INTERIM REPORT
2019

STOCK CODE： 00623

SinoMedia®

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

Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr. Chen Xin *(Chairman)*
Ms. Liu Jinlan
Mr. Li Zongzhou

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qi Daqing
Ms. Wang Xin
Mr. He Hui David
Ms. Ip Hung

AUDIT COMMITTEE

Mr. Qi Daqing *(Chairman)*
Ms. Wang Xin
Ms. Ip Hung

REMUNERATION COMMITTEE

Ms. Wang Xin *(Chairman)*
Mr. Chen Xin
Ms. Ip Hung

NOMINATION COMMITTEE

Mr. Chen Xin *(Chairman)*
Ms. Wang Xin
Ms. Ip Hung

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

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REGISTERED OFFICE OF THE COMPANY

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AUDITORS

KPMG

SHARE REGISTRAR

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2103B, 21/F, 148 Electric Road, North Point,
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WEBSITE

www.sinomedia.com.hk

Financial Summary

RMB'000	**For the six months ended 30 June 2019**	For the six months ended 30 June 2018	Change (%)
Revenue	**656,714**	819,066	–20%
(Loss)/profit from operations	**(105,059)**	67,898	–255%
(Loss)/profit attributable to equity shareholders of the Company	**(96,792)**	41,882	–331%
(Losses)/earnings per share			
— Basic and diluted (RMB)	**(0.196)**	0.082	–339%

REVENUE: *RMB'000*	**For the six months ended 30 June 2019**	For the six months ended 30 June 2018	Change (%)
TV media resources management	**525,242**	730,736	–28%
Integrated communication services and Content operations	**50,687**	32,962	+54%
Digital marketing and Internet media	**56,101**	33,967	+65%
Rental income	**29,749**	28,853	+3%
Sales taxes and surcharges	**(5,065)**	(7,452)	–32%
	656,714	819,066	

Management Discussion and Analysis

ABOUT THE GROUP

The overall advertising market sentiments continued to be weak and the operating environment was full of challenges in the first half of 2019. The advertising expenses of all media in the first half of 2019 shrank 8.8% from a year ago, of which advertising expenses in traditional media has dropped by 12.8% as compared with the same period last year, based on the market study released by CTR Media Intelligence. The data shows that the decline in advertising expenses in traditional media has gradually narrowed in the second quarter after a significant decline in the first quarter, but the overall advertising market is still in a downward trend as compared with the same period last year. (Source: CTR Media Intelligence, August 2019).

The Group continued to promote the strategy of providing inter-screen creative communication services as the core, and was committed to providing clients with premium creative products and communication services. During the period under review, the development of business segments within the Group diverged, revenue from segments such as integrated communication services, digital marketing and rental has increased as compared with the same period last year. Revenue recorded from TV media resources management for the first half of 2019 declined significantly from a year ago, due to the cautious advertising spending of certain clients affected by the weak advertising market.

BUSINESS REVIEW

TV Advertising and Content Operations

I. TV Media Resources Management

During the period under review, the Group had a total of approximately 6,032 minutes of advertising resources on CCTV-1 (General)/CCTV-News, CCTV-2 (Finance), CCTV-4 (Chinese International), and the exclusive underwriting right for 29,342 minutes of all advertising resources of CCTV-14 Children's Channel. It covered the markets of news, politics, finance, culture and children 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 (General)/CCTV-News, "Di Yi Shi Jian" (第一時間) on CCTV-2 (Finance), programs and resource periods including "Across the Straits" (海峽兩岸), and "Today's Focus" (今日關注) on CCTV-4 (Chinese International), as well as all advertising resources of CCTV-14 Children's Channel. Facing the severe market environment, the Group continued to strengthen the capability of developing and serving clients in the area of TV advertisement marketing, and improve the competitiveness through optimizing marketing strategy and media product portfolios during the period.

II. Integrated Communication Services

The Group has gained 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-dimensional brand integrated communication services to clients including Feihe Dairy, ChimeLong Group, Ping An, Jiangxi Agricultural Products, Hubei Agricultural Products, Taizhou Tourism and Suzhou Tourism.

In respect of international business, the Group actively offered overseas clients with Chinese market promotion, media propaganda, creative planning and other services. The main clients during the period under review include Ministry of Tourism, Government of India, Department of Tourism Indonesia, Washington Tourism Board, Tourism Toronto, YTL Hotels, etc.

III. Content Operations

The Group provided clients with comprehensive and professional commercial advertisement production services. During the period under review, the Group successively served China Banknote Printing and Minting Corporation, China Gold Coin Incorporation, Tai'an Tourism, Shaanxi Grain and Oil, COFCO and other clients, providing services involving graphic design, advertising video shooting, producing and editing.

In the first half of the year, the Group launched R&D management and creative communication business around series program creation, animation IP creation and other contents, providing tailor-made creative content and communication solutions for clients. If Animals Can Speak (如果動物會説話), a series of video programs independently developed by the Group has been approved by CCTV, which is planned to be produced in 120 episodes, currently 40 episodes are in the post-production stage after live shooting. The Group has fully completed the production of Animals' Good Partners — ChimeLong's Little Theater for Popularization of Science (動物好夥伴 — 長隆科普小劇場), a program that the Group created for ChimeLong Group and implemented content marketing by title sponsorship. The first 30 out of 60 episodes in total have been broadcasted in the CCTV-14 Children's Channel since July. At the same time, the Group tailored program content embedding plans for clients such as Toycloud Technology and SK Group, and approached excellent animation companies at home and abroad to actively explore the areas of IP R&D and authorization of animated images as well as the development of its surrounding industries.

