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 2017

FINANCIAL SUMMARY

RMB'000	**For the six months ended 30 June 2017**	For the six months ended 30 June 2016	Change (%)
Revenue	**689,058**	581,876	+18%
Profit/(Loss) from operations	**18,579**	(71,888)	>100%
Profit/(Loss) attributable to equity shareholders of the Company	**9,518**	(56,465)	>100%
Earnings/(Losses) per share *(RMB)*			
— Basic	**0.018**	(0.103)	>100%
— Diluted	**0.018**	(0.103)	>100%

REVENUE:

RMB'000	**For the six months ended 30 June 2017**	For the six months ended 30 June 2016	Change (%)
TV media resources management	**569,475**	502,577	+13%
Integrated communication services and Content operations	**67,031**	51,732	+30%
Digital marketing and Internet media	**35,994**	11,306	+218%
Rental income	**22,945**	21,100	+9%
Sales taxes and surcharges	**(6,387)**	(4,839)	+32%
Revenue	**689,058**	581,876	

TURNOVER:

RMB'000	**For the six months ended 30 June 2017**	For the six months ended 30 June 2016	Change (%)
TV media resources management	**569,475**	502,577	+13%
Integrated communication services and Content operations	**371,406**	550,574	-33%
Digital marketing and Internet media	**35,994**	11,306	+218%
Rental income	**22,945**	21,100	+9%
Sales taxes and surcharges	**(6,387)**	(4,839)	+32%
Turnover	**993,433**	1,080,718	

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 2017, with comparative figures for previous period.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

		Unaudited	Unaudited
		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Revenue		**689,058**	581,876
Cost of services		**(594,733)**	(582,740)
Gross profit/(loss)		**94,325**	(864)
Other revenue	*4*	**4,213**	14,099
Selling and marketing expenses		**(27,235)**	(27,529)
General and administrative expenses		**(52,724)**	(57,594)
Profit/(Loss) from operations		**18,579**	(71,888)
Finance income	*5(a)*	**1,913**	2,921
Finance costs	*5(a)*	**(2,124)**	(641)
Net finance (costs)/income		**(211)**	2,280
Profit/(Loss) before taxation	*5*	**18,368**	(69,608)
Income tax	*6*	**(10,783)**	9,281
Profit/(Loss) for the period		**7,585**	(60,327)
Attributable to:			
Equity shareholders of the Company		**9,518**	(56,465)
Non-controlling interests		**(1,933)**	(3,862)
Profit/(Loss) for the period		**7,585**	(60,327)
Earnings/(Losses) per share	*7*		
Basic earnings/(losses) per share *(RMB)*		**0.018**	(0.103)
Diluted earnings/(losses) per share *(RMB)*		**0.018**	(0.103)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Note	**Unaudited At 30 June 2017 RMB'000**	Audited At 31 December 2016 RMB'000
Non-current assets			
Property, plant and equipment	*8*	**243,012**	246,797
Investment property	*8*	**596,508**	603,906
Intangible assets		**22,552**	27,885
Goodwill		**6,002**	6,002
Trade and other receivables	*9*	**1,855**	2,085
		869,929	886,675
Current assets			
Other current financial asset		**1,537**	1,537
Trade and other receivables	*9*	**519,297**	521,496
Time deposits with original maturity over three months		**11,574**	11,698
Cash and cash equivalents		**612,177**	552,531
		1,144,585	1,087,262
Current liabilities			
Trade and other payables	*10*	**416,637**	316,074
Bank loans	*11*	**50,000**	110,000
Current taxation		**31,726**	28,131
Deferred tax liabilities		**560**	26
		498,923	454,231
Net current assets		**645,662**	633,031
Total assets less current liabilities		**1,515,591**	1,519,706
NET ASSETS		**1,515,591**	1,519,706

	Unaudited At 30 June 2017 *RMB'000*	Audited At 31 December 2016 *RMB'000*
CAPITAL AND RESERVES		
Share capital	**510,981**	510,981
Reserves	**1,007,792**	1,009,974
Total equity attributable to equity shareholders of the Company	**1,518,773**	1,520,955
Non-controlling interests	**(3,182)**	(1,249)
TOTAL EQUITY	**1,515,591**	1,519,706

