

# INTERIM REPORT

2017

STOCK CODE : 00623



**SinoMedia**<sup>®</sup>

中視金橋國際傳媒控股有限公司  
SinoMedia Holding Limited





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# Corporate Information

## EXECUTIVE DIRECTORS

Mr. Chen Xin (*Chairman*)

Ms. Liu Jinlan

Mr. Li Zongzhou

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qi Daqing

Mr. Lian Yuming

Ms. Wang Xin

Mr. He Hui David

## AUDIT COMMITTEE

Mr. Qi Daqing (*Chairman*)

Mr. Lian Yuming

Ms. Wang Xin

## REMUNERATION COMMITTEE

Ms. Wang Xin (*Chairman*)

Mr. Chen Xin

Mr. Lian Yuming

## NOMINATION COMMITTEE

Mr. Chen Xin (*Chairman*)

Mr. Lian Yuming

Ms. Wang Xin

## COMPLIANCE COMMITTEE

Mr. Li Zongzhou (*Chairman*)

Mr. Wang Yingda

## COMPANY SECRETARY

Mr. Wang Yingda

## AUTHORISED REPRESENTATIVES

Mr. Chen Xin

Mr. Wang Yingda

## PRINCIPLE PLACE OF BUSINESS

7/F, The Place — SinoMedia Tower,

No. 9 Guanghua Road, Chaoyang District, Beijing, PRC

Unit 15D, Xintian International Plaza,

No. 450 Fushan Road, Pudong New District,

Shanghai, PRC

## REGISTERED OFFICE OF THE COMPANY

Unit 402, 4th Floor, Fairmont House,

No. 8 Cotton Tree Drive, Admiralty, Hong Kong

## AUDITORS

KPMG

## SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited

31/F, 148 Electric Road, North Point, Hong Kong

## WEBSITE

[www.sinomedia.com.hk](http://www.sinomedia.com.hk)

# Financial Summary

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

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

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

# 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.

# Management Discussion and Analysis

## **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.

# Management Discussion and Analysis

## 2. [www.wugu.com.cn](http://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](http://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.

# Management Discussion and Analysis

- (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.

# Management Discussion and Analysis

## 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 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.



# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2017 — unaudited  
(Expressed in Renminbi)

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

The notes on pages 20 to 31 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 14(a).



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017 — unaudited  
(Expressed in Renminbi)

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
<b>Profit/(Loss) for the period</b>	<b>7,585</b>	(60,327)
<b>Other comprehensive (loss)/income for the period (after tax and reclassification adjustments):</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the Company and overseas subsidiaries	<b>(203)</b>	1,440
<b>Other comprehensive (loss)/income for the period</b>	<b>(203)</b>	1,440
<b>Total comprehensive income/(loss) for the period</b>	<b>7,382</b>	(58,887)
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>9,315</b>	(55,025)
Non-controlling interests	<b>(1,933)</b>	(3,862)
<b>Total comprehensive income/(loss) for the period</b>	<b>7,382</b>	(58,887)

The notes on pages 20 to 31 form part of this interim financial report.

# Consolidated Statement of Financial Position

At 30 June 2017 — unaudited  
(Expressed in Renminbi)

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8	243,012	246,797
Investment property	8	596,508	603,906
Intangible assets		22,552	27,885
Goodwill	9	6,002	6,002
Trade and other receivables	10	1,855	2,085
		<b>869,929</b>	886,675
<b>Current assets</b>			
Other current financial asset		1,537	1,537
Trade and other receivables	10	519,297	521,496
Time deposits with original maturity over three months		11,574	11,698
Cash and cash equivalents	11	612,177	552,531
		<b>1,144,585</b>	1,087,262
<b>Current liabilities</b>			
Trade and other payables	12	416,637	316,074
Bank loans	13	50,000	110,000
Current taxation		31,726	28,131
Deferred tax liabilities		560	26
		<b>498,923</b>	454,231
<b>Net current assets</b>		<b>645,662</b>	633,031
<b>Total assets less current liabilities</b>		<b>1,515,591</b>	1,519,706
<b>NET ASSETS</b>		<b>1,515,591</b>	1,519,706