Digital Marketing and Internet Media

I. Digital Marketing

The Group continuously upgraded its self-developed intelligent programming advertising placement platform, and continued to improve the internet integrated service capacity, providing clients with one-stop digital marketing solutions through technologies of big data and precision placement. During the period under review, the Group successively served Feihe Dairy, Guizhou Zhenjiu (貴州珍酒), EPEC, Huawei Technologies, Dazhong Appliances, GOME Appliances, CAISSA Touristic and other clients, receiving a high degree of recognition and praise therefrom.

II. Internet Media

www.boosj.com (播視網) of the Group continued to meticulously cultivate the two major vertical fields: talent fostering of children and healthy life promotion for middle-aged and elderly people, providing users with online video content services and community interaction platform. During the period under review, www.boosj.com integrated and created characteristic video content for children's intellectual development and talented enlightenment, enhanced traffic through multi-channel distribution, and conducted derivative product development according to its creative contents. At the same time, it continued to explore the potential of health, entertainment and social life for middle-aged and elderly people by integrating online content and offline activities, striving to build the IP events such as "Dance Show in 100 Cities" (百城秀舞) and "Dancing for New Life" (舞動新生活), so as to further enhance the popularity of the Boosj Square Dance.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue and Profit Attributable to the Equity Shareholders of the Company

For the six months ended 30 June 2019, the Group recorded revenue of RMB656,714 thousand, representing a decrease of 20% from RMB819,066 thousand for the same period last year.

Revenue details for the period under review are as follows:

(I) Revenue recorded from TV media resources management was RMB525,242 thousand, representing a decrease of 28% from RMB730,736 thousand for the same period last year. This decline in revenue was mainly due to the cautious TV advertising placement of certain advertisers affected by the weak environment of the advertising market as a whole in the first half of the year, resulting in the significant decline in the advertising placement of clients from tourism, automobile, finance and insurance as compared with the same period last year, which in turn led to a year-on-year decrease in sales rate of TV advertising resources. In the face of challenges, the Group's marketing team will strive to improve its annual performance by actively developing new clients while retaining existing high quality clients.

(II) Revenue recorded from integrated communication services and content operations was RMB50,687 thousand in total, representing an increase of 54% from RMB32,962 thousand for the same period last year. Among which: (1) Revenue recorded from integrated communication services was RMB47,828 thousand, representing an increase of 66% from RMB28,864 thousand for the same period last year. Affected by the settlement cycle of media suppliers, the commission obtained from media suppliers during the period under review was more than that for the same period last year. (2) Revenue recorded from content operations was RMB2,859 thousand, representing a decrease of 30% from RMB4,098 thousand for the same period last year. Revenue from this business was mainly from content production of films and TV programs and creative production of commercial advertisements. Revenue from the content projects independently produced and co-produced by the Group, as well as the animation and film projects co-invested and jointly produced by the Group are expected to be recognized after the balance sheet date.

(III) Revenue recorded from digital marketing and internet media was RMB56,101 thousand in total, representing an increase of 65% from RMB33,967 thousand for the same period last year. Among which: (1) the Group's self-developed intelligent programming advertising placement platform operates stably, and advertising placement from high quality clients achieved a sustained and stable growth, resulting in a notable revenue increase from digital marketing as compared with the same period last year; (2) revenue from internet media remained at similar level as compared with the same period last year.

(IV) Rental income was RMB29,749 thousand, representing an increase of 3% from RMB28,853 thousand for the same period last year, mainly because the office buildings temporarily vacant were leased out again during the period, and as a result, revenue from this business was slightly higher than that in the same period last year.

For the six months ended 30 June 2019, the loss attributable to equity shareholders of the Company was RMB96,792 thousand as compared a profit of RMB41,882 thousand attributable to equity shareholders of the Company for the same period last year.

Operating Expenses

For the six months ended 30 June 2019, the Group's operating expenses were RMB69,089 thousand in aggregate, representing a year-on-year decrease of 15% from RMB81,571 thousand for the same period last year, and accounted for 10.5% of the Group's revenue (the same period last year: 9.9%). In response to market changes and operational pressures, the Group implemented a number of measures to reduce operating expenses, making the proportion of operating expenses to income relatively stable.

Among which:

(I) Selling and marketing expenses amounted to RMB26,750 thousand, representing a year-on-year decrease of approximately RMB2,881 thousand from RMB29,631 thousand for the same period last year, and accounted for 4.1% of the Group's revenue (the same period last year: 3.6%).

(II) General and administrative expenses amounted to RMB42,339 thousand, representing a year-on-year decrease of approximately RMB9,601 thousand from RMB51,940 thousand for the same period last year, and accounted for 6.4% of the Group's revenue (the same period last year: 6.3%). The decrease in general and administrative expenses was mainly due to that: (1) the Group adjusted and optimized the internal organization and personnel structure, resulting in a decrease of approximately RMB5,523 thousand in the labor cost of non-marketing personnel as compared with the same period last year; (2) the impairment loss of receivables reduced by approximately RMB1,291 thousand as compared with the same period last year.

