

# 2014 INTERIM REPORT

STOCK CODE : 00623



**SinoMedia**<sup>®</sup>

中視金橋國際傳媒控股有限公司  
SinoMedia Holding Limited  
(incorporated in Hong Kong with limited liability)





# Corporate Information

## EXECUTIVE DIRECTORS

Mr. Chen Xin (*Chairman*)

Ms. Liu Jinlan

Mr. Li Zongzhou

## NON-EXECUTIVE DIRECTOR

Mr. He Hui David

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ding Junjie

Mr. Qi Daqing

Mr. Lian Yuming

Ms. Wang Xin

## AUDIT COMMITTEE

Mr. Qi Daqing (*Chairman*)

Mr. Ding Junjie

Mr. Lian Yuming

## REMUNERATION COMMITTEE

Mr. Chen Xin (*Chairman*)

Mr. Ding Junjie

Mr. Lian Yuming

## NOMINATION COMMITTEE

Mr. Chen Xin (*Chairman*)

Mr. Ding Junjie

Mr. Lian Yuming

## COMPLIANCE COMMITTEE

Mr. Li Zongzhou (*Chairman*)

Mr. Chan Oi Nin Derek

## COMPANY SECRETARY

Mr. Chan Oi Nin Derek

## AUTHORISED REPRESENTATIVES

Mr. Chen Xin

Mr. Chan Oi Nin Derek

## PRINCIPAL PLACE OF BUSINESS

7/F, The Place — SinoMedia Tower,  
No. 9 Guanghua Road, Chaoyang District, Beijing, PRC

Unit 15D, Xintian International Plaza,  
No. 450 Fushan Road, Pudong New District,  
Shanghai, PRC

## REGISTERED OFFICE

Unit 402, 4th Floor, Fairmont House,  
No. 8 Cotton Tree Drive, Admiralty, Hong Kong

## AUDITORS

KPMG

## SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited,  
31/F, 148 Electric Road, North Point, Hong Kong

## WEBSITE

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

# Financial Summary

| <b>RMB'000</b>   | <b>For the<br/>six months ended<br/>30 June 2014</b> | <b>For the<br/>six months ended<br/>30 June 2013</b> | <b>Change (%)</b> |
|--|--|--|-------------------|
| <b>Revenue</b>   | <b>836,428</b>                                       | 863,921  | -3%               |
| <b>Profit from operations</b>  | <b>249,012</b>                                       | 239,796  | +4%               |
| <b>Profit attributable to equity shareholders<br/>of the Company</b> | <b>179,214</b>                                       | 170,310  | +5%               |
| <b>Earnings per share (RMB)</b>                                      |  |  |                   |
| — Basic  | <b>0.319</b>   | 0.306  | +4%               |
| — Diluted  | <b>0.308</b>   | 0.296  | +4%               |

## Revenue:

| <b>RMB'000</b>                                 | <b>For the<br/>six months ended<br/>30 June 2014</b> | <b>For the<br/>six months ended<br/>30 June 2013</b> | <b>Change (%)</b> |
|--|--|--|-------------------|
| <b>Media resources management</b>              | <b>787,454</b>                                       | 833,289  | -6%               |
| <b>Integrated brand communication services</b> | <b>10,739</b>  | 17,966   | -40%              |
| <b>Internet media and content operations</b>   | <b>22,146</b>  | 14,661   | +51%              |
| <b>Rental income</b>                           | <b>28,862</b>  | 13,289   | >100%             |
| <b>Sales taxes and surcharges</b>              | <b>(12,773)</b>                                      | (15,284)   | -16%              |
| <b>Revenue</b>                                 | <b>836,428</b>                                       | 863,921  |                   |

## Turnover:

| <b>RMB'000</b>                                 | <b>For the<br/>six months ended<br/>30 June 2014</b> | <b>For the<br/>six months ended<br/>30 June 2013</b> | <b>Change (%)</b> |
|--|--|--|-------------------|
| <b>Media resources management</b>              | <b>787,454</b>                                       | 833,289  | -6%               |
| <b>Integrated brand communication services</b> | <b>1,031,986</b>                                     | 613,318  | +68%              |
| <b>Internet media and content operations</b>   | <b>22,146</b>  | 14,661   | +51%              |
| <b>Rental income</b>                           | <b>28,862</b>  | 13,289   | >100%             |
| <b>Sales taxes and surcharges</b>              | <b>(12,773)</b>                                      | (15,284)   | -16%              |
| <b>Turnover</b>                                | <b>1,857,675</b>                                     | 1,459,273  |                   |

# Management Discussion and Analysis

## ABOUT THE GROUP

In 2014, China's economy is in the progress of comprehensive and intensified reform. In the mid-to-long-term, along with the continuous introduction and implementation of the reform policies, the resource allocation efficiency of the whole society will gradually improve, and marketisation will reach new heights. In the short term, the optimal adjustment of the economic structure will result in a "shifting period" of economic growth. In the first half of 2014, both the media advertising industry in which the Group is engaged and the entire mass culture industry developed at different paces.

Under this situation, the Group maintained its resilience to market pressure in the traditional ascendant cluster of **TV advertising and branding services** and continued to cultivate the newly invested cluster of **internet media and content operations**. During the period under review, all business segments showed healthy development. The overall turnover kept increasing while the expenditures were under proper control, thus contributed stable profits.

## BUSINESS OVERVIEW

### Internet Media and Content Operations

#### I. Internet Media

##### 1. [www.boosj.com](http://www.boosj.com) (播視網)

During the period under review, boosj.com, the exquisite video website of the Group, has undergone "transition upgrade" and further optimised the quality of video in pursuit of "serving the livelihood". As of the end of June 2014, the total click rate and the total number of uploaded video reached 150 million and nearly 220,000 respectively (Source: boosj.com internal data) in the six month period, and the daily average UV and daily average PV reached 450,000 and over a million respectively (Source: CNZZ). Regarding content construction, boosj.com has identified the featured fields, captured market share and continued to explore vertical areas. The new "Square Dance (廣場舞)" channel was well recognised by users and contributed considerable traffic. The newly revamped boosj.com was developed based on enormous data monitoring and user analysis, approaching to the user's lifestyle and audiovisual habit. The page design was clear, precise and flattened with a new mobile web version. The newly added function of user behavior storage offered a more comprehensive "Big Data" support. At operational level, boosj.com transformed from sole advertising affiliate sales to cooperation with brand clients, which boosted its influence dimensions among clientele.