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2017

	Unaudited	Unaudited
	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Operating activities		
Cash generated from operations	**138,732**	38,362
Tax paid	**(6,655)**	(19,724)
Net cash generated from operating activities	**132,077**	18,638
Investing activities		
Payment for purchase of property, plant and equipment	**(991)**	(282)
Proceeds from disposal of an associate	**—**	10,000
Received of time deposits with initial term over three months	**124**	24,743
Interest received	**1,913**	2,573
Other cash flows arising from investing activities	**—**	(1,814)
Net cash generated from investing activities	**1,046**	35,220
Financing activities		
(Repayment of)/Proceeds from bank loans	**(60,000)**	60,000
Payment for purchase of own shares	**(11,877)**	(6,900)
Interest paid	**(1,397)**	(616)
Net cash (used in)/generated from financing activities	**(73,274)**	52,484
Net increase in cash and cash equivalents	**59,849**	106,342
Cash and cash equivalents at 1 January	**552,531**	418,098
Effect of foreign exchange rates changes	**(203)**	1,440
Cash and cash equivalents at 30 June	**612,177**	525,880

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the requirements of the Hong Kong Companies Ordinance. As Hong Kong Financial Reporting Standard ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards 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 interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2016. The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies as required by accounting standards are set out in note 2.

2 Changes in accounting policies

The IASB have issued several 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. 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	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Government grant	(i)	**2,005**	10,584
Gain on disposal of an associate		**—**	3,475
Others		**2,208**	40
		4,213	14,099

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

5 Profit/(Loss) before taxation

(a) Finance income and costs

	Unaudited	Unaudited
	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Interest income on bank deposits	**1,913**	2,573
Net foreign exchange income	**—**	348
Finance income	**1,913**	2,921
Interest on borrowings	**(1,397)**	(616)
Net foreign exchange loss	**(704)**	—
Other finance costs	**(23)**	(25)
Finance costs	**(2,124)**	(641)
Net finance (costs)/income	**(211)**	2,280

(b) Other items

	Unaudited	Unaudited
	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Amortisation	**1,791**	2,522
Depreciation	**11,732**	13,605
Impairment losses on bad and doubtful accounts	**3,741**	60
Reversal of impairment loss on bad and doubtful accounts	**—**	(971)

6 Income tax

	Unaudited	Unaudited
	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Current tax — PRC income tax	**10,249**	3,064
Deferred taxation	**534**	(12,345)
	10,783	(9,281)

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 2017 and 2016.

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 2017 and 2016.

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 2017 and 2016.

7 Earnings/(Losses) per share

(a) Basic earnings/(losses) per share

The calculation of basic earnings/(losses) per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB9,518 thousand (six months ended 30 June 2016: loss of RMB56,465 thousand) and the weighted average number of ordinary shares of 531,259,248 (2016: 546,494,084 shares) in issue during the interim period.

(b) Diluted earnings/(losses) per share

The calculation of diluted earnings/(losses) per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB9,518 thousand (six months ended 30 June 2016: loss of RMB56,465 thousand) and the weighted average number of ordinary shares of 531,361,537 (2016: 547,608,382 shares).

8 Property, plant and equipment and Investment property

During the six months ended 30 June 2017, the Group acquired items of property, plant and equipment with a cost of RMB991 thousand (six months ended 30 June 2016: RMB282 thousand) and not acquired any items of investment property (six months ended 30 June 2016: nil). Items of property, plant and equipment with a net book value of RMB443 thousand were disposed of during the six months ended 30 June 2017, resulting in a loss on disposal of RMB81 thousand (six months ended 30 June 2016: RMB17 thousand).

