity shareholders	**82,127**	93,042

Weighted average number of ordinary shares	**2018**	2017
	'000	*'000*
Issued ordinary shares at 1 January	**514,216**	535,332
Effect of shares repurchased	**(7,320)**	(8,684)
Weighted average number of ordinary shares at 31 December	**506,896**	526,648

(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 RMB82,127 thousand (2017: RMB93,042 thousand) and the weighted average number of ordinary shares of 506,896 thousand shares (2017: 526,648 thousand shares) after adjusting for the effect of share options in issue, calculated as follows:

	2018	2017
	RMB'000	*RMB'000*
Profit attributable to ordinary equity shareholders (basic and diluted)	**82,127**	93,042

Weighted average number of ordinary shares (diluted)	**2018**	2017
	'000	*'000*
Weighted average number of ordinary shares (basic)	**506,896**	526,648
Effect of share options in issue	**—**	—
Weighted average number of ordinary shares (diluted) at 31 December	**506,896**	526,648

8. Dividends

	2018	2017
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HKD7.71 cents (approximately RMB 6.60 cents) (2017: HKD8.86 cents, approximately RMB7.17 cents) per ordinary share	**32,776**	36,831

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period as it had not been approved by shareholders.

	2018	2017
	RMB'000	*RMB'000*
Dividends approved and paid to equity shareholders of the Company during the year	**38,078**	—

9. 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 2017	273,935	13,876	15,098	302,909	669,520	972,429
Additions	—	884	310	1,194	—	1,194
Disposals	—	(1,337)	(133)	(1,470)	—	(1,470)
Balance at 31 December 2017	273,935	13,423	15,275	302,633	669,520	972,153
Balance at 1 January 2018	273,935	13,423	15,275	302,633	669,520	972,153
Additions	—	504	782	1,286	—	1,286
Disposals	—	(1,084)	(1,264)	(2,348)	—	(2,348)
Reclassification	(3,547)	—	—	(3,547)	3,547	—
Balance at 31 December 2018	**270,388**	**12,843**	**14,793**	**298,024**	**673,067**	**971,091**
Depreciation						
Balance at 1 January 2017	30,750	11,728	13,634	56,112	65,614	121,726
Charge for the year	7,209	1,025	365	8,599	14,796	23,395
Disposals	—	(1,207)	(127)	(1,334)	—	(1,334)
Balance at 31 December 2017	37,959	11,546	13,872	63,377	80,410	143,787
Balance at 1 January 2018	37,959	11,546	13,872	63,377	80,410	143,787
Charge for the year	7,117	848	362	8,327	14,796	23,123
Disposals	—	(1,040)	(1,201)	(2,241)	—	(2,241)
Reclassification	(1,177)	—	—	(1,177)	1,177	—
Balance at 31 December 2018	**43,899**	**11,354**	**13,033**	**68,286**	**96,383**	**164,669**
Net book value						
At 31 December 2018	**226,489**	**1,489**	**1,760**	**229,738**	**576,684**	**806,422**
At 31 December 2017	235,976	1,877	1,403	239,256	589,110	828,366

10 Trade and other receivables

	Note	31 December 2018 *RMB'000*	1 January 2018 *RMB'000*	31 December 2017 *RMB'000*
Non-current assets				
Other receivables		**865**	865	865
Current assets				
Trade debtors and bills receivable, net of loss allowance	(i)	**153,468**	142,514	147,292
Prepayments and deposits to media suppliers		**254,581**	458,275	458,275
Advances to employees		**3,535**	4,035	4,035
Other debtors and prepayments, net of loss allowance		**17,161**	22,169	22,169
		429,610	627,858	632,636

(i) Upon the adoption of IFRS/HKFRS 9, an opening adjustment as at 1 January 2018 was made to recognise additional expected credit losses on trade debtors and bills receivable

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable is as follows:

	2018 *RMB'000*	2017 *RMB'000*
Within 3 months	**96,050**	99,794
3 to 6 months	**18,094**	17,716
6 to 12 months	**13,296**	9,835
Over 12 months	**26,028**	19,947
	153,468	147,292

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.