2. [www.lotour.com](http://www.lotour.com) (樂途旅遊網)

As China's most featured travel information internet media at present, income of lotour.com significantly increased year-on-year by virtue of its hit product — “destination brand interactive marketing system” (brand homepage products) and effective operations, hence the brand influence climbed to a new level during the period under review. Specifically, the traffic of lotour.com grew steadily owing to the sophisticated construction of its products and content. The cumulative UV and cumulative PV in the first half of 2014 reached 96.30 million and 395.68 million respectively (Source: iResearch). The unique and novel “waterfall” presentation on the brand homepage, which was exclusive in China, embodied the integrated strength and optimised the user experience. The number of clients of the brand homepage continued to increase, and diversification and customisation of cooperation with clients were achieved. At the same time, lotour.com reached cooperation with Google as a strategic partner for tourist destination marketing. They joined hands to stimulate the global promotion for China's tourist destinations. In addition, lotour.com explored video marketing for tourist destinations. WAP version of lotour.com is expected to be launched in the second half of 2014.

3. [www.wugu.com.cn](http://www.wugu.com.cn) (吾谷網)

Wugu.com.cn, wholly-owned and self-developed by the Group, has been striving to become the “advanced modern agricultural information services platform in China”. During the period under review, wugu.com.cn put its efforts on information products, application products and offline activity support simultaneously and achieved outstanding results such as breakthrough in advertising revenue and enriched marketing models. Particularly in view of content operations, the information product “Wugu Talents (吾谷人才)” went online in March 2014, aimed at providing a demonstration platform for the pan-agricultural human resources market. The application product “Wugu Knowing Agriculture (吾谷農事通)” provided online Q&A for professional questions technically. The upcoming integrated marketing product “One Village, One Product (一村一品)” developed a new group of internet marketing for the featured products in all regions.

4. *Mobile Internet Application — Playform* (悦屏)

Through a keen grasp of the changing market environment, the Group self-developed a multi-screen interactive application “Playform” and launched in June 2014, in order to lay the technological and platform foundation for more diversified inter-screen marketing services in the future. Its debut application “World Cup Playform (悦屏世界杯)” built an inter-screen interactive community for TV audience and football fans to participate in, and also provided a multi-form marketing platform for brands in cooperation. For the period of over one month since being online, the cumulative application installation and daily average active users reached nearly 300,000 and 10,000 respectively (Source: Playform internal data). Playform successfully achieved recognition from well-known technology, home appliances and tourism brands. The implementation of the Playform project reflected the Group's preliminary technological strength of quick development and accumulated hands-on experience in mobile internet technology platform construction. It was the milestone in interactive operation and socialised marketing, and laid the team and user foundation for the Group's upcoming Playform second stage products.



# Management Discussion and Analysis

## II. Content Operations

### 1. Programme development and operation

As the Group's first TV reality show "Scent of a Man" attracted attention last year, the Group further expanded into the areas of "Original" and "Production" in the programme development and operation segment during the period under review. "Scent of a Man" Season 2 under planning would import outstanding copyright. Also, the Group contacted other domestic satellite TV to cooperate for programme creative production and strived to present the market with various SinoMedia original programmes at the peak season for TV marketing.

### 2. Creative production of advertisement and content

The Group maintained stable performance on creative production of advertisement and content segment. On top of the existing clientele, the Group acquired new clients by bidding and provided them with creative production services. It embodied SinoMedia's competitiveness and creative strength in the field of video creative production. The team for creative production and distribution of public service advertisements continued to advance in the vision to become China's leading public service broadcaster. Its original public service advertisement "Garbage Sorting" achieved the PSA Excellence Award from China Central Television.

## TV Advertising and Branding Services

TV advertising and branding services have been intensively cultivated for fifteen years. As a traditional dominant business cluster, it reflected the Group's capabilities in operations and market development and assisted the related advertising services of the "SinoMedia" brand to consolidate its leading position in the market. Under the ever-changing market and industry, the Group will keep on cultivating this business cluster in terms of sales strategy, service capability and clientele development and explore the synergy with emerging business segments, so as to maintain the leading market share in the areas of expertise.

### I. TV Media Resources Management

During the period under review, the Group renewed its current exclusive underwriting contracts with approximately 19,274 minutes of advertising time resources on a total of 51 programmes on channels including CCTV-1 (General)/CCTV-News (Chinese), CCTV-4 (Chinese International, including Europe and the US), CCTV-7 (Military and Agriculture) and CCTV-NEWS (English), maintaining its market share in programmes such as news, politics, agriculture, culture, lifestyle programmes and other topics. Its specific media resources include the "Night News" (晚間新聞) on CCTV-1 (General), "News 30" (新聞30分) jointly broadcasted on CCTV-1/CCTV-News (Chinese), "China News" (中國新聞), "Today's Focus" (今日關注), "Across the Straits" (海峽兩岸), "World in Depth" (深度國際), "Exposition of Chinese Cultural Relics" (國寶檔案), "China Showbiz" (中國文藝), "Chinese World" (華人世界) and "Happy Chinese" (快樂漢語) on CCTV-4 (Chinese International, including Europe and the US), programmes including "Zhi Fu Jing" (致富經), "Focus on the Three Agricultural Issues" (聚焦三農), "Daily Agricultural News" (每日農經) and "The Rural World" (鄉村大世界) on CCTV-7 (Military and Agriculture), and all programmes on CCTV-NEWS (English). In terms of clientele, the Group maintained its substantial advantages in the area of tourism and focused on increasing its efforts to expand in the food, finance and insurance, automobile, internet and high-end consumer goods industries.



## II. Integrated Brand Communication Services

Integrated brand communication business comprises brand information, strategy, procurement, advertisement placement, data support and public relations services. During the period under review, beneficial from the Group's creative development on the brand clients from emerging economic sectors as well as the overall increase in number of clients, turnover significantly increased year-on-year. The Group continued to serve clients such as Baidu, Alibaba, Qihoo 360 and McDonald's. The Group was also engaged by Evergrande Spring (Evergrande Group), HTC, Tiens Group and Haima Automobile for its TV advertising placement and service agency business. The service coverage expanded from existing individual project basis to integrated project system. Media for placement also evenly involved platforms other than CCTV, such as radio, outdoor and internet. It continued to enhance the service capability and strength of the "SinoMedia" brand.

## FINANCIAL REVIEW

### Revenue and Profit Attributable to the Equity Shareholders of the Company

For the six months ended 30 June 2014, the Group recorded revenue of RMB836,428 thousand, representing a slight decrease of 3% from RMB863,921 thousand for the same period last year.

Revenue details for the period under review are as follows:

- I. Revenue recorded from media resources management was RMB787,454 thousand, down 6% from RMB833,289 thousand for the same period last year. During the period under review, the Group maintained its leading market position in such mature business segment and developed its business steadily. However, as a result of the influence of downward pressure for certain industries in China and reduced advertisements for alcohol, the Group's sales of core advertising resources in terms of minutes sold and average sales rate decreased as compared with the same period last year. The Group will continue to develop new client resources and broaden the industry dimensions of our clients, striving to increase the revenue contribution of this business.
- II. Turnover recorded from integrated brand communication services was RMB1,031,986 thousand, a significant increase of 68% from RMB613,318 thousand for the same period last year. Under the International Accounting Standards, the Group's revenue is credited as net commission with relevant procurement costs deducted from turnover if the Group procures media resources in the capacity of an agent for clients. On this basis, revenue from this business was RMB10,739 thousand, a decrease of 40% over RMB17,966 thousand for the same period last year. The increase in turnover was attributable to the Group's successful development of numerous new clients on the basis of maintaining existing client resources. The Group has made new breakthroughs and progress in the development of food and beverage, healthcare products, automobile, electronic products and internet client resources. The commission income received from the media suppliers will not be recognised until the second half of the year due to delayed settlement, which resulted in the significant increase in turnover but decrease in revenue for this business for the period under review. It is expected that the commission income will turn back to normal growth in the second half of the year.

