SinoMedia®

SINOMEDIA HOLDING LIMITED
中 視 金 橋 國 際 傳 媒 控 股 有 限 公 司

(incorporated in Hong Kong with limited liability)

(Stock Code: 623)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL SUMMARY

RMB'000	**For the six months ended 30 June 2018**	For the six months ended 30 June 2017	Change (%)
Revenue	**819,066**	689,058	+19%
Profit from operations	**67,898**	18,579	+265%
Profit attributable to equity shareholders of the Company	**41,882**	9,518	+340%
Earnings per share *(RMB)*			
— Basic	**0.082**	0.018	+356%
— Diluted	**0.082**	0.018	+356%

REVENUE:

RMB'000	**For the six months ended 30 June 2018**	For the six months ended 30 June 2017	Change (%)
TV media resources management	**730,736**	569,475	+28%
Integrated communication services and Content operations	**32,962**	67,031	-51%
Digital marketing and Internet media	**33,967**	35,994	-6%
Rental income	**28,853**	22,945	+26%
Sales taxes and surcharges	**(7,452)**	(6,387)	+17%
	819,066	689,058	

TURNOVER:

RMB'000	**For the six months ended 30 June 2018**	For the six months ended 30 June 2017	Change (%)
TV media resources management	**730,736**	569,475	+28%
Integrated communication services and Content operations	**463,882**	371,406	+25%
Digital marketing and Internet media	**33,967**	35,994	-6%
Rental income	**28,853**	22,945	+26%
Sales taxes and surcharges	**(7,452)**	(6,387)	+17%
	1,249,986	993,433	

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 2018, with comparative figures for previous period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	Note	**Unaudited**	Unaudited
		Six months ended 30 June	
		2018	2017
		RMB'000	*RMB'000*
Revenue		**819,066**	689,058
Cost of services		**(669,970)**	(594,733)
Gross profit		**149,096**	94,325
Other revenue	*4*	**373**	4,213
Selling and marketing expenses		**(29,631)**	(27,235)
General and administrative expenses		**(51,940)**	(52,724)
Profit from operations		**67,898**	18,579
Finance income	*5(a)*	**8,132**	1,913
Finance costs	*5(a)*	**(187)**	(2,124)
Net finance income/(costs)		**7,945**	(211)
Profit before taxation	*5*	**75,843**	18,368
Income tax	*6*	**(34,646)**	(10,783)
Profit for the period		**41,197**	7,585
Attributable to:			
Equity shareholders of the Company		**41,882**	9,518
Non-controlling interests		**(685)**	(1,933)
		41,197	7,585
Earnings per share	*7*		
Basic earnings per share *(RMB)*		**0.082**	0.018
Diluted earnings per share *(RMB)*		**0.082**	0.018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Unaudited	Unaudited
	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Profit for the period	**41,197**	7,585
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange translation differences	**762**	(203)
Other comprehensive income/(loss) for the period	**762**	(203)
Total comprehensive income for the period	**41,959**	7,382
Attributable to:		
Equity shareholders of the Company	**42,644**	9,315
Non-controlling interests	**(685)**	(1,933)
	41,959	7,382

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Note	**Unaudited At 30 June 2018** *RMB'000*	Audited At 31 December 2017 *RMB'000*
Non-current assets			
Property, plant and equipment	*8*	**235,316**	239,256
Investment property	*8*	**581,712**	589,110
Intangible assets		**23,883**	24,902
Goodwill		**6,002**	6,002
Trade and other receivables	*9*	**805**	865
		847,718	860,135
Current assets			
Other current financial assets		**1,737**	1,537
Trade and other receivables	*9*	**700,754**	631,771
Pledged bank deposits		**100**	595
Time deposits with original maturity over three months		**10,657**	10,636
Cash and cash equivalents		**570,881**	678,791
		1,284,129	1,323,330
Current liabilities			
Trade and other payables	*10*	**136,882**	533,990
Contract liabilities	*10*	**391,996**	—
Current taxation		**37,298**	74,037
Deferred tax liabilities		**2,009**	—
		568,185	608,027
Net current assets		**715,944**	715,303
Total assets less current liabilities		**1,563,662**	1,575,438
NET ASSETS		**1,563,662**	1,575,438
CAPITAL AND RESERVES			
Share capital		**510,981**	510,981
Reserves		**1,057,746**	1,068,777
Total equity attributable to equity shareholders of the Company		**1,568,727**	1,579,758
Non-controlling interests		**(5,065)**	(4,320)
TOTAL EQUITY		**1,563,662**	1,575,438

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2018 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 Standards ("**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 "**Listing Rules**").

