



SINOMEDIA HOLDING LIMITED
中視金橋國際傳媒控股有限公司

2015 Interim Results Announcement

Substantial reduction in revenue of traditional advertising
Significant increase in internet users

Financial Summary

<i>(RMB '000 unless specified otherwise)</i>	For the six months ended 30 June		
	2015	2014	Change
Revenue	619,010	836,428	-26%
Profit from operations	49,172	249,012	-80%
Profit attributable to equity shareholders of the Company	35,433	179,214	-80%
Earnings per share (RMB)			
— Basic	0.062	0.319	-81%
— Diluted	0.061	0.308	-80%

(19 August 2015 — Hong Kong) **SinoMedia Holding Limited** (“**SinoMedia**” or the “**Company**”, together with its subsidiaries, collectively known as the “**Group**”; stock code: 623), a leading media corporation in China, announces its interim results for the six months ended 30 June 2015. Due to the cutback of advertising spending by brands resulting from a slowdown in the macroeconomic growth in China, the Group recorded a decline in revenue and gross profit year-on-year. With proper control on operating expenses, profit attributable to equity shareholders of the Company amounted to RMB35.4 million, a decrease of 80% year-on-year. The Group maintained a healthy financial position and ample liquidity. As at 30 June 2015, the Group’s cash and bank balances amounted to RMB729 million. The Group’s total assets and net assets amounted to RMB2.24 billion and RMB1.59 billion respectively.

China’s advertising market cooled down during the first half of 2015. Among which, the growth rate of internet advertising slowed down evidently after years of rapid development. The total spending on TV advertising experienced its first decline, and the proportion of the increase in TV advertising budget by advertisers hit bottom since 2009. In spite of grim challenges undergoing, the Group strived to secure its solid market share in the traditional business and continued to advance the healthy development of its internet business.

During the period under review, revenue recorded from media resources management was RMB598.4 million, a decrease of 24% year-on-year. Under the impact of the budget cutback by advertisers and the dispersed spending on advertising placement, the Group's sales of advertising resources in terms of minutes sold and average sales rate decreased as compared with the same period last year. Despite the industry environment was not optimistic, the Group was able to maintain a relatively stable client base in respect of domestic and foreign tourism and transportation, and put its efforts on the exploration of new clients and the development of sales channels.

Turnover recorded from integrated brand communication services was RMB590.4 million, a decrease of 43% year-on-year from RMB1.03 billion for the same period 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, this business was yet to generate revenue in the first half of the year. Commission income receivable from media suppliers would be recognised in the second half of the year. During the period under review, the Group took its initiative to adjust the development strategy of this business and enhanced its service quality under stringent control of trade receivables, which reflected the Group's prudent financial management concept.

Revenue recorded from internet media and content operations was RMB8.3 million in total, down 63% year-on-year from RMB22.1 million for the same period last year. Revenue from creative production of commercial advertisements was affected by the reduction in the contract amount and number of contracts with clients, leading to a decrease as compared with the same period last year. Yet, the Group actively participated biddings to attemptly acquire new clientele resources while maintaining its existing clientele. With speedy enhancement of users' value as top priority, the Group continued the development of its internet projects and conducted in-depth research on the segmented areas while proactively explored mutual interests with its users. In June 2015, the monthly cumulative unique visitors (UV) of the three websites of the Group amounted to near 40 million and the frequency of views (PV and VV) amounted to over 140 million in total, an increase of 66% and 65% respectively compared with those in December last year (Source: same caliber third party data), which showed the accelerated development brought by the Group's continuous investment in the internet projects. Among which, boosj.com targeted at healthy lifestyle market and developed as a healthy lifestyle short video network platform by providing channels such as "Square Dance (廣場舞)", "Children Dance (兒童舞)", "Yoga" and "PC Games", which was unique among the short video websites in China. During the period under review, lotour.com generalised its business feature as "a website of travel inspiration" and unveiled the competitive differentiation of non-OTA travel websites. Wugu.com.cn has attracted more attentions of users through the multi-screen communication campaign — "One Village, One Product (一村一品)". It practically developed the marketing channels for agricultural products from the origin. Its position in the industry was further consolidated.

Looking forward to the second half of the year, Mr. Chen Xin, Chairman of the Group, said, “Owing to factors such as economic slowdown, the impact brought by new media as well as the shrinkage of TV advertising viewership, reduction in the spending on TV advertising from clients was recorded and the Group was under pressure accordingly. However, challenges always come along with opportunities. The Group remains optimistic and looks forward to the mid to long term prosperity of the economy and industry. We adhere to our established strategies by accelerating the pace in achieving the goal of establishing a “TV + Internet” inter-screen communication platform in order to grasp the favourable opportunity to upgrade the Group’s business structure. On one hand, we are strengthening the advertising related business with extensive integration of high-quality media resources. We focus on adjusting the advertising business structure and enhance the ability to achieve digital marketing for clients. On the other hand, we adhere to increase the general input to our three websites and swiftly capture the market in the areas of agriculture, tourism and healthy lifestyle. Meanwhile, we will keep our eyes on excellent new media projects with leading positions. Leveraging on both organic and extensive growth within the field, we try to expand our business scale and market share in order to procure the transformation of the Group’s overall business structure.”

— End —

About SinoMedia

SinoMedia was founded in 1999 and listed on the Main Board of the Hong Kong Stock Exchange in 2008. As a leading media corporation in China, SinoMedia has focused on consolidating an “Internet + TV” inter-screen communication marketing platform, by actively developing “Internet media and content operations” segment, and continuously improving “TV advertising and branding services” business. Its current businesses cover development and operation of mobile internet products, internet media platforms including www.lotour.com (樂途旅遊網), www.boosj.com (播視網) and www.wugu.com.cn (吾谷網), production and operation of video programme, CCTV media resources, public service advertising broadcast network, mobile media and overseas media. These businesses span from domestic to international markets and encompass both traditional and new media platforms. SinoMedia enjoys the marketing advantage in vertical fields of travel and agriculture. It integrates the philosophy and operating system that span the entire media value chain and has provided comprehensive, professional and high-quality services to nearly 3,000 clients worldwide. SinoMedia was one of the sponsor units of the Association of Accredited Advertising Agencies of China and is currently the director of the executive committee of the association.

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