9 Trade and other receivables

	Unaudited At 30 June 2017 ***RMB'000***	Audited At 31 December 2016 *RMB'000*
Non-current assets		
Other receivables	**1,855**	2,085
Current assets		
Within 3 months	**136,912**	70,790
3 months to 6 months	**27,638**	27,574
6 months to 12 months	**29,423**	5,158
Over 12 months	**85,773**	86,523
Total trade and bills receivable	**279,746**	190,045
Less: allowance for doubtful debts	**(76,363)**	(72,622)
Trade and bills receivable, net of allowance for doubtful debts	**203,383**	117,423
Prepayments and deposits to media suppliers	**296,343**	382,987
Advances to employees	**2,207**	1,741
Other debtors and prepayments	**27,610**	29,591
Less: allowance for doubtful debts	**(10,246)**	(10,246)
	519,297	521,496
	521,152	523,581

Credit terms are granted to 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

	Unaudited At 30 June 2017 *RMB'000*	Audited At 31 December 2016 *RMB'000*
Within 3 months	**24,259**	14,657
3 months to 6 months	**3,163**	776
6 months to 12 months	**1,022**	385
Over 12 months	**10**	6
Total trade payables	**28,454**	15,824
Advances from customers	**309,391**	224,162
Payroll and welfare expenses payables	**13,130**	16,879
Other tax payables	**22,030**	20,532
Other payables and accrued charges	**42,776**	37,821
Dividends payable due to non-controlling interests of a subsidiary	**856**	856
	416,637	316,074

11 Bank loans

As at 30 June 2017, the bank loans were repayable as follows:

	Unaudited At 30 June 2017 *RMB'000*	Audited At 31 December 2016 *RMB'000*
Within one year or on demand	**50,000**	110,000

As at 30 June 2017, the bank loans were secured as follows:

	Unaudited At 30 June 2017 *RMB'000*	Audited At 31 December 2016 *RMB'000*
Secured bank loans	**50,000**	110,000

At 30 June 2017, the bank loans were secured by the Group's 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 RMB279,432 thousand (2016: RMB282,719 thousand).

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT THE GROUP

China's economic growth and activeness maintain stable during the first half of 2017, with the GDP up 6.9% compared with the same period last year (source: National Bureau of Statistics, July 2017). Developed together by Caixin Media and Markit, Caixin China Manufacturing Purchasing Managers' Index (PMI) was 51.1 in July 2017, rising by 0.1 percentage point compared with January 2017, and Caixin China Service Purchasing Managers' Index (PMI) in July 2017 was 51.5, down 1.6 percentage points compared with January 2017. The two PMIs indicate that the manufacturing presents a steady prosperity, and the expansion in the services has weakened, suggesting an economic resilience that still exists in China, but also an obvious downward pressure in the growth rate (source: Caixin Media, August and February 2017).

In terms of advertising industry, the advertising market (excluding the Internet) in March 2017 fell by 6.7% year-on-year, based on the market study released by CTR Media Intelligence, with the traditional media experiencing a year-on-year decrease of 5.2%. In May 2017, the advertising market (excluding the Internet) was down 1.0% year-on-year; among which, the traditional media shown a year-on-year decrease of 2.9%. In accordance with the statistics, the decline in the advertising market as a whole has narrowed (source: CTR Media Intelligence, May and July 2017).

During the period under review, the Group continued to sustain larger pressure and challenges, but still promoted firmly the strategy with providing inter-screen creative communication services as the core, explored deeply the area of TV advertisement that has an advantage in the market share, continued to cultivate the digital media business, and enhanced the capability in supporting the brand communication to corresponds to precision marketing, as well as developed strongly the content production and operation business with documentary films as the entry point. Meanwhile, it made timely adjustments to the less efficient business, optimized the product lines and business structure, and further improved the comprehensive strength and competitiveness of the Group as a leading media operation group in China.

BUSINESS REVIEW

TV Advertising and Content Operations

I. TV Media Resources Management

During the period under review, the Group had approximately 5,143 minutes of advertising resources on a total of 10 programs on channels including CCTV-1 (General)/CCTV-News, CCTV-4 (Chinese International, including Europe and the US), CCTV-7 (Military and Agriculture), and the exclusive underwriting right for 29,465 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/CCTV-News (Chinese), programs including "Across the Straits" (海峽兩岸), "Today's Focus" (今日關注), "Chinese World" (華人世界) and "Foreigners in China" (外國人在中國) 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) on CCTV-7 (Military and Agriculture) as well as all advertising resources of CCTV-9 (Documentary). In the period, the Group strengthened the clients development, broadened the dimensions of client industries, raised the capability of developing and serving clients; and improved the competitiveness through optimizing marketing strategies and media product combinations, to promote the sales of the Group’s exclusive underwritten TV media resources.