11 Trade and other payables

	Note	**31 December 2018** *RMB'000*	1 January 2018 *RMB'000*	31 December 2017 *RMB'000*
Trade payables	(i)	**20,224**	33,214	33,214
Payroll and welfare expenses payables		**16,558**	21,423	21,423
Other tax payables		**17,070**	28,438	28,438
Other payables and accrued charges		**67,159**	44,566	44,566
Dividends payable due to non-controlling interests interests		**645**	885	885
		121,656	128,526	128,526
Advances from customers	(ii)	**—**	—	405,464
		121,656	128,526	533,990

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

	2018 *RMB'000*	2017 *RMB'000*
Within 3 months	**11,574**	20,296
3 months to 6 months	**6,687**	2,397
6 months to 12 months	**1,280**	10,508
Over 12 months	**683**	13
	20,224	33,214

(ii) As a result of the adoption of IFRS/HKFRS 15, advances from customers are included in contract liabilities.

12 Contract liabilities

	31 December 2018 *RMB'000*	1 January 2018 *RMB'000*	31 December 2017 *RMB'000*
Media services contracts	**226,754**	397,018	—
Rental contracts	**14,521**	8,446	—
	241,275	405,464	—

Upon the adoption of IFRS/HKFRS 15, these amounts previously included as "Advanced from customers" under "Trade and other payables" were reclassified to contract liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT THE GROUP

China's economic growth in domestic and foreign demand slowed down and the pressure on the real economy increased significantly during 2018, with GDP up by 6.6% compared with last year and up 6.4% in the fourth quarter, being the lowest record in terms of growth rate in nearly a decade (source: National Bureau of Statistics, January 2019).

Caixin China Manufacturing Purchasing Managers' Index (PMI) jointly prepared by Caixin Media and Markit was 48.3 in January 2019, a decrease of 3.2 percentage point compared with January 2018, being the lowest record since March 2016, indicating that the operation in manufacturing industry has slowed down to a further extent; and Caixin China Service Purchasing Managers' Index (PMI) in January 2019 was 53.6, a decrease of 1.1 percentage points compared with January 2018, indicating that the service industry maintained robust expansion notwithstanding the growth rate in the service sector has slowed down (source: Caixin Media, February 2019 and February 2018).

In terms of advertising industry, China's advertising market in 2018 grew by 2.9% compared with last year, of which advertising expenses in traditional media has dropped by 1.5% compared with the same period last year, based on the market study released by CTR Media Intelligence. The information indicates that the growth of China's advertising market has dropped after experiencing a favorable situation at the beginning of the year and the expenses for TV advertising has also shifted from increase to decrease (source: CTR Media Intelligence, January 2019).

During the year under review, faced with the stagnant macroeconomic environment and the huge downward pressure on the TV advertising market, the Group made proper adjustments to the low-efficiency business sector, optimized the media products and business structure, explored deeply the field of TV advertisement that has an advantage in the market share, continued to promote the strategy of providing inter-screen creative communication services as the core, and further improved the competitiveness of the Group as a leading comprehensive media operation group in China.

BUSINESS REVIEW

TV ADVERTISING AND CONTENT OPERATIONS

I. TV Media Resources Management

During the year under review, the Group had approximately 10,990 minutes of advertising resources on a total of 10 programs on channels including CCTV-1 (General)/CCTV-News, CCTV-2 (Finance), CCTV-4 (Chinese International, including Europe and the US), CCTV-7 (Military and Agriculture), and the exclusive underwriting right for 67,110 minutes of all advertising resources of CCTV-9 (Documentary). It covered the markets of news, politics, agriculture, culture and lifestyle programs and also brought more diversified communication channels to clients. Its specific media resources include the "News 30" (新聞30分) jointly broadcasted on CCTV-1 (General)/CCTV-News, "Di Yi Shi Jian" (第一時間) and "China Economic Forum" (中國經濟大講堂) on CCTV-2 (Finance), programs and resource periods including "Across the Straits" (海峽兩岸), and "Today's Focus" (今日關注) on CCTV-4 (Chinese International), and 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) on CCTV-7 (Military and Agriculture) as well as all advertising resources of CCTV-9 (Documentary). During the year, the Group continued to strengthen the capability of developing and serving clients in the area of TV advertisement marketing and improved the competitiveness through optimizing media product combinations to absorb more advertising placements from brand clients with creative communication strategies and services.