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

The notes on pages 20 to 31 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017 — unaudited  
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							Non-Controlling interests	Total equity
	Share Capital	Capital reserve	Statutory reserve	Exchange reserve	Other reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2016</b>	510,981	22,532	126,886	(4,229)	2,308	956,076	1,614,554	9,588	1,624,142
<b>Changes in equity for the six months ended 30 June 2016:</b>									
Loss for the period	—	—	—	—	—	(56,465)	(56,465)	(3,862)	(60,327)
Other comprehensive income	—	—	—	1,440	—	—	1,440	—	1,440
Total comprehensive loss for the period	—	—	—	1,440	—	(56,465)	(55,025)	(3,862)	(58,887)
Equity-settled share-based transactions	—	813	—	—	—	—	813	—	813
Dividends approved in respect of the previous year	—	—	—	—	—	(49,290)	(49,290)	—	(49,290)
Purchase of own shares	—	—	—	—	—	(6,900)	(6,900)	—	(6,900)
<b>Balance at 30 June 2016 and 1 July 2016</b>	510,981	23,345	126,886	(2,789)	2,308	843,421	1,504,152	5,726	1,509,878
<b>Changes in equity for the six months ended 31 December 2016:</b>									
Profit/(Loss) for the period	—	—	—	—	—	29,399	29,399	(6,975)	22,424
Other comprehensive income	—	—	—	1,535	—	—	1,535	—	1,535
Total comprehensive income for the period	—	—	—	1,535	—	29,399	30,934	(6,975)	23,959
Equity-settled share-based transactions	—	777	—	—	—	—	777	—	777
Dividends approved in respect of the previous year	—	—	—	—	—	(143)	(143)	—	(143)
Purchase of own shares	—	—	—	—	—	(14,765)	(14,765)	—	(14,765)
<b>Balance at 31 December 2016</b>	510,981	24,122	126,886	(1,254)	2,308	857,912	1,520,955	(1,249)	1,519,706
<b>Balance at 1 January 2017</b>	510,981	24,122	126,886	(1,254)	2,308	857,912	1,520,955	(1,249)	1,519,706
<b>Changes in equity for the six months ended 30 June 2017:</b>									
Profit/(Loss) for the period	—	—	—	—	—	9,518	9,518	(1,933)	7,585
Other comprehensive income	—	—	—	(203)	—	—	(203)	—	(203)
Total comprehensive income for the period	—	—	—	(203)	—	9,518	9,315	(1,933)	7,382
Equity-settled share-based transactions	—	380	—	—	—	—	380	—	380
Purchase of own shares	—	—	—	—	—	(11,877)	(11,877)	—	(11,877)
<b>Balance at 30 June 2017</b>	510,981	24,502	126,886	(1,457)	2,308	855,553	1,518,773	(3,182)	1,515,591

The notes on pages 20 to 31 form part of this interim financial report.

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2017 — unaudited  
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2017 RMB'000	2016 RMB'000
<b>Operating activities</b>			
Cash generated from operations		138,732	38,362
Tax paid		(6,655)	(19,724)
<b>Net cash generated from operating activities</b>		<b>132,077</b>	18,638
<b>Investing activities</b>			
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)
<b>Net cash generated from investing activities</b>		<b>1,046</b>	35,220
<b>Financing activities</b>			
(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)
<b>Net cash (used in)/generated from financing activities</b>		<b>(73,274)</b>	52,484
<b>Net increase in cash and cash equivalents</b>		<b>59,849</b>	106,342
<b>Cash and cash equivalents at 1 January</b>	11	<b>552,531</b>	418,098
<b>Effect of foreign exchange rates changes</b>		<b>(203)</b>	1,440
<b>Cash and cash equivalents at 30 June</b>	11	<b>612,177</b>	525,880

The notes on pages 20 to 31 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”) and Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). It was authorized for issue on 28 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted by SinoMedia Holding Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) 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.

The preparation of an interim financial report in conformity with IAS 34 and HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and Hong Kong Financial Reporting Standards (“HKFRS”). This interim financial report is unaudited.