II. Integrated Communication Services

Over the years, SinoMedia has gained the recognition by a large number of clients for its professional, quality, precise and highly efficient communication services and caring client service philosophy. During the period under review, the Group provide brand information, advertising placement, data support, public relation activities and other multi-dimension brand integrated communication services to clients including: Great Wall Motor Company Limited, Huaxia Life Insurance Co., Ltd., Heilongjiang Feihe Dairy Co., Ltd., Country Garden Group, Hebei Provincial Commission of Tourism Development, Hunan Provincial Commission of Tourism Development, Inner Mongolia Autonomous Region Tourism Administration, Shandong Provincial Commission of Tourism Development, China Welfare Lottery Management Center and China Life Property & Casualty Insurance Company Limited, etc.

Meanwhile, the Group actively offered overseas clients with Chinese market promotion and roadshow publicity activities. The main clients during the period under review include Toronto Tourism of Canada, Ottawa Tourism of Canada, Swiss Open-Air Museum Ballenberg, and YTL Hotels, etc.

III. Content Operations

The Group provides clients with comprehensive, professional and delicate commercial advertisement and creative content production services. During the period under review, the Group served Postal Savings Bank of China, Huizhou Municipal Tourism Administration of Guangdong Province, Guangdong Boyou Titanium Technology Co., Ltd., China Everbright Group Co., Ltd., Ministry of Culture and Tourism Affairs of the Turkish Embassy in Beijing and other clients, with the services provided involving graphic design, and advertising video shooting, producing and editing.

The Group primarily expands the content operation business by focusing on creative communication. It established a development fund specific for documentary films, deepens the transnational and cross-cultural subject-matters from humane, economic, and scientific and technological aspect, and explores the global communication channels with creative film products and market-oriented means to strive to be a firm practitioner in realizing Chinese brands and culture to “expand overseas”. During the period under review, the Group took part in 2017 Canadian HOTDOCS Documentary Festival, and engaged in a series of communications with the mainstream producing, distributing and broadcasting agencies in Europe and the United States, to actively seek an international cooperation in documentary contents. The documentary “The Taste of the Neighboring Country” has been completed in shooting and production, while the customized documentary “The Story Behind Our Dinning

Table" is in shooting and producing; meanwhile, the Group jointly invested in the documentary "The Car Wars" with French National Center for Cinema, French TV 5 Monde, and the French production company Taxi-Brousse, which concentrates on the impact of artificial intelligence and unmanned driving on the future's automobile industry and travelling way, and is expected to be completed the production of three language versions in English, French and Chinese during this year.

In addition, focusing on the Chinese film industry's annual series of ceremony activities, the Group carried out a strategic cooperation with CCTV-6 Film channel to integrate the inter-screen media resources of "Internet + Mobile Internet + TV", exercise the communication feature of online-offline combination for film ceremony activities, and discover the deeply connected points among film culture, fashion trends and brand communication, delivering creative and distinctive entertainment marketing solutions to clients.

Digital Marketing and Internet Media

I. Digital Marketing

During the period under review, in order to build a 360-degree inter-screen advertising eco-chain, the Group upgraded the self-developed intelligent programming advertising placement platform, launched the SinoMedia intelligent marketing cloud platform, and used the platform advantages in leading technologies and big data to integrate "TV + Internet + Mobile Media + Offline Media", realizing a perfect combination of the 360-degree media connection, advertising placement and data linkage.

After more than one year's operation, the core product of the SinoMedia intelligent marketing cloud platform, iBCP (Jin Zhi Tou), has been verified successfully by a large number of brand clients, including Heilongjiang Feihe Dairy Co., Ltd., Country Garden Group, Suning Purchasing Center of Suning Commerce Group Co., Ltd., FAW Jiefang Automotive Company, China Life Insurance (Group) Company, Beijing Dazhong Household Appliances Chain Sales Co., Ltd., Beijing CEI International Investment Consulting Co., Ltd., Publicity Department of Qiannan Prefecture Committee, Publicity Department of Yiwu Municipal Committee, Invest Hong Kong, London Business School, and National University of Singapore. It has gained excellent market recognition, and currently the platform has been successfully updated to the version 3.0.

