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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL SUMMARY

RMB'000	**For the six months ended 30 June 2016**	For the six months ended 30 June 2015	**Change (%)**
Revenue	**581,876**	619,010	-6%
(Loss)/Profit from operations	**(71,888)**	49,172	-246%
(Loss)/Profit attributable to equity shareholders of the Company	**(56,465)**	35,433	-259%
(Losses)/Earnings per share *(RMB)*			
— Basic	**(0.103)**	0.062	-266%
— Diluted	**(0.103)**	0.061	-269%

Revenue:

RMB'000	**For the six months ended 30 June 2016**	For the six months ended 30 June 2015	**Change (%)**
TV media resources management	**502,577**	598,437	-16%
Integrated brand communication services	**38,720**	(1,610)	N/A
Digital marketing, internet media and content operations	**24,318**	8,287	+193%
Rental income	**21,100**	22,930	-8%
Sales taxes and surcharges	**(4,839)**	(9,034)	-46%
Revenue	**581,876**	619,010	

Turnover:

RMB'000	**For the six months ended 30 June 2016**	For the six months ended 30 June 2015	**Change (%)**
TV media resources management	**502,577**	598,437	-16%
Integrated brand communication services	**537,562**	590,416	-9%
Digital marketing, internet media and content operations	**24,318**	8,287	+193%
Rental income	**21,100**	22,930	-8%
Sales taxes and surcharges	**(4,839)**	(9,034)	-46%
Turnover	**1,080,718**	1,211,036	

The Board of directors (the "**Board**") of SinoMedia Holding Limited ("**SinoMedia**" or the "**Company**") announces the unaudited results and financial position of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2016, with comparative figures for previous period.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2016

		Unaudited	Unaudited
		Six months ended 30 June	
		2016	2015
	Note	***RMB'000***	*RMB'000*
Revenue		**581,876**	619,010
Cost of services		**(582,740)**	(498,687)
Gross (loss)/profit		**(864)**	120,323
Other revenue	*4*	**14,099**	141
Selling and marketing expenses		**(27,529)**	(20,364)
General and administrative expenses		**(57,594)**	(50,928)
(Loss)/Profit from operations		**(71,888)**	49,172
Finance income	*5(a)*	**2,921**	17,166
Finance costs	*5(a)*	**(641)**	(8,884)
Net finance income		**2,280**	8,282
Share of loss of an associate		**—**	(80)
(Loss)/Profit before taxation	*5*	**(69,608)**	57,374
Income tax	*6*	**9,281**	(25,517)
(Loss)/Profit for the period		**(60,327)**	31,857
Attributable to:			
Equity shareholders of the Company		**(56,465)**	35,433
Non-controlling interests		**(3,862)**	(3,576)
(Loss)/Profit for the period		**(60,327)**	31,857
(Losses)/Earnings per share	*7*		
Basic (losses)/earnings per share *(RMB)*		**(0.103)**	0.062
Diluted (losses)/earnings per share *(RMB)*		**(0.103)**	0.061

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Note	**Unaudited At 30 June 2016** *RMB'000*	Audited At 31 December 2015 *RMB'000*
Non-current assets			
Property, plant and equipment	*8*	**255,528**	261,278
Investment property	*8*	**607,587**	615,151
Intangible assets		**39,021**	39,702
Goodwill		**13,455**	13,455
Interests in an associate		**—**	6,525
Trade and other receivables	*9*	**1,648**	1,917
Deferred tax assets		**14,767**	2,197
		932,006	940,225
Current assets			
Trade and other receivables	*9*	**542,251**	544,431
Restricted deposits		**—**	565
Time deposits with original maturity over three months		**1,759**	26,502
Cash and cash equivalents		**525,880**	418,098
		1,069,890	989,596
Current liabilities			
Trade and other payables	*10*	**408,742**	265,969
Bank loans	*11*	**60,000**	—
Current taxation		**23,051**	39,710
Deferred tax liabilities		**225**	—
		492,018	305,679
Net current assets		**577,872**	683,917
Total assets less current liabilities		**1,509,878**	1,624,142
NET ASSETS		**1,509,878**	1,624,142

	Unaudited At 30 June 2016 *RMB'000*	Audited At 31 December 2015 *RMB'000*
CAPITAL AND RESERVES		
Share capital	**510,981**	510,981
Reserves	**993,171**	1,103,573
Total equity attributable to equity shareholders of the Company	**1,504,152**	1,614,554
Non-controlling interests	**5,726**	9,588
TOTAL EQUITY	**1,509,878**	1,624,142