Significant Investments, Acquisitions and Disposals

During the period under review, the Group had conducted the following significant investments and acquisitions:

(I) The Group entered into a capital increase agreement of the Group's subsidiary, Beijing Golden Bridge Yunhan Advertising Company Limited ("Golden Bridge Yunhan"), with independent third parties with client resources and operational experiences, to jointly operate the advertising business of CCTV-9 (Documentary) as its exclusive underwriting agent. As of 30 June 2019, Golden Bridge Yunhan was renamed as Beijing Golden Bridge Document Time International Media Company Limited (北京金橋紀錄時代國際傳媒有限公司), in which the Group contributed a total of RMB14.5 million, and its shareholdings changed from 100% to 29%.

(II) In recent years, the Group has been providing multi-dimensional services such as advertising placement and creative communication planning for China Feihe Dairy Co., Ltd. (中國飛鶴乳業有限公司) ("Feihe Dairy"). In order to establish a closer strategic partnership, the Group entered into a share purchase agreement with FIDA Promotion Limited with a consideration of $5.36 million based on the long-term cooperation and mutual benefits between the two parties, and thus became a minority shareholder of Diamond Infant Formula Holding Limited, the parent company of Feihe Dairy. As of 30 June 2019, the transaction has been completed.

Liquidity and Financial Resources

The Group's liquidity was adequate with a stable financial position as a whole. As at 30 June 2019, the Group had cash and bank balances of RMB593,257 thousand (31 December 2018: RMB715,109 thousand), of which approximately 97% was denominated in RMB and the remaining 3% in HK dollars and other currencies. Bank time deposits with maturity over three months held in RMB amounted to RMB4,534 thousand (31 December 2018: RMB8,514 thousand). During the period, details of the Group's cash flows status were as follows:

(I) Net cash outflow from operating activities was RMB87,521 thousand (the same period last year: RMB102,558 thousand), which was mainly because of: (1) payment of income tax, sales taxes and surcharges of approximately RMB34,210 thousand; (2) a decrease of approximately RMB87,558 thousand in prepayment of media agency cost to media suppliers as compared to the end of last year; (3) an increase of approximately RMB66,145 thousand in the balance of trade debtors and bills receivable as compared to the end of last year due to the extended settlement cycle of advertising clients; (4) an increase in advertising fees advance from clients of approximately RMB33,641 thousand as compared to the same period last year.

(II) Net cash outflow from investing activities was RMB25,343 thousand (the same period last year: net cash inflow of RMB7,194 thousand), which was mainly attributable to payment for equity investments of approximately RMB38,081 thousand; the interest received on bank deposits at approximately RMB8,456 thousand; and time deposit with original maturity over three months on due received at approximately RMB3,980 thousand.

(III) Net cash outflow from financing activities was RMB8,913 thousand (the same period last year: RMB12,227 thousand), which was mainly attributable to the use of capital for the buyback of the Company's shares.

As at 30 June 2019, the Group's total assets amounted to RMB1,868,418 thousand, which consisted of equity attributable to equity shareholders of the Company of RMB1,457,777 thousand, and non-controlling interests of RMB-6,924 thousand. As at 30 June 2019, the Group had no interest-bearing debts.

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

HUMAN RESOURCES

As at 30 June 2019, the Group had 277 employees in total, less than that at the beginning of the year. During the period under review, the Group continued to streamline execution-related staff for fundamental affairs, control the number of positions for low-efficiency business segments, while at the same time raise the performance bonus for professional positions in sales and marketing, and further implement dynamic performance related remuneration policies for middle and senior management, so as to intensify the connection between working results and personal interests. In the aspect of employee training, the Group undertook regular professional training, with media resources, marketing skills, case studies, occupational qualities and others as the themes, to comprehensively improve the employees' professional knowledge and practical capabilities. In addition to guaranteeing the mandated benefits, the Group continued to provide festival gift money to the elderly parents of employees, held parent-child activities on Children's Day. In order to align the personal interests of employees with those of shareholders, the Company granted share options to employees under share option schemes. Share options that were granted and remained unexercised as of the end of the period totaled 21,232,000 units.

INDUSTRY AND GROUP OUTLOOK

The business operation of advertising industry as a whole will still face with enormous challenges in 2019 under the influence of numerous uncertainties in the external environment. In order to actively respond to market changes and operational pressures, the management of the Group will further adjust and optimize the internal organization and personnel structure, and will implement a number of measures to reduce operating expenses with a view to alleviate short-term pressure and prepare for future development.

As a leading comprehensive media operation group in China, the Group always has confidence in and good expectations on the mid-and-long term market prosperity. Looking forward to the future, the Group will continue to strengthen the core competitiveness of creative communication to improve its operating efficiency. In terms of TV media resources management, the Group will adhere to the client-oriented product and service strategies, retain existing high quality clients while scaling up efforts in new client development, and increase the brand value of clients based on the features and policies in different industries by using the efficient communication of TV advertising.