II. Internet Media

1. www.boosj.com (播視網)

Adhering to the positioning of "leading a healthy lifestyle", boosj.com has optimized the three major vertical channels: Square Dance, Talented Kid and Cool Generation, achieving a year-on-year increase in the website's average daily traffic and number of users by 10%. The number of the daily active users for Square Dance APP and Talented Kid APP doubled compared with the same period last year (source: internal data).

Square Dance of boosj.com explored extensively the middle and aged female population, offered online video display and interactive platform for the fitness and entertainment activities that have the largest popularity and participation in China, and focuses on improving the experiences using mobile products that are suitable for the middle and aged population. With the strength of the star dancing teams and star instructors across the country, it has upgraded the capability to integrate both online communications and offline activities. Committed to guiding the cultivation of children's art talents through video teaching, the channel of Talented Kid produced a series of original programs with contents of children's dancing, painting, games and English learning, which has become a learning and exchange platform for preschool teachers and parents, with the daily highest video visits exceeding 1 million (source: internal data). The channel of Cool Generation focuses on fashion activities popular among youths and teenagers such as street dance, and has gradually established the interaction circles for the interested group of people. Pushed forward by the growingly rich content products and diversified distribution channels, boosj.com has triggered the placing willingness of brand clients. Dongfeng Yueda Kia cooperated with boosj.com for two consecutive quarters to promote the new-type vehicles through the entire website, and Chimelong Group Co., Ltd. conducted a video live broadcasting for its wild zoo and water world through the media matrix of boosj.com.

2. *www.wugu.com.cn (吾谷網)*

Around the two major positioning — agricultural brand promotion and services for farmers' wealth, wugu.com.cn has built an integrated media communication matrix of "TV + Internet + Mobile Internet", and strengthened the content operation; as a result, the user and traffic indicators have enhanced significantly, and its influence as a leader of new media in agriculture and poverty alleviation has been increasing.

By taking the opportunities of the fifth anniversary for the website, wugu.com.cn launched the channel of "Wealth Creation Experiences", constructing a platform to share the experiences and information for the agricultural entrepreneurial activity and innovation. In the activity of "National Rural Entrepreneurial and Innovative Project Creativity Competition" launched by the Ministry of Agriculture, wugu.com.cn was designated as the exclusive media in partner promotion. During the period under review, it made a brand-new revision for the "One Village, One Product (一村一品)" channel of Beijing that it built for Beijing Municipal Commission of Rural Affairs, which highlights the specialty of the villages and towns in Beijing from six main sections, and leads a new model of online communication for the "One Village, One Product " across the country. Through integrating the Group's media resources, wugu.com.cn provides the inter-screen communication services of the creative communication + content marketing + offline activities for agricultural products and brands, attracting clients such as Thailand Agricultural Exhibition Bureau and Shandong Zhanggezhuang to cooperate in the marketing activities.

3. *www.lotour.com (樂途旅遊網)*

As a China's leading tourist destination media, lotour.com has been closely following the opportunities in the "all-for-one tourism" national policy, and promoted greatly a commercial transformation of the inspiration travelers' resources and high-quality tourism contents. As of the first half of 2017, a total of over 2,600 inspiration travelers have been introduced, with accumulative inspiration articles above 33,000. During the period under review, lotour.com upgraded the solution programs for clients' overall demands, and formed the content model where it took the positioning of destination touring brands as the core, planned and organized the systematic creation of the inspiration travelers' contents, constructed its new media cloud, and promoted the communication matrix for a variety of new media that includes mobile end and PC end, as well as enhanced the brand content construction and communication for destination clients. At the same time, lotour.com integrated and strengthened the planning and implementation of offline activities, added the service contents, and expanded the market through multi-platform comprehensive media placing services. During the period under review, it provided the creative communication services to multiple clients such as Liaoning Provincial Tourism Bureau, Gansu Provincial Tourism Bureau, Fuzhou Municipal Tourism Bureau, and Huizhou Municipal Tourism Bureau of Guangdong Province, all winning the praise and recognition from the clients.