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2016

	Unaudited	Unaudited
	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Operating activities		
Cash generated from/(used in) operations	**38,362**	(24,202)
Tax paid	**(19,724)**	(47,859)
Net cash generated from/(used in) operating activities	**18,638**	(72,061)
Investing activities		
Payment for purchase of property, plant and equipment	**(282)**	(10,589)
Proceeds from disposal of an associate	**10,000**	—
Proceeds from restricted cash	**565**	147,705
Received/(Payment) of term deposits with initial term over three months	**24,743**	(407)
Other cash flows arising from investing activities	**194**	10,862
Net cash generated from investing activities	**35,220**	147,571
Financing activities		
Proceeds from/(Repayment of) bank loans	**60,000**	(145,152)
Payment for purchase of own shares	**(6,900)**	—
Other cash flows arising from financing activities	**(616)**	2,881
Net cash generated from/(used in) financing activities	**52,484**	(142,271)
Net increase/(decrease) in cash and cash equivalents	**106,342**	(66,761)
Cash and cash equivalents at 1 January	**418,098**	801,773
Effect of foreign exchange rates changes	**1,440**	(6,457)
Cash and cash equivalents at 30 June	**525,880**	728,555

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the requirements of the Hong Kong 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 "**Stock Exchange**").

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies as required by accounting standards are set out in note 2.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

2 Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. The equivalent amendments to HKFRSs consequently issued by the HKICPA as a result of these developments have the same effective date as those issued by the IASB and are in all material aspects identical to the pronouncements issued by the IASB. Of these, the following developments are relevant to the Group's financial statements:

- *Annual Improvements to IFRSs/HKFRSs 2012-2014 Cycle*
- *Amendments to IAS/HKAS 1, Presentation of Financial Statements: Disclosure initiative*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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

	Unaudited	Unaudited
	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Government grant	**10,584**	125
Gain on disposal of an associate	**3,475**	—
Others	**40**	16
	14,099	141

5 (Loss)/Profit before taxation

(a) Finance income and costs

	Unaudited	Unaudited
	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Interest income on bank deposits	**2,573**	12,495
Net foreign exchange income	**348**	4,137
Changes in fair value of derivative financial instruments	**—**	534
Finance income	**2,921**	17,166
Interest on borrowings	**(616)**	(4,696)
Changes in fair value of derivative financial instruments	**—**	(4,157)
Other finance costs	**(25)**	(31)
Finance costs	**(641)**	(8,884)
Net finance income	**2,280**	8,282

(b) Other items

	Unaudited	Unaudited
	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Amortisation	**2,522**	2,308
Depreciation	**13,605**	13,626
Impairment losses on bad and doubtful accounts	**60**	475
Reversal of impairment loss on bad and doubtful accounts	**(971)**	(1,503)

6 Income tax

	Unaudited	Unaudited
	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Current tax — PRC income tax	**3,064**	19,672
Deferred taxation	**(12,345)**	5,845
Total income tax expense	**(9,281)**	25,517

No provision has been made for Hong Kong profits tax as the Company and its subsidiary in Hong Kong did not have assessable profit subject to Hong Kong profits tax during the six months ended 30 June 2016 and 2015.

No provision has been made for Singapore income tax as the Company's subsidiary in Singapore did not have assessable profit subject to Singapore income tax during the six months ended 30 June 2016 and 2015.

Pursuant to the currently applicable income tax rules and the PRC regulations, 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 rate of 15%, during the six months ended 30 June 2016 (six months ended 30 June 2015: 15%).

7 (Losses)/Earnings per share

(a) Basic (losses)/earnings per share

The calculation of basic (losses)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB56,465 thousand (six months ended 30 June 2015: profit of RMB35,433 thousand) and the weighted average number of ordinary shares of 546,494,084 (2015: 568,918,987 shares) in issue during the interim period.

(b) Diluted (losses)/earnings per share

The calculation of diluted (losses)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB56,465 thousand (six months ended 30 June 2015: profit of RMB35,433 thousand) and the weighted average number of ordinary shares of 547,608,382 (2015: 578,814,259 shares).