The financial information relating to the financial year ended 31 December 2016 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 2016 to the Registrar of Companies as required by 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 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 in this interim financial report.

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

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Government grant	2,005	10,584
Gain on disposal of an associate	—	3,475
Others	2,208	40
	4,213	14,099

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 5 PROFIT/(LOSS) BEFORE TAXATION

### (a) Finance income and costs

	Six months ended 30 June	
	2017 RMB'000	2016 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

	Six months ended 30 June	
	2017 RMB'000	2016 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

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

- (i) 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.
- (ii) 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.
- (iii) 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).

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 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 GOODWILL

	<b>The Group</b> <b>RMB'000</b>
<b>Cost</b>	
<b>At 1 January 2016, 31 December 2016 and 30 June 2017</b>	<b>23,644</b>
<b>Accumulated impairment losses</b>	
At 1 January 2016	10,189
Impairment loss	7,453
<b>At 31 December 2016 and 30 June 2017</b>	<b>17,642</b>
<b>Carrying amount</b>	
<b>At 30 June 2017</b>	<b>6,002</b>
At 31 December 2016	6,002

## 10 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
<b>Non-current assets</b>		
Other receivables	1,855	2,085
<b>Current assets</b>		
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.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 11 CASH AND CASH EQUIVALENTS

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Cash and bank balances	<b>623,751</b>	564,229
Less:		
Time deposit with original maturity over three months	<b>(11,574)</b>	(11,698)
Cash and cash equivalents	<b>612,177</b>	552,531

## 12 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors is as follows:

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

### 13 BANK LOANS

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

	At 30 June 2017 RMB'000	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:

	At 30 June 2017 RMB'000	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).

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 14 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

**(i) 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.

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

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
No dividend proposed after the end of the reporting period (six months ended 30 June 2016: final dividend approximately RMB9.05 cents per share)	—	49,290

### (b) Purchase of own shares

During the interim period, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of Shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregate price paid HKD'000	Equivalent to RMB'000
January 2017	1,998,000	1.88	1.77	3,659	3,237
April 2017	2,873,000	1.80	1.71	5,077	4,500
May 2017	1,433,000	1.71	1.67	2,426	2,136
June 2017	1,440,000	1.63	1.58	2,309	2,004
	7,744,000			13,471	11,877

## 14 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (b) Purchase of own shares (continued)

The repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid on the repurchased shares of HKD13,471 thousand (equivalent to approximately RMB11,877 thousand) was paid wholly out of retained profits.

### (c) Equity settled share-based transactions

No equity settled share-based transactions were granted during the six months end 30 June 2017 (2016: nil).

No options were exercised during the six months ended 30 June 2017 (2016: nil).

## 15 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### (a) Financial assets and liabilities measured at fair value

#### ***Fair value hierarchy***

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS/HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 15 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial assets and liabilities measured at fair value (continued)

The Group	Fair value at	Fair value measurement		
	30 June 2017	as at 30 June 2017 categorised into		
	RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Other current financial asset	1,537	—	—	1,537

The Group	Fair value at	Fair value measurement		
	31 December 2016	as at 31 December 2016 categorised into		
	RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Other current financial asset	1,537	—	—	1,537

During the six months ended 30 June 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2016: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

### (b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2017 and 31 December 2016.

## 16 CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

As at 30 June 2017, the Group and the Company did not have any significant capital commitments.



## 17 CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2017, the Group and the Company did not have any significant contingent assets and liabilities.

## 18 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Transactions with other related parties

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Rental of office	361	361

CTV Golden Bridge International Media Group Company Limited, a subsidiary of the Company, rented an office from Shanghai CTV Golden Bridge International Culture and Communication Company Limited, which was effectively controlled by the ultimate controlling shareholder of the Group, at a price of RMB361 thousand for the six months ended 30 June 2017 and RMB361 thousand for the six months ended 30 June 2016. The amount of rent charged under the lease was determined with reference to amounts charged by Shanghai CTV Golden Bridge International Culture and Communication Company Limited to third parties.

### (b) Outstanding balance with related parties

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
	Rental of office	361

The balance represents non-cancellable rentals payable by the Group to Shanghai CTV Golden Bridge International Culture and Communication Company Limited for the rentals of 2017.