With the improvement of domestic consumption structure and the improvement of consumption levels, consumers are constantly pursuing richer content IP and consumer products. The Group will proactively seek for industrial cooperation opportunities by integrating its experiences and capabilities in video content creativity and brand communication. By conducting IP-oriented R&D, investment and operation, it will deeply involve in the industrial operation for IP management, expand the brand development space of the consumer goods and culture and tourism market, so as to lay a foundation for the medium and long-term business development of the Group.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2019 — unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**656,714**	819,066
Cost of services		**(694,798)**	(669,970)
Gross (loss)/profit		**(38,084)**	149,096
Other revenue	*5*	**2,114**	373
Selling and marketing expenses		**(26,750)**	(29,631)
General and administrative expenses		**(42,339)**	(51,940)
(Loss)/profit from operations		**(105,059)**	67,898
Finance income	*6(a)*	**8,456**	8,132
Finance costs	*6(a)*	**(106)**	(187)
Net finance income		**8,350**	7,945
(Loss)/profit before taxation		**(96,709)**	75,843
Income tax	*7*	**—**	(34,646)
(Loss)/profit for the period		**(96,709)**	41,197
Attributable to:			
Equity shareholders of the Company		**(96,792)**	41,882
Non-controlling interests		**83**	(685)
		(96,709)	41,197
(Losses)/earnings per share	*8*		
Basic (losses)/earnings per share (RMB)		**(0.196)**	0.082
Diluted (losses)/earnings per share (RMB)		**(0.196)**	0.082

Note: The Group has initially applied IFRS/HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 18 to 36 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 14(a).

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2019 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2019	2018
		(Note)
	RMB'000	*RMB'000*
(Loss)/profit for the period	**(96,709)**	41,197
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the Company and overseas subsidiaries	**(79)**	762
Other comprehensive (loss)/income for the period	**(79)**	762
Total comprehensive (loss)/income for the period	**(96,788)**	41,959
Attributable to:		
Equity shareholders of the Company	**(96,871)**	42,644
Non-controlling interests	**83**	(685)
	(96,788)	41,959

Note: The Group has initially applied IFRS/HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 18 to 36 form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

At 30 June 2019 — unaudited
(Expressed in Renminbi)

	Note	At 30 June 2019 RMB'000	At 31 December 2018 (Note) RMB'000
Non-current assets			
Property, plant and equipment	9	**227,939**	229,738
Investment property		**569,977**	576,684
Intangible assets		**19,709**	22,399
Goodwill	10	**6,002**	6,002
Trade and other receivables	11	**815**	865
Interests in associates		**6,899**	—
Other non-current financial assets		**37,006**	—
		868,347	835,688
Current assets			
Other current financial assets		**1,737**	1,737
Trade and other receivables	11	**400,493**	428,745
Pledged bank deposits		**50**	—
Time deposits with original maturity over three months		**4,534**	8,514
Cash and cash equivalents	12	**593,257**	715,109
		1,000,071	1,154,105
Current liabilities			
Trade and other payables	13	**129,389**	121,656
Contract liabilities		**274,916**	241,275
Current taxation		**10,470**	37,508
Lease liabilities	2	**2,194**	—
		416,969	400,439
Net current assets		**583,102**	753,666
Total assets less current liabilities		**1,451,449**	1,589,354
Non-current liabilities			
Lease liabilities	2	**596**	—
NET ASSETS		**1,450,853**	1,589,354

	At 30 June 2019 *RMB'000*	At 31 December 2018 *(Note)* *RMB'000*
CAPITAL AND RESERVES		
Share capital	**510,981**	510,981
Reserves	**946,796**	1,085,380
Total equity attributable to equity shareholders of the Company	**1,457,777**	1,596,361
Non-controlling interests	**(6,924)**	(7,007)
TOTAL EQUITY	**1,450,853**	1,589,354

Note: The Group has initially applied IFRS/HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 18 to 36 form part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019 — unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								
	Share Capital *RMB'000*	Capital reserve *RMB'000*	Statutory reserve *RMB'000*	Exchange reserve *RMB'000*	Other reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-Controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2018	510,981	25,840	126,886	(5,224)	2,308	914,249	1,575,040	(4,380)	1,570,660
Changes in equity for the six months ended 30 June 2018:									
Profit/(loss) for the period	–	–	–	–	–	41,882	41,882	(685)	41,197
Other comprehensive income	–	–	–	762	–	–	762	–	762
Total comprehensive income for the period	–	–	–	762	–	41,882	42,644	(685)	41,959
Equity-settled share-based transactions	–	1,671	–	–	–	–	1,671	–	1,671
Purchase of own shares	–	–	–	–	–	(12,227)	(12,227)	–	(12,227)
Dividends declared in respect of the previous year *(note 14)*	–	–	–	–	–	(38,401)	(38,401)	–	(38,401)
Balance at 30 June 2018 and 1 July 2018	510,981	27,511	126,886	(4,462)	2,308	905,503	1,568,727	(5,065)	1,563,662
Changes in equity for the six months ended 31 December 2018:									
Profit/(loss) for the period	–	–	–	–	–	40,245	40,245	(513)	39,732
Other comprehensive income	–	–	–	3,275	–	–	3,275	–	3,275
Total comprehensive income for the period	–	–	–	3,275	–	40,245	43,520	(513)	43,007
Equity-settled share-based transactions	–	1,223	–	–	–	–	1,223	–	1,223
Acquisition of non-controlling interests	–	(571)	–	–	–	–	(571)	(1,429)	(2,000)
Purchase of own shares	–	–	–	–	–	(16,861)	(16,861)	–	(16,861)
Dividends paid to equity shareholders of the Company	–	–	–	–	–	323	323	–	323
Balance at 31 December 2018	510,981	28,163	126,886	(1,187)	2,308	929,210	1,596,361	(7,007)	1,589,354