8 Property, plant and equipment and investment property

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment with a cost of RMB282 thousand (six months ended 30 June 2015: RMB506 thousand) and not acquired any items of investment property (six months ended 30 June 2015: nil). Items of property, plant and equipment with a net book value of RMB21 thousand were disposed of during the six months ended 30 June 2016, resulting in a loss on disposal of RMB17 thousand (six months ended 30 June 2015: RMB196 thousand).

9 Trade and other receivables

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:

	Unaudited At 30 June 2016 *RMB'000*	Audited At 31 December 2015 *RMB'000*
Non-current assets		
Trade and other receivables	**1,648**	1,917
Current assets		
Within 3 months	**133,825**	63,007
3 months to 6 months	**57,243**	18,689
6 months to 12 months	**7,531**	3,803
Over 12 months	**84,529**	86,063
Total trade and bills receivable	**283,128**	171,562
Less: allowance for doubtful debts	**(72,618)**	(73,529)
Trade and bills receivable, net of allowance for doubtful debts	**210,510**	98,033
Prepayments and deposits to media suppliers	**310,009**	425,765
Advances to employees	**1,256**	1,645
Other debtors and prepayments	**30,722**	29,234
Less: allowance for doubtful debts of other debtors	**(10,246)**	(10,246)
	542,251	544,431
	543,899	546,348

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

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), is as follows:

	Unaudited At 30 June 2016 *RMB'000*	Audited At 31 December 2015 *RMB'000*
Within 3 months	**1,602**	4,024
3 months to 6 months	**873**	880
6 months to 12 months	**55**	6
Over 12 months	**6**	—
Total trade payables	**2,536**	4,910
Advances from customers	**293,115**	191,575
Payroll and welfare expenses payables	**13,599**	16,044
Other tax payables	**11,096**	13,646
Other payables and accrued charges	**38,250**	38,938
Dividends payable due to equity shareholders of the Company	**49,290**	—
Dividends payable due to non-controlling interests of a subsidiary	**856**	856
	408,742	265,969

11 Bank loans

As at 30 June 2016, the bank loans were repayable as follows:

	Unaudited At 30 June 2016 *RMB'000*	Audited At 31 December 2015 *RMB'000*
Within one year or on demand	**60,000**	—

As at 30 June 2016, the bank loans were secured as follows:

	Unaudited At 30 June 2016 *RMB'000*	Audited At 31 December 2015 *RMB'000*
Secured bank loans	**60,000**	—

At 30 June 2016, the banking facilities obtained by the Group amounted to RMB240,000 thousand for the period from 11 January 2016 to 10 January 2017 (2015: nil) were secured by its own property of Floor 6, 7, 12 and 13 of The Place-SinoMedia Tower on Block D, 9 Guanghua Road, Chaoyang District, Beijing, the PRC, with an aggregate carrying value of RMB282,523 thousand (2015: not applicable).

At 30 June 2016, the banking facilities were utilised by the Group to the extent of RMB60,000 thousand. The amount was fully repaid in July 2016.

12 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the interim period

No dividend attributable to the interim period has been declared and paid by the Company.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year approved during the interim period

	Unaudited	Unaudited
	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved during the following interim period, of approximately RMB9.05 cents per share (six months ended 30 June 2015: final and special dividend approximately RMB21.28 cents per share)	**49,290**	121,848

Dividends attributable to the previous financial year were fully paid in August 2016 (2015: July).

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT THE GROUP

During the period under review, under the slowdown of economic growth in China, the market sentiment of the whole advertising industry was depressed. Though facing enormous pressure and challenges, the Group, as a leading media corporation in China, determined to work hard in the field of TV advertising business, in which it has advantageous market shares, implemented the pre-determined strategies, devoted great efforts to the digital media business and cultivated the business with patience and intensity. In the meantime, the Group continued to track market and client demands, and would explore the field of content marketing in due time.

In the first half of 2016, the economic growth of China continued a downward trend amidst the triple impacts of simultaneously dealing with the slowdown in economic growth, making difficult structural adjustments, and absorbing the effects of the previous economic stimulus policies. The GDP rose 6.7% year-on-year (source: National Bureau of Statistics, July 2016). The China's Purchasing Manager Index (PMI) of June 2016 jointly released by Caixin Media and Markit continued to fall to 48.6, which is the lowest since February 2016, and fell below the boom-bust line for 16 consecutive months, indicating that the downward pressure of the China's economy was not significantly relieved (source: Caixin Media, July 2016). In respect of advertising sector, the latest study of CTR Media Intelligence showed that the advertising market (excluding internet) in April 2016 fell 4.9% year-on-year, of which the traditional media declined 6.9% year-on-year, TV advertising spending fell 3.3% year-on-year, the volume fell 1.9% year-on-year, and the overall size of the advertising market continued to shrink (source: CTR Media Intelligence, June 2016).