# Management Discussion and Analysis

- III. Revenue recorded from internet media and content operations was RMB22,146 thousand in total, up 51% from RMB14,661 thousand for the same period last year. Revenue recorded from this business was primarily attributable to the revenue from creative production of commercial advertisements and contents, revenue from programme production and operation, and revenue from the operation of internet media. Among which, (1) revenue from creative production of commercial advertisements and contents recorded a decrease as compared with the same period last year due to the influence of the reduction in the budget of our clients; (2) revenue from programme production and operation was mainly the revenue incurred by the production of the original video programme “Scent of a Man”, which has not been aired yet during the same period last year; (3) revenue from the operation of internet media was mainly the revenue from the internet operation of the three major internet media platforms, namely lotour.com (樂途旅遊網), boosj.com (播視網) and wugu.com.cn (吾谷網), under the Group, while the Group has not yet consolidated the profit or loss of lotour.com and boosj.com during the same period last year.
- IV. Rental income was RMB28,862 thousand, as compared with RMB13,289 thousand for the same period last year, which mainly represented the revenue from the lease of the office premises of the Group.

During the period under review, both the revenue from core businesses and gross profit margin slightly decreased as compared with the same period last year. However, the Group had a highly effective control on the operating expenses. Also, other revenue such as the gain from the disposal of non-current financial assets and local government incentives contributed a portion of profits to the Group. The profit attributable to equity shareholders of the Company for the six months ended 30 June 2014 amounted to RMB179,214 thousand, representing a year-on-year increase of 5% from RMB170,310 thousand for the same period last year.

## Operating Expenses

For the six months ended 30 June 2014, the Group's operating expenses were RMB82,721 thousand in aggregate, representing a decrease of RMB11,029 thousand over the same period last year, and accounted for 9.9% of the revenue (same period last year: 10.9%). In view of the uncertain market environment, the Group strictly controlled the expenses in austerity and actively adjusted the staffing structure during the period under review, bringing a decrease in total operating expenses and the ratio of expenses to revenue over the same period last year.

Operating expenses include the followings:

- I. Selling and marketing expenses amounted to RMB27,901 thousand, showing a decrease of approximately RMB3,799 thousand from RMB31,700 thousand for the same period last year, and accounted for 3.3% of the Group's revenue (same period last year: 3.7%). The decrease in selling and marketing expenses was mainly due to the Group's strict budget management on expenses such as brand promotion and marketing expenses, conference expenses and consultation expenses so as to eliminate waste and extravagance. Accordingly, the expenses decreased by approximately RMB5,148 thousand over the same period last year.



# Management Discussion and Analysis

III. Net cash inflow from financing activities was RMB152,243 thousand (net cash outflow of RMB119,272 thousand for the same period last year), which was mainly a short-term borrowing of RMB146,050 thousand obtained through credit facilities secured by deposits in the Mainland for the payment of 2013 dividends of the Company. The dividends were paid in July 2014.

As at 30 June 2014, the Group's total assets amounted to RMB2,525,967 thousand, which consisted of equity attributable to equity shareholders of the Company of RMB1,518,654 thousand and non-controlling interests of RMB26,505 thousand.

As at 30 June 2014, the Group's outstanding bank loans amounted to RMB151,050 thousand, including: (1) a short-term borrowing of RMB146,050 thousand obtained by the Company through credit facilities secured by deposits in the Mainland; and (2) a short-term borrowing of RMB5,000 thousand of a subsidiary of the Group obtained before the Group's capital injection and share controlling, and extended to present.

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

## Human Resources

As at 30 June 2014, the Group had a total of about 610 employees, a slight decrease over the beginning of the year. In connection with the experience gained from and problems to be solved in human resources development and management for the previous year, the Group established two specific solutions, namely "CTV Campus Recruiting Programme" for junior staff selection and "SinoMedia Training Camp for General Managers" for optimisation of senior management team. These two solutions consummated the Group's talent team and human resources system function by selection of and training for junior staff as well as competence enhancement of the management team, so as to meet the demand of talents under the diversified business development of the Group. In addition, we continued to provide employees with an incentive and remuneration policy that was competitive. Completion of promotion channel for specialists enabled more professionals in the fields of technology, product, marketing and operation to enjoy great space for development and reasonable rewards. We provided employees with splendid and flexible benefit schemes such as insurance, housing provident fund, medical check-ups, professional salon and holiday gifts. Besides, we planned and provided professional training and team development training for various employees. Accordingly, we satisfied diverse needs of employees and strived to establish a competitive talent development platform. In order to align the personal interests of employees with those of shareholders, share options are granted to employees under the Company's share option schemes. Share options that were granted and remained unexercised as of the end of the period totalled 31,946,500 units.

## INDUSTRY AND GROUP OUTLOOK

As the economic structural adjustments and reform have intensified, China's economy has entered a new phase in 2014. Under the process of structural adjustments, all sectors will still encounter numerous uncertainties in the second half of the year. With regard to the media advertising market, according to the latest published "China Advertising Market Overview in the First Half of 2014" by CTR, an authoritative research institute, the China advertising spend (including outdoor video media and internet) in the first half of 2014 increased by 4.1% year-on-year. Among which, the traditional advertising market merely increased by a slow growth rate of 0.9%. In contrast, outdoor video media and internet had a more significant driving force on the market in general.

In face of the complex market environment, the Group upholds the way to "stable development" which adapts to the current economic situation and industry outlook, so as to maintain the industry advantages in traditional areas and keep optimising resources allocation at the same time. The Group continues to increase its investment in and development for new internet media projects, in order to respond to the mass media wave of the emerging technical sector, emerging technology sector and emerging services sector which have sprung up during the mid- and long-term catalysis of "directional regulation".

Accordingly, in the area of **TV advertising and branding services**, the Group will maintain the advantages in vertical areas and client market, and explore the innovative modes of communications to open up the collaboration pipeline of "Marketing + Strategy + Creativity". The Group will master the emerging ways of advertising resources operation and procurement to expand the dimensions of branding services and bring synergy to the Group's emerging business clusters, thus develop an imagination of creative communications for local industry and client markets. In the **internet media and content operations** segment, the Group focuses on constructing more practical, interesting and highly instrumental information platform and mobile applications, builds a solid foundation and keeps expanding the population size of internet and mobile users, hence to speed up the accumulation of user value for the future. Of which, lotour.com aims at content maintenance and product revision with the goal of increasing sales. "Personal Homepage", "Featured Channel" and "Play Channel" will be launched in turn, in line with the objective of user services and user experience enhancement. Boosj.com is determined to "serve the livelihood" by continuously exploring the highlight content channels and extending the age dimension of users. Moreover, it will expand the cooperation with external content copyrights, gradually introduce the system for user participation, build the user data center and start utilise big data marketing. Wugu.com.cn will develop its hit products by integrating its progressively advanced technology development and product promotion and its established industry publicity for further marketisation and industrialisation.