Note: The Group has initially applied IFRS/HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

	Attributable to equity shareholders of the Company								
	Share Capital *RMB'000*	Capital reserve *RMB'000*	Statutory reserve *RMB'000*	Exchange reserve *RMB'000*	Other reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-Controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2019	510,981	28,163	126,886	(1,187)	2,308	929,210	1,596,361	(7,007)	1,589,354
Changes in equity for the six months ended 30 June 2019:									
(Loss)/profit for the period	–	–	–	–	–	(96,792)	(96,792)	83	(96,788)
Other comprehensive loss	–	–	–	(79)	–	–	(79)	–	(79)
Total comprehensive (loss)/income for the period	–	–	–	(79)	–	(96,792)	(96,871)	83	(96,788)
Equity-settled share-based transactions	–	879	–	–	–	–	879	–	879
Purchase of own shares	–	–	–	–	–	(8,913)	(8,913)	–	(8,913)
Dividends declared in respect of the previous year *(note 14)*	–	–	–	–	–	(33,679)	(33,679)	–	(33,679)
Balance at 30 June 2019	510,981	29,042	126,886	(1,266)	2,308	789,826	1,457,777	(6,924)	1,450,853

The notes on pages 18 to 36 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2019 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2019	2018
		(Note)
	RMB'000	*RMB'000*
Operating activities		
Cash used in operations	**(53,311)**	(1,462)
Tax paid	**(34,210)**	(101,096)
Net cash used in operating activities	**(87,521)**	(102,558)
Investing activities		
Payment for purchase of equity securities	**(37,006)**	—
Investments to associates	**(1,075)**	—
Proceeds from disposal of a subsidiary	**—**	739
Interest received	**8,456**	6,714
Received of time deposits with initial term over three months	**3,980**	(20)
Other cash flows arising from investing activities	**302**	(239)
Net cash (used in)/generated from investing activities	**(25,343)**	7,194

Note: The Group has initially applied IFRS/HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

		Six months ended 30 June	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Financing activities			
Payment for purchase of own shares		**(8,913)**	(12,227)
Net cash used in financing activities		**(8,913)**	(12,227)
Net decrease in cash and cash equivalents		**(121,777)**	(107,591)
Cash and cash equivalents at 1 January	*12*	**715,109**	678,791
Effect of foreign exchange rates changes		**(75)**	(319)
Cash and cash equivalents at 30 June	*12*	**593,257**	570,881

Note: The Group has initially applied IFRS/HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 18 to 36 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 21 August 2019.

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 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies 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 2018 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 2018 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 2018 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/HKICPA has issued a new IFRS/HKFRS, IFRS/HKFRS 16, *Leases*, and a number of amendments to IFRS/HKFRSs that are first effective for the current accounting period of the Group.

Except for IFRS/HKFRS 16, *Leases*, none of the 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.

IFRS/HKFRS 16, Leases

IFRS/HKFRS 16 replaces IAS/HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases — incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") or leases of low value assets. The lessor accounting requirements are brought forward from IAS/HKAS 17 substantially unchanged.

The Group has initially applied IFRS/HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of assets and liabilities at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS/HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS/HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS/HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS/HKAS 17 continue to be accounted for as leases under IFRS/HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

IFRS/HKFRS 16, Leases *(Continued)*

(a) ***Changes in the accounting policies*** *(Continued)*

(ii) *Lessee accounting*

IFRS/HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS/HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS/HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in note 9.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

— right-of-use assets that meet the definition of investment property are carried at fair value;

— right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value; and

— right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

IFRS/HKFRS 16, Leases *(Continued)*

(a) Changes in the accounting policies *(Continued)*

(ii) Lessee accounting (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Leasehold investment property

Under IFRS/HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of IFRS/HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply IAS/HKAS 40, *Investment properties*, to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

(i) Classification of interest in leasehold land and buildings held for own use

In accordance with IAS/HKAS 16, *Property, plant and equipment*, the Group chooses to apply the cost model as its accounting policy for items of property, plant and equipment held for own use on a class-by-class basis. In applying this policy, the Group has concluded that its registered ownership interests in leasehold properties and the right to use other properties leased under tenancy agreements are two separate groupings of assets which differ significantly in their nature and use. Accordingly, they are regarded by the Group as separate classes of asset for subsequent measurement policies in accordance with the above accounting policies. Specifically, registered ownership interests are carried under the cost model, while rights to use properties under tenancy agreements are carried at depreciated cost.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

IFRS/HKFRS 16, Leases *(Continued)*

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies *(Continued)*

(i) Classification of interest in leasehold land and buildings held for own use (Continued)

In making this judgement, the Group has taken into account that, as the registered owner of a leasehold property, the Group is able to benefit fully from any changes in the valuation of these properties whether as holding gains or by selling the property interest to others, as well as being able to use the properties in its operation free of paying market rents. In contrast, the shorter term tenancy agreements are typically for periods of no more than 10 years and are subject to other restrictions, in particular on transferability of the Group's tenancy rights to others. These shorter term tenancy agreements are executed in order to retain operational flexibility and to reduce the Group's exposure to the property market fluctuation. They may contain termination or extension clauses, and/or variable rental payment clauses linked to the level of sales generated by the Group's use of the premises, and are typically subject to market rent reviews every year.