During the period under review, although the Group's overall results faced specific pressure due to the impact of the economic environment, it still has confidence in the performance for the year. The Group will continue to focus on its objectives of expanding business and revenue, and to lay the foundation for stable development in the medium and long run.

BUSINESS REVIEW

As a leading comprehensive media corporation in China, SinoMedia insists on its orientation to market demand and focuses on value creation for clients. Leveraging platform resources of the CCTV, the Group has become a pioneer in city branding communication and established its features in financial branding communication, and served over 3,000 domestic and overseas city and corporate clients. During the period under review, while maintaining a stable development of the TV advertising business, the Group steadily injected capital to build up its service advantages in inter-screen communication and content marketing, so as to provide its clients with creative brand communication solutions in step with the convergence media era.

TV Business — TV Advertising and Branding Services

I. TV Media Resources Management

During the period under review, the Group had approximately 5,541 minutes of advertising resources on a total of 12 programs on channels including CCTV-1 (General)/CCTV-News, CCTV-4 (Chinese International, including Europe and the US) and CCTV-7 (Military and Agriculture), and it obtained for the first time the exclusive underwriting right of all advertising resources of CCTV-9 (Documentary). While it continued to cover the markets of news, politics, agriculture, culture and lifestyle programs, it also brought more diversified communication channels to clients. 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), programs including "Across the Straits" (海峽兩岸), "Today's Focus" (今日關注) and "Hui Cui Tao" (薈萃套) on CCTV-4 (Chinese International, including Europe and the US), 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) and "The Rural World" (鄉村大世界) on CCTV-7 (Military and Agriculture) as well as all advertising resources of CCTV-9 (Documentary). In terms of clients, the Group established a wider client relationship in a comprehensive way, sought different forms of cooperation opportunities, started with services currently with relatively more demand, such as planning and agency arrangements of new media, internet resources procurement, production of creative advertisement video etc, tried to understand client needs in different perspectives, actively participated in the preparation and execution of communication proposals with clients, which in turn would further promote the sales of exclusive underwriting TV resources of the Group. Besides, for the newly obtained CCTV-9 (Documentary) channel, in the first cultivation period, the Group succeeded in gathering popularity and attention by originally launching the national tour of "Film Viewing Meeting" (觀影會) with audience and clients.

II. Integrated Brand Communication Services

The integrated brand communication services of the Group include brand information, strategies, procurement, advertising placement, data support and public relations events. During the period under review, the Group successively provided integrated brand communication services to clients such as Ping An Insurance (Group) Company of China, Jiangsu King's Luck Brewery Joint-Stock Co., Ltd., Huaxia Life Insurance Co., Ltd., Evergrande Group (Evergrande Spring), Guangzhou Wanglaoji Pharmaceutical Co., Ltd., Heilongjiang Feihe Dairy Co., Ltd. (Feihe Milk Powder) and Country Garden Group etc.

Besides, the Group continued to explore promotion business of overseas tourist destinations. As a pioneer in Chinese city tourism brand marketing, the marketing business of tourist destinations of "SinoMedia" brand well expanded to the overseas markets. The international business department and two overseas branches in Hong Kong and Singapore have been set up respectively to provide promotion services targeting at Chinese market for tourist organizations in over ten countries, regions and cities. During the period under review, the Group continued to serve clients like Tourism Toronto, Ottawa Tourism, Vancouver International Airport, and was appointed as the agent in China by Swiss Air and Swiss Open-air Museum Ballenberg, to be fully in charge of their promotional activities in China. It showed that more and more overseas clients became to recognize the professional capability of SinoMedia as the expert in tourist destination brand marketing. As a result, SinoMedia has expanded its overseas tourist destination promotion business to new categories of clients.