The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements.

2 Changes in accounting policies

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

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group has been impacted by IFRS/HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by IFRS/HKFRS 15 in relation to presentation of contract liabilities. Under the transition methods chosen, the Group recognises cumulative effect of the initial application of IFRS/HKFRS 9 and IFRS/HKFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by IFRS/HKFRS 9 and/or IFRS/HKFRS 15:

	At 31 December 2017	Impact of IFRS/ HKFRS 9	Impact of IFRS/ HKFRS 15	At 1 January 2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other receivables	631,771	(4,778)	—	626,993
Total current assets	**1,323,330**	**(4,778)**	**—**	**1,318,552**
Contract liabilities	—	—	405,464	405,464
Trade and other payables	533,990	—	(405,464)	128,526
Total current liabilities	**608,027**	**—**	**—**	**608,027**
Net current assets	**715,303**	**(4,778)**	**—**	**710,525**
Total assets less current liabilities	**1,575,438**	**(4,778)**	**—**	**1,570,660**
Net assets	**1,575,438**	**(4,778)**	**—**	**1,570,660**
Reserves	1,068,777	(4,718)	—	1,064,059
Total equity attributable to equity shareholders of the Company	**1,579,758**	**(4,718)**	**—**	**1,575,040**
Non-controlling interests	(4,320)	(60)	—	(4,380)
Total equity	**1,575,438**	**(4,778)**	**—**	**1,570,660**

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	
	2018	2017
	RMB'000	*RMB'000*
Government grant	**3**	2,005
Others	**370**	2,208
	373	4,213

5 Profit before taxation

(a) Finance income and costs

	Unaudited	Unaudited
	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Finance income		
Interest income on bank deposits	**8,132**	1,913
Finance costs		
Interest on borrowings	**—**	(1,397)
Net foreign exchange loss	**(155)**	(704)
Other finance costs	**(32)**	(23)
	(187)	(2,124)

(b) Other items

	Unaudited	Unaudited
	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Amortisation	**1,796**	1,791
Depreciation	**11,587**	11,732
Impairment losses for doubtful debts	**5,418**	3,741

6 Income tax

	Unaudited	Unaudited
	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Current tax — PRC income tax	**32,637**	10,249
Deferred taxation	**2,009**	534
	34,646	10,783

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 2018 and 2017.

No provision has been made for Singapore income tax as the Company's subsidiary in Singapore had unutilised tax losses brought forward from prior years which was sufficient to set-off against assessable profit generated during the six months ended 30 June 2018 (six months ended 30 June 2017: no assessable profit).

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 is at a rate of 15% and Beijing Laite Laide Management Consultancy Company Limited is at a rate of 20%, during the six months ended 30 June 2018 and 2017.

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB41,882 thousand (six months ended 30 June 2017: RMB9,518 thousand) and the weighted average number of 513,146 thousand ordinary shares in issue during the interim period (2017: 531,259 thousand shares).

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB41,882 thousand (six months ended 30 June 2017: RMB9,518 thousand) and the weighted average number of 513,876 thousand ordinary shares after adjusting for the effect of share options in issue (2017: 531,361 thousand shares).

8 Property, plant and equipment and Investment property

During the six months ended 30 June 2018, the Group acquired items of property, plant and equipment with a cost of RMB343 thousand (six months ended 30 June 2017: RMB991 thousand) and did not acquire any items of investment property (six months ended 30 June 2017: nil). Items of property, plant and equipment with a net book value of RMB76 thousand were disposed of during the six months ended 30 June 2018, resulting in a gain on disposal of RMB28 thousand (six months ended 30 June 2017: loss of RMB81 thousand).

9 Trade and other receivables

	Unaudited At 30 June 2018 *RMB'000*	Audited At 31 December 2017 *RMB'000*
Non-current assets		
Other receivables	**805**	865
Current assets		
Within 3 months	**112,440**	99,794
3 months to 6 months	**37,912**	17,716
6 months to 12 months	**30,466**	9,835
Over 12 months	**98,776**	100,052
Total trade and bills receivable	**279,594**	227,397
Less: allowance for doubtful debts	**(90,226)**	(80,105)
Trade and bills receivable, net of allowance for doubtful debts	**189,368**	147,292
Prepayments and deposits to media suppliers	**475,039**	458,275
Advances to employees	**4,222**	4,035
Other debtors and prepayments	**42,446**	32,415
Less: allowance for doubtful debts	**(10,321)**	(10,246)
	700,754	631,771
	701,559	632,636

Credit terms are granted to the customers, depending on credit assessment carried out by management on an individual basis. The credit terms for trade receivables are generally from nil to 90 days.