II. Integrated Communication Services

The Group has gained recognition by a large number of well-known clients for its professional and highly efficient communication services and caring client service philosophy. During the year under review, the Group provided brand information, advertising placement, promotion planning, public relation activities and other multi-dimensional brand integrated communication services to clients including Ping An, Feihe Dairy, Suning Appliance, JDB, Zhihu, Country Garden, Evergrande Tourism, Sinopec, Chang'an Automobile, Shandong Tourism and Yunnan Tourism.

In respect of international business, the Group actively offered overseas clients with Chinese market promotion, media propaganda, creative planning and other services. The main clients during the year under review include Tourism of Toronto, Ottawa, Nova Scotia, Yukon and other areas of Canada, and Turkish Tourism, Washington Tourism Board, European Tourism Commission and Department of Tourism Indonesia, etc.

III. Content Operations

The Group provided clients with comprehensive and professional commercial advertisement creative production services. During the year under review, the Group successively served COFCO Greatwall, PICC, Tai'an Tourism, Turkey Embassy and other clients, providing services involving creative design, advertising video shooting, producing and editing.

The Group continued to actively explore and develop content production and creative communication business during the year under review. The Group and CCTV jointly produced 33 sessions of Bond with China (中國緣), with a total of approximately 900 minutes, all of them had been broadcasted on CCTV-4 (Chinese International) up to the Spring Festival of 2019. Magical Circus (神奇馬戲團), the Hollywood animation partly invested and jointly produced by the Group, was released to the public during the year. The post production of The Disappearance of Suspects (消失的嫌疑人) and The Special Witness (非常目擊), the suspense reasoning movies partly invested and jointly produced by the Group, were completed and expected to be released in 2019. In addition, the Group completed the planning, filming and promotion of films and TV products and creative contents for a variety of clients during the year, helping clients to improve their brand values with innovation capabilities.

DIGITAL MARKETING AND INTERNET MEDIA

I. Digital Marketing

The Group continuously upgraded its self-developed intelligent programming advertising placement platform, and continued to improve the internet integrated service capacity, providing clients with one-stop digital marketing solutions through technologies of big data and precision placement. During the year under review, the Group successively served Feihe Dairy, Korea Tourism Organization, Dazhong Appliances, GOME Appliances, CAISSA Touristic and other clients, receiving a high degree of recognition and praise therefrom.

II. Internet Media

www.boosj.com (播視網) focused on two major vertical fields: talent fostering of children and healthy life promotion for middle-aged and elderly people, providing users with online video content services and community interaction platform. Its website traffic increased stably in 2018 and formed core users group with home life as a remarkable label. Of which, the channel of Talented Kid focused on the development of children's intelligence, combining dance, nursery rhythm, painting, stories and other video programs, to produce a series of content based on the characteristics of children's growth stages, and release through various channels, such as PC, mobile WAP, APP and self-media accounts. The channel of Square Dance formed an interaction community bond with experienced teachers, dance teams and dancers, and became ever more popular and influential by leverage of the online platform together with the offline activity resources. During the year under review, www.boosj.com held many serial activities such as "Dance Show in 100 Cities" (百城秀舞) and "Annual Gala" (年度盛典), and cooperated with Country Garden Group to hold the national performance game of square dance "Dancing for New Life" (舞動新生活) for two consecutive years.

With the core of China's modern agriculture information communication services, the original contents of www.wugu.com.cn (吾谷網) covered policy interpretation, scientific and technological knowledge, rich stories, investment and starting up business, etc., and were released through many channels, with an annual reading volume of over 50 million. During the year, www.wugu.com.cn continued to upgrade the Beijing's online service platform of "One Village, One Product (一村一品)" and obtained the e-commerce cooperation project of "One Village, One Product" from Beijing Municipal Commission of Rural Affairs, providing part of towns and villages in the suburb of Beijing with brand positioning, image design, internet marketing and other comprehensive communication services.

www.lotour.com (樂途旅遊網), by constantly expanding the inspirational travelers' resources and high-quality tourism contents, consolidated the online platform placing and offline activity services. During the year under review, www.lotour.com provided services to clients such as Gansu Tourism, Fuzhou Tourism, Lhasa Tourism, Huma Tourism, Henan Tourism, Liaoning Tourism and Inner Mongolia Tourism.