Digital Business — iBCP (Intelligent Programming Advertising Placement Platform), Internet Media and Content Operations

I. Intelligent Programming Advertising Placement Platform iBCP

After six months' development, the overall operation of iBCP (intelligent brand communication cloud service platform), an intelligent programming advertising placement platform, progressed smoothly, despite the seasonal impact of placement schedule of the advertising sector, and it is expected that more projects will be realized in the second half of the year. In general, the iBCP digital business made considerable contribution to the business scale and diversified development of the Group. During the period under review, iBCP basically completed the technical upgrade to version 2.0, and fully realized the DSP, privatized transaction market, native ads and TV-RTB functions. While maintaining the existing media platform resources, SinoMedia iBCP also actively accessed quality media platforms in various sectors, such as e-commerce media — Alibaba, social media — Tencent, and information media — ifeng App, so that the media base of SinoMedia iBCP could be more targeted, which directly strengthened the advertising effects of its clients.

II. Internet Media

1. www.wugu.com.cn (吾谷網)

wugu.com.cn is an agricultural internet media wholly owned, established and invested by SinoMedia. In its four years' operation, it focused on the development positioning of "Chinese modern agricultural information service platform", formed three business segments, namely industry information, brand services and interactive activities, and became a new force in the field of agricultural media in China. During the period under review, in terms of technology, wugu.com.cn upgraded its WAP stations and optimized its search engine; in terms of content, it connected the media matrix with content pages, formed four complete content product pages of information, policy, column and agriculture, and added a very practical segment — "Exhibition Information". The number of clicks of "Today's Headlines" on home page continued to rise which greatly contributed to the growth of its traffic. During the period under review, wugu.com.cn was appraised as a "Leading Company in Agricultural Information" by Beijing Municipal Government, and was honored as "China New Media — Most Influential Agricultural Portal" by China E-commerce Association.

2. www.lotour.com (樂途旅遊網)

As a leading Chinese online media on tourist destinations, lotour.com has a large client base and a diversified promotion model. During the period under review, lotour.com enhanced both of its client experience and client service quality. It added over 100 tourist routes, introduced over 40 person-times columnists, improved the "Suburb Tour" ("周邊遊") and "Self-Driving Travel" ("自駕遊") channels, added "Superstar" ("大咖") channel, launched the "Score E-mall" ("積分商城"), enriched the keyword of "inspiration", and further optimized the visual webpage design. In the first half of 2016, while the product on the Huizhou Brand homepage was completed and launched online; lotour.com cooperated with Ali region of Tibet and provided the region with customized tourist destination marketing services. A multi-layer and three-dimensional intensive promotion mode was adopted for Ali tourist brand, where promotion on CCTV, online promotion, and self-driving travel activities were integrated. The exposure volume of topics reached 800 million, while the number of clicks reached approximately 2 million (source: internal data). Ali Tourism Bureau highly recognized the cooperation results, and highly praised the contribution of lotour.com to the stable development of the tourism there.

3. www.boosj.com (播視網)

boosj.com is a top-quality video website under the Group which focuses on two major areas of "Life" and "Health". During the period under review, in addition to the continuous improvement in three vertical channels of Square Dance, Talented Kid and Cool Generation, it launched the health channel "Wellness Move" ("悦動") which delivered quality yoga and outdoor sport videos and health tips to users, thus further improving the value creation of its "Livelihoods" concept and "Big Health" main theme. In the field of offline activities that boosj.com has always been good at, there were remarkable results in the square dance events under festival theme, and provided almost one thousand square dance related online videos each day. boosj.com also established cooperation with Sogou which resulted in stable growth of website traffic. As at 30 June 2016, the total website traffic of boosj.com reached 370 million which was 75% of the annual traffic of last year (source: internal data).

III. Content Operations

The Group had remarkable performance in the businesses of advertising and creative content production. On top of serving the existing clients, it also won the bid to provide creative content production services for new clients, which is a good proof of SinoMedia's competitiveness and creative strength in the video creative content production field. During the period under review, the Group successively provided graphic design, production of promotion videos as well as visual design of brand and product services for China Postal Bank, Everbright Bank, Foshan City of Guangdong Province, Kunshan City of Jiangsu Province, etc. With a mission to become a leading Chinese public service communication organization, the public service brand operation team continued to improve itself. In the first half of 2016, the team completed the planning and production of projects such as the "China national security promotion video" which gained extensive attention.

FINANCIAL REVIEW

Revenue and Profit Attributable to the Equity Shareholders of the Company

For the six months ended 30 June 2016, the Group recorded revenue of RMB581,876 thousand, representing a decrease of 6% from RMB619,010 thousand for the same period last year.