10 Trade and other payables

	Unaudited At 30 June 2018 *RMB'000*	Audited At 31 December 2017 *RMB'000*
Within 3 months	**7,654**	20,296
3 months to 6 months	**3,180**	2,397
6 months to 12 months	**10,318**	10,508
Over 12 months	**537**	13
Total trade payables	**21,689**	33,214
Payroll and welfare expenses payables	**14,549**	21,423
Other tax payables	**15,479**	28,438
Other payables and accrued charges	**45,907**	44,566
Dividends payable	**39,258**	885
Financial liabilities measured at amortised cost	**136,882**	128,526
Contract liabilities	**391,996**	—
Advances from customers	**—**	405,464

11 Dividends

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

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

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

	Unaudited	Unaudited
	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Final dividend approved in respect of the previous financial year of approximately RMB7.48 cents per share (six months ended 30 June 2017: nil)	**38,401**	—

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT THE GROUP

China's economic growth and activeness maintained stable in the first half of 2018, with the GDP up 6.8% compared with the same period last year (source: National Bureau of Statistics, July 2018). Prepared jointly by Caixin Media and IHS Markit, Caixin China Manufacturing Purchasing Managers' Index (PMI) was 50.8 in July 2018, dropping by 0.7 percentage point compared with January 2018, and Caixin China Service Purchasing Managers' Index (PMI) in July 2018 was 52.8, dropping by 1.9 percentage points compared with January 2018. In accordance with the statistics, the Manufacturing PMI and Service PMI were both above the divide line of 50, while the growth speed and expansion trend dropped slightly. (Source: Caixin Media, August 2018 and February 2018).

In terms of advertising industry, the advertising market of China (excluding the Internet) in May 2018 rose by 3% compared with the same period last year, while the traditional media advertising dropped by 1.8% compared with the same period last year, based on the market study released by CTR Media Intelligence. In accordance with the statistics, the general advertising market entered a stable stage in the second quarter after enjoying a positive trend in the first quarter. (Source: CTR Media Intelligence, June 2018).

During the period under review, the Group worked deeply on the area of TV advertisement that has an advantage in the market share, actively explored and developed creative content production, meanwhile, duly adjusted the inefficient business sectors, and optimized the media product and business structure to further improve the comprehensive strength and competitiveness of the Group as a leading media operation group in China.

BUSINESS REVIEW

TV Advertising and Content Operations

1. TV Media Resources Management

During the period under review, the Group had approximately 5,502 minutes of advertising resources on a total of 10 programs on channels including CCTV-1 (General)/CCTV-News, CCTV-2 (Finance), CCTV-4 (Chinese International, including Europe and the US), CCTV-7 (Military and Agriculture), and the exclusive underwriting right for 33,284 minutes of all advertising resources of CCTV-9 (Documentary). The programs covered news, politics, agriculture, culture and lifestyle and brought more diversified communication channels to clients. Its specific media resources include: the "News 30" (新聞30分) jointly broadcast on CCTV-1 (General)/CCTV-News (Chinese), "Di Yi Shi Jian" (第一時間) and "China Economic Forum" (中國經濟大講堂) on CCTV-2 (Finance), programs including "Across the Straits" (海峽兩岸), and "Today's Focus" (今日關注) on CCTV-4 (Chinese International), and programs including "Zhi Fu Jing" (致富經), "Focus on the Three Agricultural Issues" (聚焦三農), "Daily Agricultural News" (每日農經) on CCTV-7 (Military and Agriculture) as well as all advertising resources of CCTV-9 (Documentary). During the period, the Group continued to strengthen the capability of developing and serving clients in the area of TV advertising marketing; and improved the competitiveness through optimizing marketing strategies and media product combinations, to promote the sales of the Group's exclusive underwriting TV media resources.

2. Integrated Communication Services

The Group has gained the recognition by a large number of well-known clients for its professional and highly efficient communication services and caring client service philosophy. During the period under review, the Group provided brand information, advertising placement, promotion planning, public relation activities and other multi-dimension brand integrated communication services to clients including: Ping An, Sinopec, COFCO Greatwall, Suning Appliance, Feihe Dairy, Mengniu Dairy, Chimelong Group, Yunnan Tourism and Guizhou Tourism.