SinoMedia has marched with the industry for fifteen years. We always create value with integrity, professionalism and effort. Our unchanging mission is to develop with sustainability, timely cope with the changing market, serve our clients, reward the industry and bring returns for investors.

# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014 — unaudited  
(Expressed in Renminbi)

|                                     | Note | Six months ended 30 June |                 |
|-------------------------------------|------|--------------------------|-----------------|
|                                     |      | 2014<br>RMB'000          | 2013<br>RMB'000 |
| Revenue                             |      | 836,428                  | 863,921         |
| Cost of services                    |      | (577,239)                | (560,797)       |
| <b>Gross profit</b>                 |      | <b>259,189</b>           | 303,124         |
| Other revenue                       | 4    | 72,544                   | 30,422          |
| Selling and marketing expenses      |      | (27,901)                 | (31,700)        |
| General and administrative expenses |      | (54,820)                 | (62,050)        |
| <b>Profit from operations</b>       |      | <b>249,012</b>           | 239,796         |
| Finance income                      | 5(a) | 9,568                    | 11,661          |
| Finance costs                       | 5(a) | (2,793)                  | (330)           |
| <b>Net finance income</b>           |      | <b>6,775</b>             | 11,331          |
| Share of gain of associates         |      | 2,604                    | 114             |
| <b>Profit before taxation</b>       |      | <b>258,391</b>           | 251,241         |
| Income tax                          | 6    | (79,956)                 | (79,350)        |
| <b>Profit for the period</b>        |      | <b>178,435</b>           | 171,891         |
| <b>Attributable to:</b>             |      |                          |                 |
| Equity shareholders of the Company  |      | 179,214                  | 170,310         |
| Non-controlling interests           |      | (779)                    | 1,581           |
| <b>Profit for the period</b>        |      | <b>178,435</b>           | 171,891         |
| <b>Earnings per share</b>           | 7    |                          |                 |
| Basic earnings per share (RMB)      |      | 0.319                    | 0.306           |
| Diluted earnings per share (RMB)    |      | 0.308                    | 0.296           |

The notes on pages 18 to 33 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 13(a).



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014 — unaudited  
(Expressed in Renminbi)

|   | Six months ended 30 June |                 |
|---|--------------------------|-----------------|
|   | 2014<br>RMB'000          | 2013<br>RMB'000 |
| <b>Profit for the period</b>  | <b>178,435</b>           | 171,891         |
| <b>Other comprehensive income for the period<br/>(after tax and reclassification adjustments)</b>   | <b>1,421</b>             | 197             |
| Items that may be reclassified subsequently to profit or loss:<br>Exchange differences on translation of financial statements<br>of the Company and overseas subsidiaries | <b>1,421</b>             | 197             |
| <b>Other comprehensive income for the period</b>  | <b>1,421</b>             | 197             |
| <b>Total comprehensive income for the period</b>  | <b>179,856</b>           | 172,088         |
| <b>Attributable to:</b>   |                          |                 |
| Equity shareholders of the Company  | <b>180,635</b>           | 170,507         |
| Non-controlling interests   | <b>(779)</b>             | 1,581           |
| Total comprehensive income for the period   | <b>179,856</b>           | 172,088         |

The notes on pages 18 to 33 are an integral part of this interim financial report.



# Consolidated Statement of Financial Position

At 30 June 2014 — unaudited  
(Expressed in Renminbi)

|  |             | <b>At 30 June<br/>2014<br/>RMB'000</b> | At 31 December<br>2013<br>RMB'000 |
|--|-------------|--|-----------------------------------|
|  | <i>Note</i> |  |                                   |
| <b>Non-current assets</b>                              |             |  |                                   |
| Property, plant and equipment                          | 8           | <b>295,619</b>                         | 219,393                           |
| Investment property                                    | 8           | <b>615,992</b>                         | 704,159                           |
| Intangible assets                                      |             | <b>37,598</b>                          | 38,336                            |
| Goodwill   |             | <b>23,644</b>                          | 23,644                            |
| Interest in associates                                 |             | <b>47,119</b>                          | 44,153                            |
| Other non-current financial assets                     |             | <b>3,853</b>                           | 23,417                            |
| Trade and other receivables                            | 9           | <b>1,800</b>                           | 1,800                             |
| Deferred tax assets                                    |             | <b>7,078</b>                           | 11,703                            |
|  |             | <b>1,032,703</b>                       | 1,066,605                         |
| <b>Current assets</b>                                  |             |  |                                   |
| Trade and other receivables                            | 9           | <b>664,040</b>                         | 378,601                           |
| Restricted deposits                                    |             | <b>146,225</b>                         | —                                 |
| Time deposits with original maturity over three months |             | <b>86,755</b>                          | —                                 |
| Cash and cash equivalents                              | 10          | <b>596,244</b>                         | 1,070,106                         |
|  |             | <b>1,493,264</b>                       | 1,448,707                         |
| <b>Current liabilities</b>                             |             |  |                                   |
| Trade and other payables                               | 11          | <b>759,610</b>                         | 910,883                           |
| Bank loans   | 12          | <b>151,050</b>                         | 5,000                             |
| Current taxation                                       |             | <b>51,165</b>                          | 83,563                            |
| Other current financial liabilities                    |             | <b>11,332</b>                          | 10,500                            |
|  |             | <b>973,157</b>                         | 1,009,946                         |
| <b>Net current assets</b>                              |             | <b>520,107</b>                         | 438,761                           |
| <b>Total assets less current liabilities</b>           |             | <b>1,552,810</b>                       | 1,505,366                         |
| <b>Non-current liability</b>                           |             |  |                                   |
| Deferred tax liability                                 |             | <b>7,651</b>                           | —                                 |
| <b>NET ASSETS</b>                                      |             | <b>1,545,159</b>                       | 1,505,366                         |

|  | <b>At 30 June<br/>2014<br/>RMB'000</b> | At 31 December<br>2013<br>RMB'000 |
|--|--|-----------------------------------|
| <b>CAPITAL AND RESERVES</b>  |  |                                   |
| Share capital  | <b>173</b>                             | 172                               |
| Reserves   | <b>1,518,481</b>                       | 1,477,978                         |
| <b>Total equity attributable to equity shareholders<br/>of the Company</b> | <b>1,518,654</b>                       | 1,478,150                         |
| <b>Non-controlling interests</b>   | <b>26,505</b>                          | 27,216                            |
| <b>TOTAL EQUITY</b>  | <b>1,545,159</b>                       | 1,505,366                         |

The notes on pages 18 to 33 are an integral part of this interim financial report.