Revenue details for the period under review are as follows:

(1) Revenue recorded from TV media resources management was RMB502,577 thousand, a decrease of 16% from RMB598,437 thousand for the same period last year. Such decrease in revenue was mainly attributable to these factors that: (1) under the impact of the slowdown in macro-economic growth in China, clients decreased spending budget of TV advertising, the number and amount of advertising placement from tourism and trade and investment clients decreased as compared with the same period last year; (2) the Group offered more preferential policies to clients with good credit, which led to certain negative impact on the revenue of this business segment. The Group will maintain the existing client base, and actively explore potential clients through more media promotion and media products optimization, seek new breakthrough and progress in client development in order to maintain stable annual revenue of TV media resources management.

(2) Turnover recorded from integrated brand communication services was RMB537,562 thousand, a decrease of 9% from RMB590,416 thousand for the same period last year. During the period under review, the Group actively participated in client bidding activities, achieved remarkable results in broadening its industrial dimensions and development of new clients. It obtained new advertising placement from large corporate clients of financial and insurance, real estate, and food and beverage, however, affected by the decrease in advertising placement from clients of automobile and energy refinery, the turnover declined as compared with the same period 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 of this business was RMB38,720 thousand, there was no revenue generated from this business for the same period last year. Revenue of the first half of the year was mainly generated from part of the commission receivables from media supplier of last year which were recognized during the period under review.

(3) Revenue recorded from digital marketing, internet media and content operations was RMB24,318 thousand in total, up 193% from RMB8,287 thousand of the same period last year. Among which, (1) revenue from internet media was basically flat compared with the same period last year; (2) revenue from creative production of commercial advertisements recorded a remarkable increase as compared with the same period last year, both the contract amount and the number of contracts with clients increased; (3) as a result of the launching into operation of the self-developed intelligent programming advertising placement platform by the Group, revenue from the digital marketing became a new source in the revenue growth of this business segment. The Group will continue to actively discover client needs in the fields of digital marketing and content marketing, seeking to expand the contribution share of the digital business to the overall revenue of the Group.

(4) Rental income was RMB21,100 thousand as compared with RMB22,930 thousand for the same period last year.

During the period under review, both the revenue and the gross profit margin of core businesses decreased from the same period last year, and the costs and expenses rose as compared with the same period last year. The loss attributable to equity shareholders of the Company for the six months ended 30 June 2016 amounted to RMB56,465 thousand; profit attributable to equity shareholders of the Company for the same period last year was RMB35,433 thousand.

Operating Expenses

For the six months ended 30 June 2016, the Group's operating expenses were RMB85,123 thousand in aggregate, representing an increase of RMB13,831 thousand from the same period last year, and accounted for 14.6% of the Group's revenue (the same period last year: 11.5%). There was an increase in operating expenses as a proportion of revenue as compared with the same period last year, but it was still controlled within the expected reasonable level of the Group.

Operating expenses include the followings:

I. Selling and marketing expenses amounted to RMB27,529 thousand, showing an increase of approximately RMB7,165 thousand from RMB20,364 thousand for the same period last year, and accounted for 4.7% of the Group's revenue (the same period last year: 3.3%). The increase in selling and marketing expenses was mainly due to these factors that: (1) in order to cater for the development of the overseas markets and digital marketing segment, the Group set up the international business department and digital marketing center in the second half of last year. At the same time, the Group set up the CCTV-9 Documentary channel operation center during the period under review to support the development and sales of the new underwriting advertising resources. The new moves consequently led to an increase in the labor costs of marketing personnel; (2) the Group actively carried out marketing promotion of the new underwriting advertising resources, conducted media promotional activities throughout China. It also strengthened the development of potential clients, increased the number of client visits and participations in clients bidding. Subsequently, brand promotion and marketing expenses, conference expenses, entertainment expenses and travelling expenses increased as compared with the same period last year.

II. General and administrative expenses amounted to RMB57,594 thousand, representing an increase of approximately RMB6,666 thousand from RMB50,928 thousand for the same period last year, and accounted for 9.9% of the Group's revenue (same period last year: 8.2%). The increase in general and administrative expenses was mainly due to the factors that: (1) labor costs increased by approximately RMB4,333 thousand as compared with the same period last year as a result of the increase of the social insurance base amount of employees, the amortization of employee share options as well as salary increases of personnel of the digital marketing center such as technical and media staff; (2) the increase in the research and development expenses of intangible assets by approximately RMB3,816 thousand as compared with the same period last year.