FINANCIAL REVIEW

REVENUE AND PROFIT ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY

For the year ended 31 December 2018, the Group recorded revenue of RMB1,615,704 thousand, representing an increase of approximately 10% from RMB1,472,698 thousand last year.

Revenue details for the year under review are as follows:

(I) Revenue recorded from TV media resources management was RMB1,403,362 thousand, representing an increase of approximately 13% from RMB1,242,418 thousand last year. The Group experienced downward pressure and challenges in the market of TV media industry. By continuously conducting targeted media promotion activities during the year, the Group has made timely adjustments to the marketing strategies based on market condition, and has further optimized media product structure guided by the market demand. Meanwhile, the Group constantly enriched its marketing team, strengthened the result-oriented incentive policy, and through intensifying the marketing cases and creative planning and other professional training, maintained stable growth for the annual contracted sales. Among which, advertising placement from clients of finance and insurance and healthcare recorded an outstanding performance.

(II) Revenue recorded from integrated communication services and content operations was RMB81,778 thousand in total, representing a decrease of approximately 33% from RMB122,781 thousand last year. Among which:

Turnover recorded from integrated communication services was RMB1,065,708 thousand, representing an increase of approximately 22% from RMB870,504 thousand last year. During the year, the Group signed agreements with numerous famous corporate clients of good standing to provide them with professional brand services such as media planning, media procurement and advertising placement. Both the number of clients and the contract amounts increased when compared with those of last year. Under the International Accounting Standards, relevant procurement costs must be deducted from the Group's turnover and the resulting net commission should be credited as the Group's revenue if the Group procures media resources in the capacity of an agent for clients. On this basis, revenue from this business was RMB57,791 thousand, representing a decrease of approximately 24% from RMB76,480 thousand last year. Affected by the settlement cycle of media suppliers, the commission obtained from media suppliers during the year was less than that in the same period of last year.

Revenue from content operations was RMB23,987 thousand, representing a decrease of approximately 48% from RMB46,301 thousand of last year. Revenue from this business was mainly from content production of films and TV programs and creative production of commercial advertisements. Affected by the broadcasting time and settlement cycle of films and TV programs, revenue from documentary films project jointly produced by the Group and CCTV and animation and movies and other projects partly invested by the Group had not been recognized during the year. Affected by the deduction of expense budget by clients, revenue from creative production of commercial advertisements was less than that in the same period of last year.

(III) Revenue recorded from digital marketing and internet media was RMB86,738 thousand in total, representing an increase of approximately 9% from RMB79,893 thousand last year. The Group's self-developed intelligent programming advertising placement platform operates stably. The Group made continuous investment and optimization to its intelligent bidding advertising placement system based on the market demand, and as a result, revenue from digital marketing business increased as compared with that of last year. After years of cultivation and investment, the website traffic and users stickiness of www.boosj.com, www.wugu.com.cn and www.lotour.com under the Group steadily improved and revenue from internet media business increased compared with the same period of last year.

(IV) Rental income was RMB60,371 thousand, representing an increase of approximately 35% from RMB44,591 thousand last year, mainly because the office buildings temporarily not leased out last year were leased out again during the year, and as a result, revenue from this business was higher than that in the same period of last year.

During the year, revenue of the Group rose as compared with last year. Nevertheless, gross profit of the Group decreased compared with last year as the overall service costs increased because there were more exclusive underwriting resources of TV advertising during the year. For the year ended 31 December 2018, the profit attributable to equity shareholders of the Company was RMB82,127 thousand, representing a decrease of approximately 12% from RMB93,042 thousand last year.

OPERATING EXPENSES

For the year ended 31 December 2018, the Group's operating expenses were RMB156,552 thousand in aggregate, representing a year-on-year decrease of approximately 6% from RMB167,278 thousand last year, and accounted for approximately 9.7% of the Group's revenue (2017: 11.4%). The Group continued to strictly control the budget on operating expenses, enhanced the efficiency of utilization of operating expenses and properly lowered the administrative expenses, and as a result, both the total operating expenses and the ratio of expenses to revenue decreased as compared with last year.