(ii) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to IFRS/HKFRS 16 (1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

IFRS/HKFRS 16, Leases *(Continued)*

(c) ***Transitional impact*** *(Continued)*

To ease the transition to IFRS/HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS/HKFRS 16:

(i) the Group elected not to apply the requirements of IFRS/HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS/HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of IFRS/HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of IFRS/HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as disclosed in note 16(b) as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 ***RMB'000***
Operating lease commitments at 31 December 2018	**5,902**
Less: commitments relating to leases exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2019	**(4,740)**
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	**1,162**
Total lease liabilities recognised at 1 January 2019	**1,162**

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

IFRS/HKFRS 16, Leases *(Continued)*

(c) ***Transitional impact*** *(Continued)*

So far as the impact of the adoption of IFRS/HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of IFRS/HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance leases", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

The following table summarises the impacts of the adoption of IFRS/HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 *RMB'000*	Capitalisation of operating lease contracts *RMB'000*	**Carrying amount at 1 January 2019** ***RMB'000***
Line items in the consolidated statement of financial position impacted by the adoption of IFRS/HKFRS 16:			
Property, plant and equipment	229,738	1,162	**230,900**
Total non-current assets	835,688	1,162	**836,850**
Lease liabilities (current)	–	816	**816**
Current liabilities	400,439	816	**401,255**
Net current assets	753,666	(816)	**752,850**
Total assets less current liabilities	1,589,354	346	**1,589,700**
Lease liabilities (non-current)	–	346	**346**
Total non-current liabilities	–	346	**346**
Net assets	1,589,354	–	**1,589,354**

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

IFRS/HKFRS 16, Leases *(Continued)*

(d) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to IFRS/HKFRS 16 are as follows:

	At 30 June 2019 Present value of the minimum lease payments ***RMB'000***	At 1 January 2019 Present value of the minimum lease payments *RMB'000*
Within 1 year	**2,194**	816
After 1 year but within 2 years	**596**	346
	2,790	1,162
Present value of lease liabilities	**2,790**	1,162

(e) Impact on the financial result and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liabilities, and the depreciation of the right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. There is no impact on the reported loss from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS/HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS/HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS/HKAS 17. There is no significant change in presentation of cash flows in the cash flow statement.

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 REVENUE

The Group is principally engaged in TV advertising, creative content production and digital marketing services.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS/HKFRS 15		
— Revenue from TV media resources management	**525,242**	730,736
— Revenue from integrated communication services and content operations	**50,687**	32,962
— Revenue from digital marketing and internet media	**56,101**	33,967
Less: Sales taxes and surcharges	**(1,400)**	(3,901)
	630,630	793,764
Revenue from rental		
— Revenue from rental	**29,749**	28,853
Less: Sales taxes and surcharges	**(3,665)**	(3,551)
	26,084	25,302
	656,714	819,066

5 OTHER REVENUE

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Share of profits less losses of associates	**1,868**	—
Government grant	**189**	3
Others	**57**	370
	2,114	373

6 (LOSS)/PROFIT BEFORE TAXATION

(a) Finance income and costs

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Interest income on bank deposits	**8,456**	8,132
Finance income	**8,456**	8,132
Net foreign exchange loss	**(77)**	(155)
Other finance costs	**(29)**	(32)
Finance costs	**(106)**	(187)

(b) Other items

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Amortisation	**1,826**	1,796
Depreciation	**11,340**	11,587
Impairment losses for doubtful debts	**4,126**	5,418

7 INCOME TAX

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Current tax — PRC income tax	—	32,637
Deferred taxation	—	2,009
	—	34,646

(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 2019 and 2018.

(ii) 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 2019 and 2018.

(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 is at a rate of 15% and Beijing Laite Laide Management Consultancy Company Limited is at a preferential rate of 20% as a small-scale and low-profit enterprise, during the six months ended 30 June 2019 and 2018.

8 (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share

The calculation of basic (losses)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB96,792 thousand (six months ended 30 June 2018: profit of RMB41,882 thousand) and the weighted average number of 494,530 thousand ordinary shares in issue during the interim period (2018: 513,146 thousand shares).

(b) Diluted (losses)/earnings per share

The calculation of diluted (losses)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB96,792 thousand (six months ended 30 June 2018: profit of RMB41,882 thousand) and the weighted average number of 494,530 thousand ordinary shares after adjusting for the effect of share options in issue (2018: 513,876 thousand shares).

9 PROPERTY, PLANT AND EQUIPMENT

Right-of-use assets

As discussed in note 2, the Group has initially applied IFRS/HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS/HKAS 17. During the six months ended 30 June 2019, the Group entered into a number of lease agreements for use of offices, and therefore recognised the additions to right-of-use assets of RMB2,266 thousand.

10 GOODWILL

	The Group *RMB'000*
Cost	
At 1 January 2018, 31 December 2018 and 1 January 2019	23,644
At 30 June 2019	23,644
Accumulated impairment losses	
At 1 January 2018, 31 December 2018 and 1 January 2019	17,642
Impairment loss	—
At 30 June 2019	17,642
Carrying amount	
At 30 June 2019	6,002
At 31 December 2018	6,002

11 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), is as follows:

	At 30 June 2019 *RMB'000*	At 31 December 2018 *RMB'000*
Non-current assets		
Other receivables	**815**	865
Current assets		
Within 3 months	**107,290**	96,050
3 months to 6 months	**58,164**	18,094
6 months to 12 months	**28,002**	13,296
Over 12 months	**19,980**	26,028
Trade and bills receivable, net of allowance for doubtful debts	**213,436**	153,468
Prepayments and deposits to media suppliers	**167,023**	254,581
Advances to employees	**3,455**	3,535
Other debtors and prepayments	**16,579**	17,161
	400,493	428,745
	401,308	429,610

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.