Significant Investments, Acquisitions and Disposals

In December 2015, the Group reached an agreement with an independent third party and sold the Group's entire 49% of the equity investment in Guoguang Shengshi Culture and Media (Beijing) Company Limited. The total consideration of the transaction was RMB10,000 thousand. The transaction was completed in June 2016.

Liquidity and Financial Resources

The Group continued to maintain a relatively adequate liquidity with overall healthy financial position. As at 30 June 2016, the Group's cash and bank balances amounted to RMB525,880 thousand (31 December 2015: RMB418,098 thousand), of which approximately 84% was denominated in Renminbi and the remaining 16% in HK dollars and other currencies. Bank time deposits with maturity over three months held by the Group in Renminbi amounted to RMB1,759 thousand (31 December 2015: RMB26,502 thousand). During the period, details of the cash flows status were as follows:

I. Net cash inflow from operating activities was RMB18,638 thousand (RMB72,061 thousand of net cash outflow for the same period last year). The net inflow was mainly attributable to: (1) driven by changes in settlement cycles of various businesses, prepayments to suppliers of the Group decreased approximately by RMB115,756 thousand over the end of last year; (2) advertising fee in advance from clients increased approximately by RMB101,540 thousand over the end of last year; (3) hindered by the extension of settlement cycle of advertising clients, net trade debtors increased approximately by RMB112,477 thousand over the end of last year. The Group will continue to strictly control the approval and management over delayed client payment for advertisements, enhance its efforts on collecting debt of long aging debts and actively follow up on the overdue debts so that to maintain the balance of accounts receivable at a lower level.

II. Net cash inflow from investing activities was RMB35,220 thousand (RMB147,571 thousand for the same period last year), which was mainly attributable to: (1) the receipt of approximately RMB24,743 thousand of time deposits with maturity over three months which were matured; (2) the receipt of RMB10,000 thousand from the disposal of an equity investment.

III. Net cash inflow from financing activities was RMB52,484 thousand (net cash outflow of RMB142,271 thousand for the same period last year), which was mainly due to the factors that: (1) in order to meet the fund requirement of media agency costs and deposits of the new underwriting advertising resources, the Group obtained a one year period banking facilities of RMB240 million at the beginning of 2016, of which RMB60,000 thousand was utilised during the period; (2) approximately RMB6,900 thousand was used for the share buyback of the Company.

As at 30 June 2016, the Group's total assets amounted to RMB2,001,896 thousand, which consisted of equity attributable to equity shareholders of the Company of RMB1,504,152 thousand and non-controlling interests of RMB5,726 thousand. As at 30 June 2016, the Group obtained a short term bank loan of RMB60,000 thousand.

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

Human Resources

As at 30 June 2016, the Group had a total of about 530 employees which was an increase from the beginning of the year. The main increase was from the positions of digital marketing and operation and planning positions of CCTV-9 Documentary channel. In the digital business field, the positions in the research and development of the digital platform, operation, product design and client service continued to enhance, bringing remarkable results in the development of human resources. In addition, since the Group set up CCTV-9 Documentary channel operation center, the human resources strength in the areas of integrated marketing, content planning, writing and directing as well as production continued to be enhanced, providing broader development potentials for both the internal career development of the Group and greater attraction for talents from outside. During the period under review, regarding the fields of career development and staff training, the Group maintained the existing training resources, and designed new training exploration activities under a series of remarkable themes and in new forms such as "Marketing Proposal Interactive Challenge Competition", "City Tourism Marketing TV and Internet Interactive Salon", "Practical Training of Content Marketing and Documentary Program Marketing" etc. Such activities were favorable for the areas of employee professional skill enhancement and inter-business line coordination. In the aspects of talent introduction and incentives, the Group raised the basic remuneration of certain key business staff and the level of performance-based bonus of sales personnel at the beginning of the year, and designed a new career development path for marketing staff. The Group provided benefit schemes including insurance, housing provident fund, medical check-ups, statutory holidays and paid leave incentives. In order to align the personal interests of employees with those of shareholders, the Company granted share options to employees under the share option schemes. Share options that were granted and remained unexercised as of the end of the period totaled 24,173,000 units.