Operating expenses include the followings:

(I) Selling and marketing expenses amounted to RMB59,446 thousand, which remained at similar level compared with that of RMB60,995 last year, and accounted for approximately 3.7% of the Group's revenue (2017: 4.2%).

(II) General and administrative expenses amounted to RMB97,106 thousand, representing a decrease of approximately RMB9,177 thousand from RMB106,283 thousand last year, and accounted for 6.0% of the Group's revenue (2017: 7.2%). The Group properly controlled the number of execution-related positions of less professional affairs, allowing the manpower costs to fall by approximately RMB3,310 thousand compared with last year. Meanwhile, the Group strictly controlled management and administrative expenses, resulting in the decrease in various expenses by approximately RMB6,655 thousand compared with last year. The Group made an assessment and judgment on the recoverability of receivables and goodwill arising from the acquisition of equity, and the impairment loss on receivables recorded an increase of approximately RMB3,577 thousand as compared with last year, while goodwill had no indication of impairment.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group signed an Equity Transfer Agreement with the minority shareholder of Hangzhou Sanji Media Company Limited ("**Sanji Media**") in September 2018 to acquire 12.86% equity interest in Sanji Media held by him. The equity transfer was completed during the year and Sanji Media has become a wholly-owned subsidiary of the Group since then.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity was adequate with a stable financial position as a whole. As at 31 December 2018, cash and bank balances amounted to RMB715,109 thousand (2017: RMB678,791 thousand), of which approximately 92% was denominated in RMB and the remaining 8% in HK dollars and other currencies. Bank time deposits with maturity over three months held by the Group in RMB amounted to RMB8,514 thousand (2017: RMB10,636 thousand). During the year, details of the Group's cash flows status were as follows:

(I) Net cash inflow from operating activities was RMB85,766 thousand (2017: RMB270,683 thousand), which was mainly because of: payment of corporate income tax of approximately RMB73,614 thousand; a decrease of approximately RMB203,694 thousand in prepayment of media agency cost to media suppliers as compared to the end of last year; and a decrease in advance from customers of approximately RMB164,189 thousand as compared to the end of last year.

(II) Net cash inflow from investing activities was RMB18,639 thousand (2017: RMB3,860 thousand), which was mainly attributable to the interest received on bank deposits at approximately RMB17,198 thousand; and the time deposit with original maturity over three months on due received at approximately RMB2,122 thousand.

(III) Net cash outflow from financing activities was RMB67,406 thousand (2017: RMB144,313 thousand), which was mainly attributable to: the use of capital for the buyback of the Company's shares of approximately RMB29,088 thousand; and payment of final dividend of 2017 of approximately RMB38,078 thousand.

As at 31 December 2018, the Group's total assets amounted to RMB1,989,793 thousand, which consisted of equity attributable to equity shareholders of the Company of RMB1,596,361 thousand, and non-controlling interests of RMB-7,007 thousand. As at 31 December 2018, the Group had no bank borrowings.

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

HUMAN RESOURCES

As at 31 December 2018, the Group had 296 employees in total, less than that at the beginning of the year and the overall operating efficiency improved. During the year under review, the Group properly streamlined execution-related staff for fundamental affairs, controlled the number of positions for low-efficiency business segments, while at the same time raised the basic salary and performance bonus for professional positions in sales and marketing, and implemented dynamic performance related remuneration policies for middle and senior management, so as to intensify the connection between working results and personal interests. The Group continued to optimize the structure of professional talents and introduced professional talents in the fields covering film choreographer, content production, integrated marketing and creative planning, further improving the Group's capacities in creative communication service and comprehensive operation. In the aspect of employee training, the Group undertook regular sharing sessions of professional training, with creative advertising, marketing cases and media innovation as the themes, and held prize-winning campaigns for creative proposals, in order to comprehensively improve the employees' professional knowledge and practical capabilities. In addition to guaranteeing the mandated benefits, the Group continued to provide festival gift money to the elderly parents of employees, held events for outstanding employees and their families and parent-child activities. In order to align the personal interests of employees with those of shareholders, the Company granted share options to employees under share option schemes. Share options that were granted and remained unexercised as of the end of the year totaled 21,332,000 units.