12 CASH AND CASH EQUIVALENTS

	At 30 June 2019 *RMB'000*	At 31 December 2018 *RMB'000*
Cash and bank balances	**593,257**	715,109

13 TRADE AND OTHER PAYABLES

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

	At 30 June 2019 *RMB'000*	At 31 December 2018 *RMB'000*
Within 3 months	**21,772**	11,574
3 months to 6 months	**4,364**	6,687
6 months to 12 months	**1,635**	1,280
Over 12 months	**541**	683
Total trade payables	**28,312**	20,224
Payroll and welfare expenses payables	**7,953**	16,558
Other tax payables	**12,585**	17,070
Other payables and accrued charges	**46,215**	67,159
Dividends payable	**34,324**	645
Financial liabilities measured at amortised cost	**129,389**	121,656

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	
	2019	2018
	RMB'000	*RMB'000*
Final dividend approved in respect of the previous financial year of approximately RMB6.78 cents per share (six months ended 30 June 2018: RMB7.48 cents per share)	**33,679**	38,401

(b) Purchase of own shares

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

Month/year	Number of Shares bought back	Highest price paid per share	Lowest price paid per share	Aggregate price paid	Equivalent to
		HKD	*HKD*	*HKD'000*	*RMB'000*
April 2019	2,786,000	1.76	1.72	4,903	4,207
May 2019	2,490,000	1.75	1.64	4,273	3,757
June 2019	625,000	1.74	1.68	1,078	949
	5,901,000			10,254	8,913

The share buy back was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid on the bought back shares of RMB8,913 thousand (equivalent to approximately HKD10,254 thousand) was paid wholly out of retained profits.

14 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Equity settled share-based transactions

No equity settled share-based transactions were granted during the six months end 30 June 2019 (2018: nil).

No options were exercised during the six months ended 30 June 2019 (2018: 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

The Group	Fair value at 30 June 2019	Fair value measurement as at 30 June 2019 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Asset				
Other current financial assets	**1,737**	**—**	**—**	**1,737**
Other non-current financial assets	**37,006**	**—**	**—**	**37,006**

15 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial assets and liabilities measured at fair value *(Continued)*

Fair value hierarchy *(Continued)*

The Group	Fair value at 31 December 2018 *RMB'000*	Fair value measurement as at 31 December 2018 categorised into Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*
Asset				
Other current financial assets	1,737	–	–	1,737

During the six months ended 30 June 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2018: 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 carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2019 and 31 December 2018.

16 COMMITMENTS

(a) As at 30 June 2019, the Group and the Company did not have any significant capital commitments.

(b) At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2018 *RMB'000*
Within one year	5,541
After one year but within five years	361
Total	5,902

The Group is the lessee in respect of a number of properties and items of office held under leases which were previously classified as operating leases under IAS/HKAS 17. The Group has initially applied IFRS/HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2.

17 CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2019, 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	
	2019	2018
	RMB'000	*RMB'000*
Rental of office	**361**	361
Providing leasing services	**124**	—

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 2019 and RMB361 thousand for the six months ended 30 June 2018. 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.

Beijing Shiyiyuan Film Company Limited, an associate of the Company, rented an office from CTV Golden Bridge Advertising Company Limited, a subsidiary of the Company, at a price of RMB124 thousand for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

(b) Outstanding balance with related parties

	At 30 June 2019	At 31 December 2018
	RMB'000	*RMB'000*
Rental of office	**361**	722

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 2019.

19 COMPARATIVE FIGURES

The Group has initially applied IFRS/HKFRS 16 at 1 January 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

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

As at 30 June 2019, the interests and short positions of the directors and chief executives 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 and 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	261,081,169 *(Note 2)*	2,800,000	263,881,169	53.78%
Chen Xin	Founder of discretionary trust and beneficiary of trust	257,428,165 *(Note 3)*	–	257,428,165	52.46%
Li Zongzhou	Beneficial interest	–	2,000,000	2,000,000	0.41%
Qi Daqing	Beneficial interest	–	300,000	300,000	0.06%
Lian Yuming (retired on 6 June 2019)	Beneficial interest	–	200,000	200,000	0.04%
Wang Xin	Beneficial interest	–	200,000	200,000	0.04%

Notes:

1. The equity derivatives were the outstanding share options granted to the Directors under the Share Option Schemes, details of which are set out in the section headed "Share Option Schemes" in this report.

2. Liu Jinlan is deemed to be interested in 261,081,169 shares of the Company. These shares are held by three discretionary trusts, namely UME Trust (which assets comprised 27,101,344 shares held by United Marine Enterprise Company Limited), DFS (No. 2) Trust (which assets comprised 24,038,312 shares held by SinoMedia Investment Ltd.) and CLH Trust (which assets comprised 209,941,513 shares held by Golden Bridge International Culture Limited), 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.