INDUSTRY AND GROUP OUTLOOK

According to the data released by the National Bureau of Statistics, the GDP for the first half of 2016 grew by 6.7% year-on-year, the growth rate continued to slow down. The studies of CTR Media Intelligence showed that the growth rate of the advertising market in China was more or less the same as the same period last year. The growth of new media advertising was strong, and increased by 26.9% year-on-year, the traditional media advertising further declined, and fell 6.2% year-on-year of which, revenue of TV advertising fell 3.8%.

Although the slowdown in economic growth affected the confidence of advertising clients, the development potential of the low-end market and the increasing consumption demand of the middle class of China will continue to drive the growth rate of the advertising market beyond the global average. As such, the Group will insist on increasing investment in quality media resources and talent development, seize the opportunities presented by the transformation development of the media market, focus on inter-screen integration, devote efforts to digital marketing, continue to provide convergence media brand communication services based on "TV + Internet + Mobile Internet" to clients, thus further enhance the comprehensive strength and competitiveness of the Group.

Specifically, in TV business, the Group has significant advantages in audience rating of its exclusive underwriting news programs, it will continue to attract more advertising placement from clients of various sectors in the second half year; its exclusive underwriting CCTV-9 Documentary channel will continue to attract quality clients of mid to high-end consumer goods, automobile and real estate through its diversified products. As for the digital business, digital marketing relies on iBCP, the intelligent programming advertising placement platform self-developed by the Group, brought in key clients of insurance, FMCG etc. In the second half year, the Group will continue to enhance the technology research and development and artificial intelligence processing capacity of iBCP, expand the brand awareness of the platform and the scale of internet advertising business. The integration of wugu.com.cn with CCTV-7 Agriculture channel business team will continue to strengthen its penetration into the agricultural industry chain and the inter-screen communication value of brand agriculture. lotour.com seeks to create a global tourist destination marketing platform, and will continue to provide total solution of internet communication for tourist destinations. boosj.com will continue to explore the demand for health and sport videos of the urban dwellers, continue to optimize its mobile products and increase the scale of users.

Meanwhile, the content marketing business which focuses on creativity, planning and communication is under expansion. Coupled with the existing advantages of the Group in terms of human resources and communication platform, and in response to clients' demand for product placement in content, the content marketing is expected to be a new highlight among the businesses of the Group.

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

During the six months ended 30 June 2016, the Company repurchased 3,756,000 ordinary shares on the Stock Exchange at an aggregate price of HKD8,147,180. The repurchased shares had been cancelled subsequently. The details of the repurchased shares are as follows:

Date	Number of Shares Repurchased	Highest Price HKD	Lowest Price HKD	Aggregate price paid HKD
5 January 2016	38,000	2.49	2.49	94,620
6 January 2016	2,000	2.49	2.49	4,980
7 January 2016	324,000	2.49	2.43	798,020
8 January 2016	100,000	2.46	2.45	245,900
11 January 2016	622,000	2.44	2.37	1,501,040
13 January 2016	80,000	2.30	2.30	184,000
14 January 2016	193,000	2.28	2.26	438,590
15 January 2016	259,000	2.28	2.24	586,250
18 January 2016	320,000	2.18	2.10	683,580
19 January 2016	110,000	2.15	2.12	235,090
20 January 2016	242,000	2.14	2.09	512,990
21 January 2016	326,000	2.13	2.07	685,620
22 January 2016	180,000	2.12	2.07	374,400
25 January 2016	80,000	2.00	2.00	160,000
26 January 2016	130,000	2.00	1.97	258,090
29 January 2016	1,000	1.95	1.95	1,950
23 May 2016	5,000	1.88	1.88	9,400
27 May 2016	16,000	1.92	1.92	30,720
30 May 2016	15,000	1.92	1.92	28,800
6 June 2016	40,000	1.95	1.94	77,900
8 June 2016	40,000	1.95	1.94	77,980
13 June 2016	40,000	1.92	1.91	76,600
24 June 2016	593,000	1.92	1.80	1,080,660
	3,756,000			8,147,180

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2016, the Company had complied with all the applicable provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), save for the deviation from code provision A.6.7.

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. 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 15 June 2016.

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 have complied with the required standard set out in the Model Code during the six months ended 30 June 2016.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has, together with the management of the Company, reviewed the Group's unaudited consolidated financial statements and the interim report for the six months ended 30 June 2016, including the accounting principles and practices adopted by the Group.

On behalf of the Board
SinoMedia Holding Limited
CHEN Xin
Chairman

Hong Kong, 29 August 2016

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.