FINANCIAL REVIEW

Revenue and Profit Attributable to the Equity Shareholders of the Company

For the six months ended 30 June 2017, the Group recorded revenue of RMB689,058 thousand, rising by 18% from RMB581,876 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 RMB569,475 thousand, up 13% from RMB502,577 thousand for the same period last year. The increased revenue was mainly because the Group completed a series of sales promotion activities, including marketing, optimizing the media product combinations and enhancing the incentives for sales staff, which achieved in good results. The amount of the sales contracts experienced a significant year-on-year increase, the advertising placement of clients from tourism, consumer goods, and building materials performed impressively, the minutes sold and sales rate of the core TV media resources were all higher than the same period last year.

(2) Revenue recorded from integrated communication services and content operations was totally RMB67,031 thousand, up 30% from RMB51,732 thousand for the same period last year, including: (1) RMB353,098 thousand for the turnover of the integrated communication services, down 34% from RMB537,562 thousand for the same period last year. During the period under review, the Group strictly selected and distinguished clients in terms of the credit record, operational scale, capital status and other aspects; meanwhile, strictly controlled the approval management of the prepayment for clients, which resulted in the number and the amount of contracted clients fell year-on-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 RMB48,723 thousand, up 26% from RMB38,720 thousand compared with the same period last year. Such increase in the revenue was due to the impacts of the change in commission settlement cycle of media suppliers, making the partial commissions that should be obtained from media suppliers in the previous year recognized during the period under review; (2) the revenue of content operations was RMB18,308 thousand, increased 41% from RMB13,012 thousand for the same period last year. The Group carried out a strategic cooperation with CCTV-6 Film channel during the period under review to offer clients with creative production and entertainment marketing solutions, leading to a substantial year-on-year growth in the content operation business.

(3) Revenue recorded from digital marketing and internet media was totally RMB35,994 thousand, an increase of 218% compared with RMB11,306 thousand for the same period last year, among which, (1) the Group's self-developed intelligent programming advertising placement platform ran well after more than one year's cultivation and upgrading, displaying an obvious growth year-on-year; (2) revenue from internet media was basically flat compared with the same period last year.

(4) Rental income reached RMB22,945 thousand, a rise of 9% from RMB21,100 thousand for the same period last year, mainly because of the upward adjustment made to the rental of partial tenants who renewed the lease after maturity.

During the period under review, both the revenue and the gross profit margin of core businesses rose year-on-year, with the costs and expenses controlled and used effectively. For the six months ended 30 June 2017, the profit attributable to equity shareholders of the Company was RMB9,518 thousand, while the loss attributable to equity shareholders of the Company was RMB56,465 thousand for the same period last year.

Operating Expenses

For the six months ended 30 June 2017, the Group's operating expenses were totally RMB79,959 thousand, falling by 6% compared with RMB85,123 thousand for the same period last year, and accounted for 11.6% of the Group's revenue (the same period last year: 14.6%). There was a decrease in operating expenses as a proportion of revenue as compared with the same period last year, suggesting that these expenses were under efficient management and appropriate control.

Operating expenses include the followings:

(1) Selling and marketing expenses amounted to RMB27,235 thousand, decreasing by about RMB294 thousand compared with RMB27,529 thousand for the same period last year, and accounted for 4.0 % of the Group's revenue (the same period last year: 4.7%).

(2) General and administrative expenses amounted to RMB52,724 thousand, decreasing by about RMB4,870 thousand compared with RMB57,594 thousand for the same period last year, and accounted for 7.6% of the Group's revenue (the same period last year: 9.9%). The main reasons for that decrease were as follows: (1) to demonstrate the commitment to the responsibility for

the last year's business decline, the Group appropriately adjusted downwards the remuneration of senior management, and optimized the personnel structure of the less efficient business, allowing for the manpower cost to fall by approximately RMB4,105 thousand compared with the same period last year; (2) the depreciation and amortisation expenses reduced by approximately RMB2,509 thousand, compared with the same period of last year; (3) the Group constantly intensified the control of expenses, resulting in a decrease in the administrative and other related expenses by about RMB1,763 thousand; (4) based on the principle of prudence, the Group assessed the recoverability of receivables, leading to a provision for impairment loss of receivables reaching RMB3,741 thousand, increased by RMB4,652 thousand compared with the same period last year.