# Other Information

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests and short positions of the directors and chief executive(s) of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be (a) notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### (i) Interests in the Company – Long Positions

Name of director	Nature of interest	Number of ordinary shares held	Number of underlying shares held under equity derivatives (Note 1)	Total	Approximate percentage of issued share capital of the Company
Liu Jinlan	Founder of discretionary trust, beneficiary of trust and beneficial interest	258,945,169 (Note 2)	4,400,000	263,345,169	49.81%
Chen Xin	Founder of discretionary trust and beneficiary of trust	257,428,165 (Note 3)	—	257,428,165	48.69%
Li Zongzhou	Beneficial interest	—	2,500,000	2,500,000	0.47%
Qi Daqing	Beneficial interest	—	260,000	260,000	0.05%
Lian Yuming	Beneficial interest	—	200,000	200,000	0.04%
Wang Xin	Beneficial interest	—	200,000	200,000	0.04%

#### Notes:

- Details of the underlying shares are set out in the section headed "Share Option Schemes" in this report.
- Under the SFO, Liu Jinlan is deemed to be interested in 258,945,169 shares of the Company. These shares are held by three discretionary trusts, namely UME Trust, DFS (No. 2) Trust and CLH Trust, all founded by Liu Jinlan. In respect of 209,941,513 shares therein held by CLH Trust, Liu Jinlan is also a beneficiary of the trust.
- Under the SFO, Chen Xin is deemed to be interested in 257,428,165 shares of the Company. These shares are held by three discretionary trusts, namely MHS Trust, DFS (No. 1) Trust and CLH Trust, all founded by Chen Xin. In respect of 209,941,513 shares therein held by CLH Trust, Chen Xin is also a beneficiary of the trust.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

### (ii) Interests in associated corporations of the Company – Long Positions

Name of director	Name of associated corporation	Nature of interest	Approximate percentage of issued share capital of the associated corporation
Liu Jinlan	CLH Holding Limited	Founder of discretionary trust	100%
	Golden Bridge International Culture Limited	Corporate interest	100%
	Golden Bridge Int'l Advertising Holdings Limited	Corporate interest	100%
	CTV Golden Bridge International Media Group Co., Ltd.	Corporate interest	0.3%
Chen Xin	CLH Holding Limited	Founder of discretionary trust	100%
	Golden Bridge International Culture Limited	Corporate interest	100%
	Golden Bridge Int'l Advertising Holdings Limited	Corporate interest	100%

Apart from the foregoing, as at 30 June 2017, none of the directors and chief executive(s) of the Company had any interests or short positions in the shares, underlying shares and debenture of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SHARE OPTION SCHEMES

The Company has adopted share option schemes on 29 June 2007 (the "Pre-IPO Scheme") and 27 May 2008 (the "Post-IPO Scheme") respectively, whereby the directors of the Company have been authorised, at their discretion, to invite any full time employee, director or any person approved by the board or shareholders of the Company to take up options (the "Pre-IPO Options" and the "Post-IPO Options", respectively) to subscribe for shares of the Company. The Pre-IPO Scheme and the Post-IPO Scheme are designed to encourage eligible persons to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole, and to motivate them to achieve higher levels of good corporate governance.

No further options were and will be granted under the Pre-IPO Scheme after its termination upon the listing of the shares of the Company. The Post-IPO Scheme shall be valid and effective for a period of ten years ending on 7 July 2018.

# Other Information

## SHARE OPTION SCHEMES (CONTINUED)

The total number of securities available for issue upon exercise of all outstanding share options under both of the Pre-IPO Scheme and the Post-IPO Scheme as at 30 June 2017 was 22,043,000 shares which represented approximately 4% of the number of issued shares of the Company as at 30 June 2017.