In respect of international business, the Group actively offered overseas clients with Chinese market promotion, media propaganda and creative planning and other services. The main clients during the period under review include: Toronto Tourism of Canada, Ottawa Tourism of Canada, Turkish Tourism, and Washington Tourism Board, etc.

3. Content Operations

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

The Group continued to actively explore and develop content production and creative communication business. During the period under review, the Group and CCTV jointly produced 34 sessions of Predestination with China (中國緣), of which 8 sessions had been broadcast as the special program for Spring Festival, and the remaining 26 sessions will be broadcast on CCTV-4 (Chinese International) in the second half of the year. Magical Circus (神奇馬戲團), the Hollywood animation partly invested by the Group, was released to the public on 21 July. The post production of The Disappearance of Suspects (消失的嫌疑人) and The Special Witness (非常目擊), the suspense reasoning movies partly invested by the Group, were completed. In addition, the Group completed the scheme design, shooting and production and promotion of film and TV products and creative contents for a variety of clients and partners during the period, helping clients to develop consumer markets, create IP products and improve brand values with unique creation and innovation capabilities.

Digital Marketing and Internet Media

1. Digital Marketing

During the period under review, the Group created linkage scheme of TV media and Internet media through the internet technologies of big data and precision placement, and improved the advertising and marketing effect of brand interaction idea in the vertical fields. The Group served successively Feihe Dairy, Korea Tourism Organization, Dazhong Appliances, GOME Appliances, CAISSA Touristic and other clients in the period under review, and received a high degree of recognition and praise therefrom.

2. Internet Media

www.boosj.com (播視網) adhered to the core positioning of "leading a healthy lifestyle", and aggregated contents, optimized experience and improved traffic focusing on two major vertical fields: Fitness and recreation for middle-aged and elderly and talent fostering of children. During the period under review, boosj.com held the "Dance Show in 100 Cities" (百城秀舞), integrated the square dancing teams and resources, and obtained high-quality original square dance videos through online live broadcast and interaction, to improve the user stickiness and the spreading capacity and influence of the platform.

Surrounding the positioning of modern agricultural information service platform of China, www.wugu.com.cn (吾谷網) constantly enhanced platform value, and ranked China top three in the ranking of agricultural-related websites. During the period under review, it was the third consecutive year for wugu.com.cn to undertake the planning and implementation of the One Village One Product (一村一品) Internet broadcast program of Beijing, in which the high-quality agricultural products in Beijing were gathered for brand building and integrated communication.

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

FINANCIAL REVIEW

Revenue and Profit Attributable to the Equity Shareholders of the Company

For the six months ended 30 June 2018, the Group recorded revenue of RMB819,066 thousand, representing an increase of 19% from RMB689,058 thousand in the same period of last year.

Revenue details for the period under review are as follows:

(1) Revenue recorded from TV media resources management was RMB730,736 thousand, representing an increase of 28% from RMB569,475 thousand in the same period of last year. The income increase was mainly because the Group continuously carried out a series of targeted media promotion campaigns, the sales contract amount was increased compared with the same period of last year, the advertising placement of clients from finance and insurance, consumer goods, and energy had significant improvement when compared with the same period of last year, and the sales rate of the core TV media resources was higher than the same period of last year.

(2) Revenue recorded from integrated communication services and content operations was RMB32,962 thousand in total, representing a decrease of 51% from RMB67,031 thousand in the same period last year. Among which, (1) turnover recorded from integrated communication services was RMB459,784 thousand, representing an increase of 30% from RMB353,098 thousand in the same period last year. During the period under review, the Group signed agreements with numerous famous enterprise clients of good standing to provide them with such professional brand services as media planning, media procurement and advertising placement. Both the number of clients and the contract amounts were increased when compared with the same period of last year. Under the International Accounting Standards, relevant procurement costs must be deducted from the Group's turnover and the resulting net commission should be credited as the Group's revenue if the Group procures media resources in the capacity of an agent for clients. On this basis, revenue from this business was RMB28,864 thousand, representing a decrease of 41% from RMB48,723 thousand in the same period of last year. The decrease of the revenue was mainly due to the impacts of commission settlement cycle of media suppliers, as a result of which, the commission obtained in the period under review was less than that in the same period of last year. (2) the revenue from content operations was RMB4,098 thousand, representing a decrease of 78% from RMB18,308 thousand in the same period of last year. The decrease of the revenue was due to the impacts of production cycle and commission settlement cycle, as a result of which, the revenue from creative production of commercial advertisements was less than that in the same period of last year.