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014 — unaudited  
(Expressed in Renminbi)

|   | Attributable to equity shareholders of the Company |               |                            |                 |                   |                     |                |           |                   |         |                           |              |
|---|--|---------------|----------------------------|-----------------|-------------------|---------------------|----------------|-----------|-------------------|---------|---------------------------|--------------|
|   | Capital  |               |                            |                 |                   |                     |                |           | Retained earnings | Total   | Non-controlling interests | Total equity |
|   | Share capital                                      | Share premium | Capital redemption reserve | Capital reserve | Statutory reserve | Translation reserve | Other reserves |           |                   |         |                           |              |
| RMB'000   | RMB'000  | RMB'000       | RMB'000                    | RMB'000         | RMB'000           | RMB'000             | RMB'000        | RMB'000   | RMB'000           | RMB'000 |                           |              |
| <b>Balance at 1 January 2013</b>                                    | 171  | 472,973       | 22                         | 34,972          | 60,788            | (3,430)             | (9,338)        | 668,555   | 1,224,713         | 8,987   | 1,233,700                 |              |
| <b>Changes in equity for the six months ended 30 June 2013:</b>     |  |               |                            |                 |                   |                     |                |           |                   |         |                           |              |
| Profit for the period   | —  | —             | —                          | —               | —                 | —                   | —              | 170,310   | 170,310           | 1,581   | 171,891                   |              |
| Other comprehensive income  | —  | —             | —                          | —               | —                 | 197                 | —              | —         | 197               | —       | 197                       |              |
| Total comprehensive income for the period                           | —  | —             | —                          | —               | —                 | 197                 | —              | 170,310   | 170,507           | 1,581   | 172,088                   |              |
| Equity-settled share-based transactions                             | —  | —             | —                          | 1,570           | —                 | —                   | —              | —         | 1,570             | —       | 1,570                     |              |
| Dividends declared in respect of the previous period (note 13(a))   | —  | —             | —                          | —               | —                 | —                   | —              | (119,452) | (119,452)         | (45)    | (119,497)                 |              |
| Exercise of share option  | 1  | 9,311         | —                          | (9,732)         | —                 | —                   | —              | —         | 180               | —       | 180                       |              |
| <b>Balance at 30 June 2013</b>                                      | 172  | 482,884       | 22                         | 26,810          | 60,788            | (3,233)             | (9,338)        | 719,413   | 1,277,518         | 10,523  | 1,288,041                 |              |
| <b>Changes in equity for the six months ended 31 December 2013:</b> |  |               |                            |                 |                   |                     |                |           |                   |         |                           |              |
| Profit for the period   | —  | —             | —                          | —               | —                 | —                   | —              | 198,797   | 198,797           | 998     | 199,795                   |              |
| Other comprehensive income  | —  | —             | —                          | —               | —                 | (1,353)             | —              | —         | (1,353)           | —       | (1,353)                   |              |
| Total comprehensive income for the period                           | —  | —             | —                          | —               | —                 | (1,353)             | —              | 198,797   | 197,444           | 998     | 198,442                   |              |
| Equity-settled share-based transactions                             | —  | —             | —                          | 1,169           | —                 | —                   | —              | —         | 1,169             | —       | 1,169                     |              |
| Purchase of subsidiaries  | —  | —             | —                          | —               | —                 | —                   | —              | —         | —                 | 16,235  | 16,235                    |              |
| Dividends declared in respect of the current period                 | —  | —             | —                          | —               | —                 | —                   | —              | —         | —                 | (540)   | (540)                     |              |
| Appropriation to reserves   | —  | —             | —                          | —               | 21,844            | —                   | —              | (21,844)  | —                 | —       | —                         |              |
| Exercise of share option  | —  | 2,329         | —                          | (310)           | —                 | —                   | —              | —         | 2,019             | —       | 2,019                     |              |
| <b>Balance at 31 December 2013</b>                                  | 172  | 485,213       | 22                         | 27,669          | 82,632            | (4,586)             | (9,338)        | 896,366   | 1,478,150         | 27,216  | 1,505,366                 |              |
| <b>Balance at 1 January 2014</b>                                    | 172  | 485,213       | 22                         | 27,669          | 82,632            | (4,586)             | (9,338)        | 896,366   | 1,478,150         | 27,216  | 1,505,366                 |              |
| <b>Changes in equity for the six months ended 30 June 2014:</b>     |  |               |                            |                 |                   |                     |                |           |                   |         |                           |              |
| Profit for the period   | —  | —             | —                          | —               | —                 | —                   | —              | 179,214   | 179,214           | (779)   | 178,435                   |              |
| Other comprehensive income  | —  | —             | —                          | —               | —                 | 1,421               | —              | —         | 1,421             | —       | 1,421                     |              |
| Total comprehensive income for the period                           | —  | —             | —                          | —               | —                 | 1,421               | —              | 179,214   | 180,635           | (779)   | 179,856                   |              |
| Equity-settled share-based transactions                             | —  | —             | —                          | 1,412           | —                 | —                   | —              | —         | 1,412             | —       | 1,412                     |              |
| Capital contribution  | —  | —             | —                          | —               | —                 | —                   | —              | —         | —                 | 68      | 68                        |              |
| Dividends declared in respect of the previous period (note 13(a))   | —  | —             | —                          | —               | —                 | —                   | —              | (147,908) | (147,908)         | —       | (147,908)                 |              |
| Exercise of share option  | 1  | 9,228         | —                          | (2,864)         | —                 | —                   | —              | —         | 6,365             | —       | 6,365                     |              |
| <b>Balance at 30 June 2014</b>                                      | 173  | 494,441       | 22                         | 26,217          | 82,632            | (3,165)             | (9,338)        | 927,672   | 1,518,654         | 26,505  | 1,545,159                 |              |

The notes on pages 18 to 33 are an integral part of this interim financial report.

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2014 — unaudited  
(Expressed in Renminbi)

|   | Note | Six months ended 30 June |                 |
|---|------|--------------------------|-----------------|
|   |      | 2014<br>RMB'000          | 2013<br>RMB'000 |
| <b>Cash used in operations</b>                                |      | <b>(272,878)</b>         | (237,922)       |
| <b>Tax paid</b>   |      | <b>(100,078)</b>         | (101,938)       |
| <b>Net cash used in operating activities</b>                  |      | <b>(372,956)</b>         | (339,860)       |
| <b>Net cash (used in)/generated from investing activities</b> |      | <b>(254,535)</b>         | 179,791         |
| <b>Net cash generated from/(used in) financing activities</b> |      | <b>152,243</b>           | (119,272)       |
| <b>Net decrease in cash and cash equivalents</b>              |      | <b>(475,248)</b>         | (279,341)       |
| <b>Cash and cash equivalents at 1 January</b>                 | 10   | <b>1,070,106</b>         | 1,442,752       |
| <b>Effect of foreign exchange rates changes</b>               |      | <b>1,386</b>             | 864             |
| <b>Cash and cash equivalents at 30 June</b>                   | 10   | <b>596,244</b>           | 1,164,275       |

The notes on pages 18 to 33 are an integral 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”). It was authorized for issue on 28 August 2014.