3. 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 (which assets comprised 25,921,344 shares held by Merger Holding Service Company Limited), DFS (No. 1) Trust (which assets comprised 21,565,308 shares held by Digital Finance Service Company Limited) and CLH Trust (which assets comprised 209,941,513 shares held by Golden Bridge International Culture Limited), 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
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 2019, none of the directors and chief executives 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 (collectively the "Eligible Persons") 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. The Pre-IPO Scheme and the Post-IPO Scheme expired in 2015 and 2018 respectively.

The total number of securities available for issue upon exercise of all outstanding share options granted under the Post-IPO Scheme as at the date of this interim report was 21,232,000 shares which represented approximately 4% of the total number of issued shares of the Company as at the date of this interim report.

Movements of the share options granted under the Post-IPO Scheme for the six months ended 30 June 2019 are as follows:

	No. of options outstanding as at 1 January 2019	No. of options granted during the period	No. of options exercised during the period	No. of options cancelled during the period	No. of options lapsed during the period	No. of options outstanding as at 30 June 2019	Date of grant	Exercise price	Exercise period
Directors									
Liu Jinlan	2,800,000	–	–	–	–	2,800,000	30 August 2017	HKD1.77	*Note 2*
Li Zongzhou	2,000,000	–	–	–	–	2,000,000	30 August 2017	HKD1.77	*Note 2*
Qi Daqing	300,000	–	–	–	–	300,000	30 August 2017	HKD1.77	*Note 2*
Lian Yuming (retired on 6 June 2019)	200,000	–	–	–	–	200,000	29 August 2011	HKD2.62	*Note 1*
Wang Xin	200,000	–	–	–	–	200,000	11 September 2012	HKD3.22	*Note 1*
Employees									
in aggregate	120,000	–	–	–	–	120,000	29 August 2011	HKD2.62	*Note 1*
	800,000	–	–	–	–	800,000	9 January 2012	HKD2.36	*Note 1*
	310,000	–	–	–	–	310,000	11 September 2012	HKD3.22	*Note 1*
	260,000	–	–	–	–	260,000	12 April 2013	HKD4.31	*Note 1*
	650,000	–	–	–	–	650,000	19 July 2013	HKD6.86	*Note 1*
	800,000	–	–	–	–	800,000	10 September 2014	HKD5.50	*Note 1*
	640,000	–	–	–	–	640,000	15 September 2015	HKD2.59	*Note 1*
	12,252,000	–	–	(100,000)	–	12,152,000	30 August 2017	HKD1.77	*Note 2*

SHARE OPTION SCHEMES *(Continued)*

Notes:

1. 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.

2. 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. The exercise of Post-IPO Options by the holder is also subject to certain conditions, including the individual performance assessment conducted by the Board and the financial performance of the Group.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES — LONG POSITIONS

As at 30 June 2019, so far as known to the directors and chief executives of the Company, the following corporations (other than a director or chief executives 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 as recorded in the register required to be kept under section 336 of the SFO:

Substantial shareholder	Nature of interest	Total number of ordinary shares held	% of total issued shares
Equity Trustee Limited	Trustee *(Note 1)*	308,567,821	62.88%
CLH Holding Limited	Corporate interest *(Note 2)*	209,941,513	42.78%
Edgbaston Investment Partners LLP	Corporate interest	29,906,000	6.09%

Notes:

1. Equity Trustee Limited is deemed to be interested in 308,567,821 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 24,038,312 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.

Save as disclosed above, so far as known to the directors and chief executives of the Company, as at 30 June 2019, there was no other person or corporation (other than a director or chief executives 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 the Divisions 2 and 3 of Part XV of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2019, the Company purchased 5,901,000 ordinary shares of the Company on The Stock Exchange at an aggregate price of HKD10,206,160. The bought-back shares had been cancelled subsequently. The details of the bought-back shares are as follows:

Date	Number of Shares bought-back	Highest Price HKD	Lowest Price HKD	Total paid HKD
28 March 2019	800,000	1.79	1.74	1,412,560
29 March 2019	200,000	1.75	1.71	346,100
2 April 2019	269,000	1.75	1.72	468,960
3 April 2019	300,000	1.75	1.73	523,880
4 April 2019	180,000	1.75	1.74	314,730
9 April 2019	300,000	1.76	1.74	525,900
10 April 2019	129,000	1.75	1.74	225,460
12 April 2019	280,000	1.75	1.73	488,000
15 April 2019	100,000	1.75	1.75	175,000
16 April 2019	228,000	1.76	1.75	400,000
6 May 2019	359,000	1.74	1.72	621,570
9 May 2019	260,000	1.75	1.73	452,900
10 May 2019	85,000	1.73	1.72	146,940
14 May 2019	180,000	1.72	1.71	308,800
15 May 2019	157,000	1.73	1.72	270,640
17 May 2019	260,000	1.73	1.72	448,200
20 May 2019	175,000	1.71	1.69	298,180
23 May 2019	572,000	1.71	1.64	955,060
24 May 2019	300,000	1.70	1.66	507,510
27 May 2019	142,000	1.75	1.68	243,010
31 May 2019	318,000	1.74	1.71	549,990
3 June 2019	307,000	1.72	1.68	522,770
	5,901,000			10,206,160

Other Information

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2019, the Company has fully complied with all code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

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 have complied with the required standard set out in the Model Code during the six months ended 30 June 2019.

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 2019, including the accounting principles and practices adopted by the Group.