INDUSTRY AND GROUP OUTLOOK

According to the Economic Blue Book: Analysis and Forecast of China's Economic Situation of 2019 released by the Chinese Academy of Social Sciences, it was expected that the growth rate of China's GDP in 2019 would be 6.3%, maintaining a decreasing trend compared with that of 2018. According to the Global Ad Investment Forecast Report released by GroupM, the growth rate of the global advertising in 2019 was expected to be adjusted to 3.6% from 3.9% forecasted in the middle of the year. Of which, China's advertising market will see a single digit growth for six consecutive years, being the lowest growth rate since recorded.

The development of advertising market and the growth of economy are closely related. Looking forward to 2019, the slowing down of the macro economy, intense situation of international trade as well as the accelerated falling of domestic consumption all brought enormous pressure and uncertainties to the business performance of the Group in the short run. Nevertheless, the Group always has confidence in and good expectations on the mid-and-long term prosperity of China's economy. We are committed to provide clients with premium creative products and communication services by focusing on the existing advantages and core competitiveness, further stimulating the team's innovative vitality, actively carrying out external cooperation, with an aim to maintain steady development during economic slowdown.

Specifically, in terms of TV advertising and content operations, based on all channel resources of CCTV-14 Children's Channel, the new exclusively underwritten channel in 2019, the Group will continue to optimize the media resources of TV advertising, strengthen client development capability and adhere to the client-oriented product and service strategies, to promote the deep combination and efficient communication of brand and high-quality content. Meanwhile, the Group will continue to nurture and develop content and creative production, and help clients to develop consumer market and increase brand value through IP-oriented creation and operation using the accumulated media experiences and client base, in order to expand the development space of the Group to the consumer markets with larger scale. In terms of the digital marketing and internet media, the Group will follow the development trend of internet media, enrich the content products and interactive functions in respect of the needs of core users in the vertical fields, make use of the matrix advantage of media resources, strengthen the resource benefit of high quality traffic, and constantly improve the operating capability of internet media and the professional capability of precision communication.

As a leading comprehensive media operation group in China, the Group will intensify the core competitiveness in creative communication, and uphold the spirit of innovation to improve operation efficiency and optimize the property rental income and fund management income. At the same time, the Group is committed to explore the method to accelerate the expansion of industrial development space of cultural tourism and consumer goods market by leveraging on brand creative communication and IP development, and lay a foundation for the medium and long term development of the Group through the development of new growth points to continue to create value for society, clients, staff and its shareholders.

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

During the year under review, the Company completed the buy-back of 17,603,000 ordinary shares on the Stock Exchange of Hong Kong Limited at an aggregate price of HKD33,827,950. The bought-back shares had been cancelled subsequently in 2018. The details of the bought-back shares are as follows:

Date *(dd/mm/yyyy)*	**Number of shares bought-back**	**Highest price** *HKD*	**Lowest price** *HKD*	**Total paid** *HKD*
19/01/2018	530,000	1.83	1.81	965,570
09/04/2018	130,000	2.03	1.97	260,810
10/04/2018	350,000	2.10	2.06	729,570
11/04/2018	383,000	2.10	2.07	800,080
13/04/2018	109,000	2.10	2.08	228,190
16/04/2018	278,000	2.09	2.07	578,460
17/04/2018	150,000	2.08	2.08	312,000
18/04/2018	373,000	2.09	2.06	775,860
23/04/2018	111,000	2.08	2.07	230,770
25/04/2018	221,000	2.10	2.08	462,570
27/04/2018	132,000	2.10	2.07	276,100
04/05/2018	220,000	2.09	2.08	459,600
08/05/2018	288,000	2.09	2.07	599,170
10/05/2018	101,000	2.10	2.08	210,560
11/05/2018	228,000	2.10	2.09	478,020
14/05/2018	201,000	2.10	2.08	421,090
16/05/2018	229,000	2.10	2.08	478,610
17/05/2018	241,000	2.10	2.08	503,940
24/05/2018	100,000	2.10	2.10	210,000
25/05/2018	450,000	2.10	2.09	942,870
30/05/2018	261,000	2.10	2.08	545,980
31/05/2018	463,000	2.10	2.09	970,670