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 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 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 2013 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”). This interim financial report is unaudited.

The financial information relating to the financial year ended 31 December 2013 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2013 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 20 March 2014.

## 2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*
- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to IAS 39, *Novation of derivatives and continuation of hedge accounting*
- IFRIC 21, *Levies*

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

### **Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities**

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's interim financial report as the Company does not qualify to be an investment entity.

### **Amendments to IAS 32, Offsetting financial assets and financial liabilities**

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on the Group's interim financial report as they are consistent with the policies already adopted by the Group.

### **Amendments to IAS 36, Recoverable amount disclosures for non-financial assets**

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The adoption of the amendments do not have any material impact on the Group's interim financial report.

### **Amendments to IAS 39, Novation of derivatives and continuation of hedge accounting**

The amendments to IAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on the Group's interim financial report as the Group does not have hedge accounting and the related derivative designated as a hedging instrument.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### IFRIC 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognized. The amendments do not have an impact on the Group's interim financial report as the guidance is consistent with the Group's existing accounting policies.

## 3 SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has determined and presented a single reportable segment to disclose information as a whole about its services, geographical areas, and major customers.

## 4 OTHER REVENUE

|   | Six months ended 30 June |                 |
|---|--------------------------|-----------------|
|   | 2014<br>RMB'000          | 2013<br>RMB'000 |
| Government grant                                      | 40,000                   | 30,298          |
| Gain on disposal of other non-current financial asset | 32,500                   | —               |
| Others  | 44                       | 124             |
|   | <b>72,544</b>            | 30,422          |



## 5 PROFIT BEFORE TAXATION

### (a) Finance income and costs

|   | Six months ended 30 June |                 |
|---|--------------------------|-----------------|
|   | 2014<br>RMB'000          | 2013<br>RMB'000 |
| Interest income on bank deposits                          | 8,861                    | 11,399          |
| Net foreign exchange gain                                 | 306                      | 82              |
| Changes in fair value of derivative financial instruments | 401                      | 180             |
| Finance income  | 9,568                    | 11,661          |
| Changes in fair value of derivative financial instruments | (832)                    | (310)           |
| Others  | (1,961)                  | (20)            |
| Finance costs   | (2,793)                  | (330)           |
| Net finance income  | 6,775                    | 11,331          |

### (b) Other items:

|  | Six months ended 30 June |                 |
|--|--------------------------|-----------------|
|  | 2014<br>RMB'000          | 2013<br>RMB'000 |
| Amortisation                                   | 1,911                    | —               |
| Depreciation                                   | 14,820                   | 10,970          |
| Impairment losses on bad and doubtful accounts | (81)                     | 9,759           |

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 6 INCOME TAX

|                              | Six months ended 30 June |                 |
|------------------------------|--------------------------|-----------------|
|                              | 2014<br>RMB'000          | 2013<br>RMB'000 |
| Current tax — PRC income tax | 67,680                   | 71,316          |
| Deferred taxation            | 12,276                   | 8,034           |
|                              | <b>79,956</b>            | 79,350          |

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 2014 and 2013.

No provision has been made for Singapore income tax as the Company's subsidiary in Singapore did not have assessable profit subject to Singapore income tax during the six months ended 30 June 2014 and 2013.

Pursuant to the currently applicable income tax rules and the PRC regulations, the Group's entities in the PRC were liable to the PRC Corporate Income Tax at a rate of 25%, except that Beijing Lotour Huicheng Internet Technology Company Limited was at a rate of 15%, during the six months ended 30 June 2014 (six months ended 30 June 2013: 25%).

## 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 RMB179,214 thousand (six months ended 30 June 2013: RMB170,310 thousand) and the weighted average number of ordinary shares of 562,428,531 (2013: 555,755,368 shares) in issue during the interim period.

### (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 RMB179,214 thousand (six months ended 30 June 2013: RMB170,310 thousand) and the weighted average number of ordinary shares of 581,550,955 (2013: 574,481,246 shares).

## 8 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six months ended 30 June 2014, the Group acquired items of property, plant and equipment with a cost of RMB1,198 thousand (six months ended 30 June 2013: RMB185,646 thousand) and acquired items of investment property with a cost of RMB125 thousand (six months ended 30 June 2013: RMB690,296 thousand). No items of property, plant and equipment were disposed of during the six months ended 30 June 2014 (six months ended 30 June 2013: items of property, plant and equipment with a net book value of RMB2,486 thousand were disposed of, resulting in a loss on disposal of RMB64 thousand).

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 9 TRADE AND OTHER RECEIVABLES

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

|   | <b>At 30 June<br/>2014<br/>RMB'000</b> | At 31 December<br>2013<br>RMB'000 |
|---|--|-----------------------------------|
| <b>Non-current assets</b>                                       |  |                                   |
| Trade and other receivables                                     | <b>1,800</b>                           | 1,800                             |
| <b>Current assets</b>   |  |                                   |
| Within 3 months   | <b>76,532</b>                          | 45,224                            |
| 3 to 6 months   | <b>52,210</b>                          | 16,671                            |
| 6 to 12 months  | <b>8,512</b>                           | 8,422                             |
| Over 12 months  | <b>74,706</b>                          | 73,955                            |
| Total trade and bills receivable                                | <b>211,960</b>                         | 144,272                           |
| Less: allowance for doubtful debts                              | <b>(73,394)</b>                        | (73,475)                          |
| Trade and bills receivable, net of allowance for doubtful debts | <b>138,566</b>                         | 70,797                            |
| Prepayments and deposits to media suppliers                     | <b>460,432</b>                         | 230,840                           |
| Advances to employees   | <b>6,259</b>                           | 4,981                             |
| Other debtors and prepayments                                   | <b>65,049</b>                          | 78,249                            |
| Less: allowance for doubtful debts of other debtors             | <b>(6,266)</b>                         | (6,266)                           |
|   | <b>664,040</b>                         | 378,601                           |
|   | <b>665,840</b>                         | 380,401                           |

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 CASH AND CASH EQUIVALENTS

|                          | At 30 June<br>2014<br>RMB'000 | At 31 December<br>2013<br>RMB'000 |
|--------------------------|-------------------------------|-----------------------------------|
| Cash at bank and on hand | <b>596,244</b>                | 1,070,106                         |