Significant Investments, Acquisitions and Disposals

The Group had no significant investments, acquisitions and disposals during the period under review.

Liquidity and Financial Resources

The Group has been continuously optimizing the liquidity management to maintain the liquidity at a reasonable and health level. As at 30 June 2017, the Group's cash and bank balances reached RMB612,177 thousand (31 December 2016: RMB552,531 thousand), of which about 96% was denominated in RMB, and the remaining 4% in Hong Kong dollar and other currencies. The bank time deposits in RMB with maturity over three months were RMB11,574 thousand (31 December 2016: RMB11,698 thousand). During the period, details of the cash flow status were as follows:

(1) Net cash inflow from operating activities reached RMB132,077 thousand (RMB18,638 thousand for the same period of last year), which was mainly because of: (1) due to the changes in the media cost settlement cycle, the balance of the Group's prepayments of advertising agency cost and deposits to media suppliers reduced by RMB86,644 thousand, compared with the end of the last year; (2) an increase in the revenue made the advances from customers rise by about RMB85,229 thousand, compared with the end of last year.

(2) Net cash inflow from investing activities reached RMB1,046 thousand (RMB35,220 thousand for the same period of last year), which was mainly because of the interest received on bank deposits at approximately RMB1,913 thousand.

(3) Net cash outflow from financing activities reached RMB73,274 thousand (net cash inflow of RMB52,484 thousand for the same period of last year), which was mainly due to: (1) the repayment for the short-term bank borrowings of RMB60,000 thousand; (2) approximately RMB11,877 thousand was used for share buyback of the Company.

As at 30 June 2017, the Group's total assets amounted to RMB2,014,514 thousand, including the equity attributable to equity shareholders of the Company of RMB1,518,773 thousand, and non-controlling interests of RMB-3,182 thousand. As at 30 June 2017, the Group obtained a short-term bank loan of RMB50,000 thousand.

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

HUMAN RESOURCES

As at 30 June 2017, the Group's total employees were about 460, less than that at the beginning of the year. During the period under review, the Group reduced and adjusted the employees of the less efficient business, and further strengthened the introduction of digital business talents, as well as introduced high quality professional talents for the content marketing center and the video program center of the Group, to enhance the comprehensive capability in content integration and marketing, and content planning, directing and producing. Specific for the employees' career development and employee training, the Group carried out training extension activities including "marketing practice", "media creative value", and "precision advertising placement system based on behavioral portraits", in addition to the original training resources. Those have achieved active effects in terms of improving the employees' professional skills and cross-business cooperation. With regard to incentives, the Group raised the base remuneration for certain key staff at the beginning of the year, and adjusted the performance bonuses for sales staff. The Group offers employees with welfare programs covering insurances, housing provident fund, official holidays and paid leave. 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 22,043,000 units.

INDUSTRY AND GROUP OUTLOOK

Based on the "Survey Report of 2017 China Advertisers' Marketing Trend" released jointly by CTR, Communication University of China, and National Advertising Research Institute, although the advertisers have stabilized the expectations on the national economy, industry status, and enterprise performance, they worry about the unclear outlook and chose wait to see. Therefore, they still take a prudential attitude towards the overall advertisement marketing budget for the year 2017.

Closely keeping an eye on the macroeconomic trends and industry movements, the Group at the same time will insist on the established strategies, improve the industrial chain layout, and raise the capability in operating the inter-screen communications, committed to delivering high-quality products and services to clients.