Date *(dd/mm/yyyy)*	Number of shares bought-back	Highest price *HKD*	Lowest price *HKD*	Total paid *HKD*
19/06/2018	638,000	2.08	2.04	1,315,380
20/06/2018	230,000	2.06	2.05	473,000
21/06/2018	276,000	2.08	2.06	572,060
27/06/2018	500,000	2.00	1.97	996,280
05/07/2018	435,000	1.98	1.92	851,770
13/07/2018	266,000	2.00	1.94	525,900
17/07/2018	315,000	2.00	1.94	621,610
18/07/2018	308,000	2.00	1.95	608,040
23/07/2018	203,000	2.00	1.95	402,450
29/08/2018	329,000	1.88	1.84	611,280
31/08/2018	699,000	1.90	1.85	1,309,870
04/09/2018	186,000	1.95	1.90	358,590
06/09/2018	300,000	1.95	1.92	580,210
10/09/2018	250,000	1.90	1.87	472,790
14/09/2018	250,000	1.88	1.86	468,200
18/09/2018	150,000	1.86	1.85	278,500
26/09/2018	234,000	1.87	1.85	435,180
08/10/2018	250,000	1.84	1.80	456,460
10/10/2018	280,000	1.82	1.81	508,540
11/10/2018	740,000	1.80	1.74	1,303,700
12/10/2018	426,000	1.80	1.76	757,020
15/10/2018	1,238,000	1.80	1.77	2,217,590
16/10/2018	559,000	1.80	1.79	1,003,610
25/10/2018	236,000	1.76	1.74	414,450
29/10/2018	93,000	1.74	1.72	160,650
30/10/2018	200,000	1.75	1.74	349,910
02/11/2018	330,000	1.76	1.73	575,340
07/11/2018	173,000	1.76	1.74	303,830
09/11/2018	275,000	1.76	1.73	483,930
13/11/2018	230,000	1.76	1.74	403,540
15/11/2018	238,000	1.76	1.74	416,970
21/11/2018	288,000	1.74	1.74	501,120
26/11/2018	268,000	1.75	1.74	467,310
04/12/2018	159,000	1.80	1.79	285,510
07/12/2018	329,000	1.80	1.76	587,620
11/12/2018	173,000	1.79	1.78	309,250
	17,603,000			33,827,950

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company listed securities during the year under review.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2018, 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 deviation:

Under Code Provision E.1.2, the chairman of the Board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend.

Due to other pre-arranged business engagements which must be attended by her, Ms. Wang Xin, the chairman of the Remuneration Committee and an Independent Non-executive Director of the Company, was not present at the annual general meeting held on 8 June 2018. However, the other two members of the Remuneration Committee, Mr. Lian Yuming and Mr. Chen Xin, were present at the said annual general meeting to ensure effective communication with the shareholders thereat.

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 made specific enquiries, 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 2018.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Audit Committee was set up by the Board for the purpose of reviewing and providing supervision over the Group's financial reporting process, risk management system and internal control system. It currently comprises three Independent Non-executive Directors of the Company.

The Audit Committee has reviewed with the management and the external auditor the audited consolidated financial statements, the annual results for the year ended 31 December 2018 of the Group and the accounting principles and practices adopted by the Group.

FINAL DIVIDEND

The Board recommended a final dividend of HKD7.71 cents (2017: HKD8.86 cents) for the year ended 31 December 2018 per share to shareholders whose names appear on the register of members of the Company on Tuesday, 18 June 2019. The final dividend will be paid in Hong Kong dollars on or about Wednesday, 3 July 2019 subject to the approval of shareholders at the forthcoming annual general meeting.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 6 June 2019 ("**AGM**"). Notice of the AGM together with the Company's annual report for the year ended 31 December 2018 will be dispatched to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 31 May 2019 to Thursday, 6 June 2019 (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, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, by no later than 4:30 p.m. on Thursday, 30 May 2019.

The register of members of the Company will also be closed from Friday, 14 June 2019 to Tuesday, 18 June 2019 (both dates inclusive), for the purposes of determining the entitlements of the members of the Company to the proposed final 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, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, by no later than 4:30 p.m. on Thursday, 13 June 2019.

On behalf of the Board
SinoMedia Holding Limited
CHEN Xin
Chairman

Hong Kong, 27 March 2019

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