(3) Revenue recorded from digital marketing and Internet media was RMB33,967 thousand in total, representing a decrease of 6% from RMB35,994 thousand in the same period last year. Among which, (1) the self-developed intelligent programming advertising placement platform of the Group enjoyed stable operation, while the digital marketing income was reduced from that of the same period in the last year due to the diversified ad spending of clients; (2) the revenue scale from Internet media was basically flat compared with the same period of last year.

(4) Rental income was RMB28,853 thousand, representing an increase of 26% as compared with RMB22,945 thousand last year, mainly because the office buildings temporarily idled in last year were leased during the period, and as a result, revenue from this business was higher than that in the same period of last year.

During the period under review, both the revenue and the gross profit margin of core businesses of the Group rose as compared with the same period of last year, with the operating expenses controlled effectively. For the six months ended 30 June 2018, the profit attributable to equity shareholders of the Company was RMB41,882 thousand, representing an increase of 340% from RMB9,518 thousand for the same period last year.

Operating Expenses

For the six months ended 30 June 2018, the Group's operating expenses were RMB81,571 thousand in aggregate, representing a year-on-year increase of 2% from RMB79,959 thousand last year, and accounted for 9.9% of the Group's revenue (the same period of last year: 11.6%). The Group made great achievement in controlling the operating expenses, and further improved the utilization efficiency of the operating expenses.

Operating expenses include the followings:

(1) Selling and marketing expenses, which amounted to RMB29,631 thousand, showing an increase of approximately RMB2,396 thousand from RMB27,235 thousand in the same period of last year, and accounted for 3.6% of the Group's revenue (the same period of last year: 4.0%). The increase of the selling and marketing expenses was mainly due to the media promotion campaigns in the first half of the year, which resulted in the increase of business publicity and promotion expenses when compared with the same period of last year.

(2) General and administrative expenses, which amounted to RMB51,940 thousand, showing a decrease of approximately RMB784 thousand from RMB52,724 thousand in the same period of last year, and accounted for 6.3% of the Group's revenue (the same period of last year: 7.6%).

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's liquidity was adequate with a stable financial position as a whole. As at 30 June 2018, cash and bank balances amounted to RMB570,881 thousand (31 December 2017: RMB678,791 thousand), of which approximately 81% was denominated in RMB and the remaining 19% in HK dollars and other currencies. Bank time deposits with maturity over three months held by the Group amounted to RMB10,657 thousand (31 December 2017: RMB10,636 thousand).

During the period, details of the cash flows status were as follows:

(1) Net cash outflow from operating activities was RMB102,558 thousand (the same period in the last year: net cash inflow of RMB132,077 thousand), which was mainly because of: (1) the payment of income tax, sales tax and surcharges of approximately RMB101,096 thousand; (2) an increase of trade and bill receivable of approximately RMB52,197 thousand due to the influence of the extension of settlement cycle as compared to the end of last year. The Group will continue to strictly control the receivable recovery risk, actively follow up the overdue accounts, in order to keep the receivables at a low level while ensuring the business income growth.

(2) Net cash inflow from investing activities was RMB7,194 thousand (the same period of last year: RMB1,046 thousand), which was mainly attributable to the interest received on bank deposits at approximately RMB6,714 thousand.

(3) Net cash outflow from financing activities was RMB12,227 thousand (the same period of last year: RMB73,274 thousand), which was mainly attributable to the funds used for share buyback of the Company.

As at 30 June 2018, the Group's total assets amounted to RMB2,131,847 thousand, including the equity attributable to equity shareholders of the Company of RMB1,568,727 thousand, and non-controlling interests of RMB-5,065 thousand. As at 30 June 2018, the Group had no bank borrowings.