## 11 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<br>2014<br>RMB'000 | At 31 December<br>2013<br>RMB'000 |
|--|-------------------------------|-----------------------------------|
| Due within 3 months or on demand                                   | <b>7,774</b>                  | 241,223                           |
| Due after 3 months but within 6 months                             | <b>857</b>                    | 15,572                            |
| Due after 6 months but within 12 months                            | <b>10,992</b>                 | 37,289                            |
| Total trade payables   | <b>19,623</b>                 | 294,084                           |
| Advances from customers  | <b>491,004</b>                | 441,106                           |
| Payroll and welfare expenses payables                              | <b>15,499</b>                 | 22,523                            |
| Other tax payables   | <b>10,628</b>                 | 5,437                             |
| Other payables and accrued charges                                 | <b>73,813</b>                 | 146,598                           |
| Dividends payable due to equity shareholders of the Company        | <b>147,908</b>                | —                                 |
| Dividends payable due to non-controlling interests of a subsidiary | <b>1,135</b>                  | 1,135                             |
|  | <b>759,610</b>                | 910,883                           |

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 12 BANK LOANS

At 30 June 2014, the bank loans were repayable as follows:

|                              | At 30 June<br>2014<br>RMB'000 | At 31 December<br>2013<br>RMB'000 |
|------------------------------|-------------------------------|-----------------------------------|
| Within one year or on demand | 151,050                       | 5,000                             |

At 30 June 2014, the bank loans were secured as follows:

|                    | At 30 June<br>2014<br>RMB'000 | At 31 December<br>2013<br>RMB'000 |
|--------------------|-------------------------------|-----------------------------------|
| Secured bank loans | 151,050                       | 5,000                             |

Loans of RMB146,050 thousand as at 30 June 2014, were secured by bank deposits of a subsidiary of the Company. Current secured bank loans carried quarterly interest rates of Hibor+290bp for the six months ended 30 June 2014.

Loans of RMB5,000 thousand as at 30 June 2014, were guaranteed by third party. Current secured bank loans carried annual interest rates ranging from 6.9% to 7.2% for the six months ended 30 June 2014.

## 13 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 |                 |
|--|--------------------------|-----------------|
|  | 2014<br>RMB'000          | 2013<br>RMB'000 |
| Final dividend in respect of the previous financial year, approved during the following interim period, of approximately RMB13.01 cents per share (six months ended 30 June 2013: approximately RMB10.9 cents per share)   | 73,954                   | 59,726          |
| Special dividend in respect of the previous financial year, approved during the following interim period, of approximately RMB13.01 cents per share (six months ended 30 June 2013: approximately RMB10.9 cents per share) | 73,954                   | 59,726          |
|  | <b>147,908</b>           | 119,452         |

Dividends attributable to the previous financial year were fully paid in July 2014 (2013: June).

### (b) Purchase of own shares

During the interim period ended 30 June 2014, the Company did not repurchase any of its own shares on The Stock Exchange of Hong Kong Limited.



# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

#### (i) 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, categorized into the three-level fair value hierarchy as defined in IFRS 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

|   | Fair value measurements as at<br>30 June 2014 categorised into |                    |                    |                    |
|---|--|--------------------|--------------------|--------------------|
|   | Fair value at<br>30 June 2014<br>RMB'000                       | Level 1<br>RMB'000 | Level 2<br>RMB'000 | Level 3<br>RMB'000 |
| <b>Recurring fair value measurement</b> |  |                    |                    |                    |
| <b>Financial assets</b>                 |  |                    |                    |                    |
| Other non-current financial assets      |  |                    |                    |                    |
| Available-for-sale equity securities    | —  | —                  | —                  | —                  |
| — Ftuan.com                             | —  | —                  | —                  | —                  |
| Derivative financial instruments        |  |                    |                    |                    |
| — Redemption option                     | 3,194  | —                  | —                  | 3,194              |
| — Conversion option                     | 659  | —                  | —                  | 659                |
| <b>Financial liabilities</b>            |  |                    |                    |                    |
| Other current financial liabilities     |  |                    |                    |                    |
| Derivative financial instruments        |  |                    |                    |                    |
| — Forward exchange contract             | 521  | —                  | 521                | —                  |
| Consideration to be paid                | 10,811   | —                  | —                  | 10,811             |

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

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

#### (i) Fair value hierarchy (continued)

|   | Fair value at<br>31 December<br>2013<br>RMB'000 | Fair value measurements as at<br>31 December 2013 categorised into |                    |                    |
|---|---|--|--------------------|--------------------|
|   |   | Level 1<br>RMB'000   | Level 2<br>RMB'000 | Level 3<br>RMB'000 |
| <b>Recurring fair value measurement</b> |   |  |                    |                    |
| <b>Financial assets</b>                 |   |  |                    |                    |
| Other non-current financial assets      |   |  |                    |                    |
| Available-for-sale equity securities    |   |  |                    |                    |
| – Ftuan.com                             | –   | –  | –                  | –                  |
| – CNLive                                | 20,000  | –  | –                  | 20,000             |
| Derivative financial instruments        |   |  |                    |                    |
| – Redemption option                     | 3,198   | –  | –                  | 3,198              |
| – Conversion option                     | 219   | –  | –                  | 219                |
| <b>Financial liability</b>              |   |  |                    |                    |
| Other current financial liability       |   |  |                    |                    |
| Consideration to be paid                | 10,500  | –  | –                  | 10,500             |

During the six months ended 30 June 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2013: 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.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

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

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

#### (ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward exchange contract is determined by discounting the difference between the contractual forward price and the current market forward price.

#### (iii) Information about Level 3 fair value measurements

- Financial assets

The conversion option represents the right to convert preferred shares to common shares of FoneNet Inc. based on a conversion price determined by the financial performance of FoneNet Inc. according to the agreement signed by the Company and FoneNet Inc. in 2011. The fair value of conversion option is calculated by Black-Scholes Option Pricing model, of which major inputs are based on the management's best estimates of FoneNet Inc.'s financial performance and market related data at the end of reporting period.

The redemption option represents the right to require FoneNet Inc. to redeem its preferred shares under certain conditions according to the agreement signed by the Company and FoneNet Inc. in 2011. The fair value of redemption option is calculated by Black-Scholes Option Pricing model, of which major inputs are based on the management's best estimates of FoneNet Inc.'s financial performance and market related data at the end of reporting period.

The movements of the options during the period are set out below:

#### The Group

|  | At 30 June<br>2014<br>RMB'000 | At 30 June<br>2013<br>RMB'000 |
|--|-------------------------------|-------------------------------|
| At 1 January   | 3,417                         | 4,339                         |
| Utilization of other current financial assets<br>during the period | —                             | (752)                         |
| Changes in fair value  | 401                           | (83)                          |
| Exchange adjustment  | 35                            | —                             |
| At 30 June   | 3,853                         | 3,504                         |

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

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

#### (iii) Information about Level 3 fair value measurements (continued)

- Financial liability

Other current financial liability as accounted for the present value of the expected consideration to be paid for the acquisition of remaining 10% equity interests in Beijing Golden Bridge Senmeng Media Advertising Company Limited (“Golden Bridge Senmeng”) based on the financial performance of Golden Bridge Senmeng according to the agreement signed by CTV Golden Bridge International Media Group Company Limited, Beijing Senmeng Media Advertising Company Limited (“Beijing Senmeng”) and beneficial owner of Beijing Senmeng in 2010.