Movements of the Pre-IPO Options and Post-IPO Options under the Pre-IPO Scheme and Post-IPO Scheme for the six months ended 30 June 2017 are as follows:

	No. of options outstanding as at 1 January 2017	No. of options granted during the period	No. of options exercised during the period	No. of options forfeited during the period	No. of options outstanding as at 30 June 2017	Date of grant	Exercise price	Exercise period
<b>Directors</b>								
Liu Jinlan	3,200,000	—	—	—	3,200,000	10 July 2007	RMB1.56	Note 2
	1,200,000	—	—	—	1,200,000	2 July 2010	HKD1.84	Note 4
Li Zongzhou	1,600,000	—	—	—	1,600,000	10 July 2007	RMB1.56	Note 1
	900,000	—	—	—	900,000	2 July 2010	HKD1.84	Note 4
Qi Daqing	260,000	—	—	—	260,000	17 September 2009	HKD1.49	Note 3
Lian Yuming	200,000	—	—	—	200,000	29 August 2011	HKD2.62	Note 4
Wang Xin	200,000	—	—	—	200,000	11 September 2012	HKD3.22	Note 4
<b>Employees</b>								
in aggregate	5,520,000	—	—	—	5,520,000	4 July 2007 to 7 March 2008	RMB1.56	Note 1
	400,000	—	—	—	400,000	17 September 2009	HKD1.49	Note 3
	4,023,000	—	—	—	4,023,000	2 July 2010	HKD1.84	Note 4
	650,000	—	—	—	650,000	6 December 2010	HKD2.88	Note 4
	120,000	—	—	—	120,000	29 August 2011	HKD2.62	Note 4
	800,000	—	—	—	800,000	9 January 2012	HKD2.36	Note 4
	360,000	—	—	(50,000)	310,000	11 September 2012	HKD3.22	Note 4
	300,000	—	—	(40,000)	260,000	12 April 2013	HKD4.31	Note 4
	1,020,000	—	—	(60,000)	960,000	19 July 2013	HKD6.86	Note 4
	920,000	—	—	(120,000)	800,000	10 September 2014	HKD5.50	Note 4
	2,400,000	—	—	(1,760,000)	640,000	15 September 2015	HKD2.59	Note 4

## SHARE OPTION SCHEMES (CONTINUED)

Notes:

1. A Pre-IPO Options holder may exercise a maximum of 25% of the total number of the Pre-IPO Options granted after the lapse of 365 days from the acceptance of the Pre-IPO Options. Subsequently, for every full year of continuous service with the Company, the holder may exercise a maximum of another 25% of the total number of the Pre-IPO Options granted, up to ten years from the date of grant.

Pre-IPO Options granted to Li Zongzhou are exercisable from 8 January 2009 to 9 July 2017, subject to the vesting requirement mentioned above. The exercise period of the Pre-IPO Options granted to employees of the Group commenced on 8 January 2009 and shall expire on a date ranging from 3 July 2017 to 6 March 2018 (depending on their respective dates of grant of the option) is also subject to the vesting requirement mentioned above.

2. An exception to the vesting requirement mentioned in note (1) above is that Liu Jinlan may exercise a maximum of 50% of the total number of the Pre-IPO Options granted after the lapse of 365 days from the acceptance of the options. Subsequently, for every full year of continuous service with the Company, Liu Jinlan may exercise a maximum of another 25% of the total number of the options granted, up to ten years from the date of grant.

Pre-IPO Options granted to Liu Jinlan are exercisable from 8 January 2009 to 9 July 2017, subject to the vesting requirement mentioned above.

3. A Post-IPO Options holder may exercise a maximum of 25% of the total number of the Post-IPO Options granted from his acceptance of the Post-IPO Options. Subsequently, for every full year of continuous service with the Company, the holder may exercise a maximum of another 25% of the total number of the Post-IPO Options granted, up to eight years from the date of grant.