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

HUMAN RESOURCES

As at 30 June 2018, the Group had 378 employees in total, less than that at the beginning of the year. During the period under review, the Company further enhanced the introduction of content creation and creative marketing talents, improved the professional team and talent reserve in the fields of content and creative production, and properly controlled the number of posts in low-efficiency business sectors. In the aspect of employee training, the Group undertook regular training relating to the products and cases of TV advertising, digital marketing, content creation, in order to improve the employees' comprehensive knowledge and skills and product selling capabilities. In the aspect of talent incentives, during the period under review, the Group raised the basic remuneration and the level of performance-based commission of marketing staff and implemented dynamic performance remuneration policies for the middle and senior executives, so as to strengthen the connection between working performance and personal interests. In the aspect of employee benefits, the Group provided the employees with benefit plans including insurance, housing provident fund, statutory holidays, and opportunities of further study. 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 28,444,500 units.

INDUSTRY AND GROUP OUTLOOK

As at the first half of 2018, China's economy has maintained a growth rate of 6.7% to 6.9% for consecutive twelve quarters, and the macro economy continued the overall steady development trend. However, in the last six months, the international trade conflicts were intensified, the financial market fluctuation was expanded, certain domestic industries and consumer markets experienced a decrease in growth speed, which may bring more uncertainty to the economic performance in the next stage.

While paying close attention to the macro economy trend, the Group will fully exert the existing advantages and core competence to ensure its healthy development towards the positive direction in the uncertain economic environment. More precisely, in respect of TV advertising business, the Group will continue to optimize the TV advertising media resources, enhance the client development capacity, expand the marketing team, adhere to the client-oriented marketing strategy, and promote the in-depth combination of brands and high-quality contents. Meanwhile, the Group will continue to explore and develop content and creative production, and help the clients develop consumer market and increase brand value through IP-oriented creation, investment and operation using the accumulated brand experiences and client base, in order to expand the value space of the Group to the consumer markets with larger scale.

The uncertainty brought by trade tensions and the ever-increasing human cost have brought pressure and challenges to the recovering business performance of the Group. As a leading comprehensive media operation group in China, the Group will intensify the core competitiveness in creative communication, and uphold the spirit of innovation and progressiveness to improve operation efficiency, increase fund efficiency and rental income of investment property, continue to pursue the basic objective of profit and cash flow growth, and properly explore future industry development space, in order to seek sustainable and healthy growth through the cyclical opportunities in the market.

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

During the six months ended 30 June 2018, the Company completed the buy-back of 7,193,000 ordinary shares on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at an aggregate price of HKD14,797,210. 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	Lowest Price	Total paid
		HKD	*HKD*	*HKD*
19/01/2018	530,000	1.83	1.81	965,570
09/04/2018	130,000	2.03	1.97	260,810
10/04/2018	350,000	2.10	2.06	729,570
11/04/2018	383,000	2.10	2.07	800,080
13/04/2018	109,000	2.10	2.08	228,190
16/04/2018	278,000	2.09	2.07	578,460
17/04/2018	150,000	2.08	2.08	312,000
18/04/2018	373,000	2.09	2.06	775,860
23/04/2018	111,000	2.08	2.07	230,770
25/04/2018	221,000	2.10	2.08	462,570
27/04/2018	132,000	2.10	2.07	276,100
04/05/2018	220,000	2.09	2.08	459,600
08/05/2018	288,000	2.09	2.07	599,170
10/05/2018	101,000	2.10	2.08	210,560
11/05/2018	228,000	2.10	2.09	478,020
14/05/2018	201,000	2.10	2.08	421,090
16/05/2018	229,000	2.10	2.08	478,610
17/05/2018	241,000	2.10	2.08	503,940
24/05/2018	100,000	2.10	2.10	210,000
25/05/2018	450,000	2.10	2.09	942,870
30/05/2018	261,000	2.10	2.08	545,980
31/05/2018	463,000	2.10	2.09	970,670
19/06/2018	638,000	2.08	2.04	1,315,380
20/06/2018	230,000	2.06	2.05	473,000
21/06/2018	276,000	2.08	2.06	572,060
27/06/2018	500,000	2.00	1.97	996,280
	7,193,000			14,797,210

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2018, the Company had 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 deviation from Code Provision A.6.7 and E.1.2.

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 Ms. Wang Xin 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 8 June 2018.

Under Code Provision E.1.2, the chairman of the Board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend. Due to other pre-arranged business engagements which must be attended by Ms. Wang Xin, the chairman of the remuneration committee and an independent non-executive director of the Company, was not present at the annual general meeting held on 8 June 2018. However, the other two members of the remuneration committee, Mr. Lian Yuming and Mr. Chen Xin, were present at the said annual general meeting to ensure an effective communication with the shareholders thereat.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having 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 2018.

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 2018, 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 2018

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.