Specifically, in terms of TV advertising and content operations, the Group will continue to optimize the marketing strategies for the TV media resources, and strengthen the research and development in the cross-business creative communication products. It aims to actively expand the investment, production and operation in the documentary film programs while maintaining a steady development in the creative production business for commercial advertisement, committed to becoming a leading supplier of documentary films and programs and operator of projects in terms of the investment scale and professional level. In terms of the digital marketing and internet media, the Group will speed up the growth in the scale of the digital marketing business by applying the technical advantages in the intelligent programming advertising placement platform. wugu.com.cn will focus on the "One Village, One Product" project to provide the agricultural brand construction and inter-screen communication services for agricultural brands, while boosj.com will concentrate on optimizing the user experience, strengthen the integrated capability in online communication and offline activities, and enhance the user scale and expand the client market, and lotour.com intends to promote the commercial transformation of the inspiration traveler resources and high-quality tourism contents to improve the brand content construction and communication for destination clients.

As a leading comprehensive media operation group in China, the Group will further intensify the core competitiveness in creative communication, and build inter-screen communication platforms focusing on video, to exhibit the specialty and value of SinoMedia in a complex, changing and competitive market environment.

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

During the six months ended 30 June 2017, the Company completed the buy-back of 7,744,000 ordinary shares of the Company on the Stock Exchange of Hong Kong Limited at an aggregate price of HKD13,411,830. The bought-back shares had been cancelled subsequently. The details of the bought-back shares are as follows:

Date	Number of Shares bought-back	Highest Price HKD	Lowest Price HKD	Total paid HKD
2016.12.29	150,000	1.79	1.78	268,100
2016.12.30	140,000	1.80	1.78	250,800
2017.1.3	23,000	1.80	1.80	41,400
2017.1.4	50,000	1.81	1.81	90,500
2017.1.5	220,000	1.83	1.81	400,200
2017.1.6	113,000	1.82	1.80	205,000
2017.1.9	190,000	1.82	1.80	343,600
2017.1.10	190,000	1.81	1.79	343,000
2017.1.11	114,000	1.81	1.77	206,210
2017.1.12	119,000	1.82	1.80	215,800
2017.1.13	110,000	1.82	1.80	199,400
2017.1.16	60,000	1.85	1.82	110,800
2017.1.17	150,000	1.85	1.85	277,500
2017.1.18	91,000	1.87	1.85	169,710
2017.1.20	88,000	1.88	1.87	164,640
2017.1.23	130,000	1.88	1.86	243,100
2017.1.24	60,000	1.88	1.88	112,800
2017.3.30	654,000	1.80	1.74	1,153,980
2017.3.31	486,000	1.80	1.76	869,840
2017.4.5	650,000	1.76	1.74	1,141,420
2017.4.7	320,000	1.76	1.74	559,700
2017.4.10	101,000	1.76	1.75	177,290
2017.4.12	367,000	1.76	1.74	641,580
2017.4.18	61,000	1.74	1.74	106,140
2017.4.19	162,000	1.73	1.71	279,220
2017.4.21	72,000	1.71	1.71	123,120
2017.5.2	120,000	1.71	1.71	205,200
2017.5.5	82,000	1.69	1.68	138,520
2017.5.9	250,000	1.70	1.68	422,800
2017.5.11	100,000	1.69	1.69	169,000
2017.5.16	137,000	1.68	1.67	229,990

Date	Number of Shares bought-back	Highest Price HKD	Lowest Price HKD	Total paid HKD
2017.5.17	1,000	1.69	1.69	1,690
2017.5.18	350,000	1.68	1.67	586,500
2017.5.23	393,000	1.70	1.67	660,020
2017.6.15	370,000	1.63	1.59	598,760
2017.6.23	470,000	1.60	1.58	747,800
2017.6.26	270,000	1.60	1.59	431,500
2017.6.27	330,000	1.60	1.59	525,200
	7,744,000			13,411,830

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2017, the Company has fully complied with all code provisions ("**Code Provisions**") of the Corporate Governance Code and Corporate Governance 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 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 each of them, Mr. Qi Daqing and Mr. He Hui David, being independent non-executive directors of the Company, were not able to attend the annual general meeting of the Company held on 9 June 2017.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions.

Having been made specific enquiry, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2017.

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 2017, including the accounting principles and practices adopted by the Group.

On behalf of the Board
SinoMedia Holding Limited
CHEN Xin
Chairman

Hong Kong, 28 August 2017

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.