4. A Post-IPO Options holder may exercise a maximum of 25% of the total number of the Post-IPO Options granted after the lapse of one full year from the date of grant of the Post-IPO Options. Subsequently, for every full year of continuous service with the Company, the holder may exercise a maximum of another 25% of the total number of the Post-IPO Options granted, up to eight years from the date of grant.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES – LONG POSITIONS

As at 30 June 2017, so far as known to the directors and chief executive(s) of the Company, the following corporations (other than a director or chief executive of the Company) had, or were deemed or taken to have interests or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Substantial shareholder	Nature of interest	Total number of ordinary shares held	% of total issued shares
Equity Trustee Limited	Trustee ( <i>Note 1</i> )	306,431,821	57.96%
CLH Holding Limited	Corporate interest ( <i>Note 2</i> )	209,941,513	39.71%

Notes:

1. Equity Trustee Limited is deemed to be interested in 306,431,821 shares of the Company as it is the trustee of CLH Trust (which assets comprised 209,941,513 shares held by Golden Bridge International Culture Limited), MHS Trust (which assets comprised 25,921,344 shares held by Merger Holding Service Company Limited), UME Trust (which assets comprised 27,101,344 shares held by United Marine Enterprise Company Limited), DFS (No. 1) Trust (which assets comprised 21,565,308 shares held by Digital Finance Service Company Limited) and DFS (No. 2) Trust (which assets comprised 21,902,312 shares held by SinoMedia Investment Ltd.).
2. These shares are directly held by Golden Bridge International Culture Limited which is a wholly owned subsidiary of Golden Bridge Int'l Advertising Holdings Limited which in turn is a wholly owned subsidiary of CLH Holding Limited. CLH Holding Limited is deemed to be interested in 209,941,513 shares of the Company held by Golden Bridge International Culture Limited.

# Other Information

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES – LONG POSITIONS (CONTINUED)

Save as disclosed above, so far as known to the directors and chief executive of the Company, as at 30 June 2017, there was no other persons or corporations (other than a director or chief executive of the Company) who had any interests or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## 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 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:

<b>Date</b>	<b>Number of Shares bought-back</b>	<b>Highest Price HKD</b>	<b>Lowest Price HKD</b>	<b>Total paid HKD</b>
29 December 2016	150,000	1.79	1.78	268,100
30 December 2016	140,000	1.80	1.78	250,800
3 January 2017	23,000	1.80	1.80	41,400
4 January 2017	50,000	1.81	1.81	90,500
5 January 2017	220,000	1.83	1.81	400,200
6 January 2017	113,000	1.82	1.80	205,000
9 January 2017	190,000	1.82	1.80	343,600
10 January 2017	190,000	1.81	1.79	343,000
11 January 2017	114,000	1.81	1.77	206,210
12 January 2017	119,000	1.82	1.80	215,800
13 January 2017	110,000	1.82	1.80	199,400
16 January 2017	60,000	1.85	1.82	110,800
17 January 2017	150,000	1.85	1.85	277,500
18 January 2017	91,000	1.87	1.85	169,710
20 January 2017	88,000	1.88	1.87	164,640
23 January 2017	130,000	1.88	1.86	243,100
24 January 2017	60,000	1.88	1.88	112,800
30 March 2017	654,000	1.80	1.74	1,153,980
31 March 2017	486,000	1.80	1.76	869,840
5 April 2017	650,000	1.76	1.74	1,141,420
7 April 2017	320,000	1.76	1.74	559,700
10 April 2017	101,000	1.76	1.75	177,290
12 April 2017	367,000	1.76	1.74	641,580

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES (CONTINUED)

Date	Number of Shares bought-back	Highest Price HKD	Lowest Price HKD	Total paid HKD
18 April 2017	61,000	1.74	1.74	106,140
19 April 2017	162,000	1.73	1.71	279,220
21 April 2017	72,000	1.71	1.71	123,120
2 May 2017	120,000	1.71	1.71	205,200
5 May 2017	82,000	1.69	1.68	138,520
9 May 2017	250,000	1.70	1.68	422,800
11 May 2017	100,000	1.69	1.69	169,000
16 May 2017	137,000	1.68	1.67	229,990
17 May 2017	1,000	1.69	1.69	1,690
18 May 2017	350,000	1.68	1.67	586,500
23 May 2017	393,000	1.70	1.67	660,020
15 June 2017	370,000	1.63	1.59	598,760
23 June 2017	470,000	1.60	1.58	747,800
26 June 2017	270,000	1.60	1.59	431,500
27 June 2017	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 Listing Rules, save 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.

# Other Information

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted 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.

## **AUDIT COMMITTEE**

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.