The fair value of the expected consideration to be paid is made based on the management’s best estimates of the financial performance and the discount rate to reflect the specific risks relating to Golden Bridge Senmeng.

The movements of other current financial liability during the period are set out below:

#### The Group

|   | At 30 June<br>2014<br>RMB’000 | At 30 June<br>2013<br>RMB’000 |
|---|-------------------------------|-------------------------------|
| At 1 January  | 10,500                        | 12,442                        |
| Net changes in fair value of other current<br>financial liability | 311                           | 47                            |
| At 30 June  | 10,811                        | 12,489                        |

### (b) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group’s and the Company’s financial instruments carried at cost or amortized cost are not materially different from their fair values as at 30 June 2014 and 30 June 2013.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

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

As at 30 June 2014, the Group and the Company did not have any significant capital commitments.

## 16 CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2014, the Group and the Company did not have any significant contingent assets and liabilities.

## 17 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Transactions with the ultimate controlling shareholder of the Group

The Group had the following transactions with the ultimate controlling shareholder of the Group that were carried out in the normal course of business:

|                  | Note | Six months ended 30 June |                 |
|------------------|------|--------------------------|-----------------|
|                  |      | 2014<br>RMB'000          | 2013<br>RMB'000 |
| Rental of office | (i)  | —                        | 486             |

(i) Golden Bridge Senmeng rented the office in Xinzhou Commercial Building from Ms. Liu Jinlan, the ultimate controlling shareholder of the Group, at a price of RMB486 thousand for the six months ended 30 June 2013.

### (b) Transactions with other related parties

|                  | Note | Six months ended 30 June |                 |
|------------------|------|--------------------------|-----------------|
|                  |      | 2014<br>RMB'000          | 2013<br>RMB'000 |
| Rental of office | (i)  | 361                      | 325             |

(i) 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 2014 and RMB325 thousand for the six months ended 30 June 2013. 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.

## 17 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Outstanding balance with related parties

|                  | At 30 June<br>2014<br>RMB'000 | At 31 December<br>2013<br>RMB'000 |
|------------------|-------------------------------|-----------------------------------|
| Rental of office | 361                           | 722                               |

The balance represents non-cancellable rentals payable by the Group to Ms. Liu Jinlan and Shanghai CTV Golden Bridge International Culture and Communication Company Limited for the rentals of 2014.

## 18 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Group and the Company did not have any non-adjusting events after the reporting period.

# Other Information

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

As at 30 June 2014, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be (a) notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

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

| Name of director | Nature of interest   | Number of ordinary shares held | Number of underlying shares held under equity derivatives (Note 1) | Total       | Approximate percentage of issued share capital of the Company |
|------------------|--|--------------------------------|--|-------------|---|
| Liu Jinlan       | Founder of discretionary trust, beneficiary of trust and beneficial interest | 257,428,169<br>(Note 2)        | 4,400,000  | 261,828,169 | 46.31%  |
| Chen Xin         | Founder of discretionary trust and beneficiary of trust                      | 257,428,165<br>(Note 3)        | —  | 257,428,165 | 45.53%  |
| Li Zongzhou      | Beneficial interest  | —                              | 2,500,000  | 2,500,000   | 0.44%   |
| He Hui David     | Beneficial interest  | —                              | 600,000  | 600,000     | 0.11%   |
| Qi Daqing        | Beneficial interest  | —                              | 260,000  | 260,000     | 0.05%   |
| Ding Junjie      | Beneficial interest  | —                              | 200,000  | 200,000     | 0.04%   |
| Lian Yuming      | Beneficial interest  | —                              | 200,000  | 200,000     | 0.04%   |
| Wang Xin         | Beneficial interest  | —                              | 200,000  | 200,000     | 0.04%   |

Notes:

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



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

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

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

Apart from the foregoing, as at 30 June 2014, none of the directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debenture of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SHARE OPTION SCHEMES

The Company has adopted share option schemes on 29 June 2007 (the "Pre-IPO Scheme") and 27 May 2008 (the "Post-IPO Scheme") respectively, whereby the directors of the Company have been authorised, at their discretion, to invite any full time employee, director or any person approved by the board or shareholders of the Company to take up options (the "Pre-IPO Options" and the "Post-IPO Options", respectively) to subscribe for shares of the Company. No further options were and will be granted under the Pre-IPO Scheme after the listing of the shares of the Company. The Post-IPO Scheme shall be valid and effective for a period of ten years ending on 7 July 2018.

The total number of securities available for issue under both the Pre-IPO Scheme and the Post-IPO Scheme as at 30 June 2014 was 31,946,500 shares which represented approximately 6% of the issued share capital of the Company as at 30 June 2014.

# Other Information

## SHARE OPTION SCHEMES (CONTINUED)

Movements of the share options under the share option schemes for the six months ended 30 June 2014 are as follows:

|                  | No. of<br>options<br>outstanding<br>as at<br>1 January<br>2014 | No. of<br>options<br>granted<br>during the<br>period | No. of<br>options<br>exercised<br>during the<br>period | No. of<br>options<br>forfeited<br>during the<br>period | No. of<br>options<br>outstanding<br>as at<br>30 June<br>2014 | Date of grant                  | Exercise<br>price | Exercise<br>period |
|------------------|--|--|--|--|--|--------------------------------|-------------------|--------------------|
| <b>Directors</b> |  |  |  |  |  |                                |                   |                    |
| Liu Jinlan       | 3,200,000  | —  | —  | —  | 3,200,000  | 10 July 2007                   | RMB1.56           | Note 2             |
|                  | 1,200,000  | —  | —  | —  | 1,200,000  | 2 July 2010                    | HKD1.84           | Note 4             |
| Li Zongzhou      | 1,600,000  | —  | —  | —  | 1,600,000  | 10 July 2007                   | RMB1.56           | Note 1             |
|                  | 900,000  | —  | —  | —  | 900,000  | 2 July 2010                    | HKD1.84           | Note 4             |
| He Hui David     | 600,000  | —  | —  | —  | 600,000  | 2 July 2010                    | HKD1.84           | Note 4             |
| Qi Daqing        | 260,000  | —  | —  | —  | 260,000  | 17 September 2009              | HKD1.49           | Note 3             |
| Ding Junjie      | 200,000  | —  | —  | —  | 200,000  | 17 September 2009              | HKD1.49           | Note 3             |
| Lian Yuming      | 200,000  | —  | —  | —  | 200,000  | 29 August 2011                 | HKD2.62           | Note 4             |
| Wang Xin         | 200,000  | —  | —  | —  | 200,000  | 11 September 2012              | HKD3.22           | Note 4             |
| <b>Employees</b> |  |  |  |  |  |                                |                   |                    |
| in aggregate     | 8,756,000  | —  | (1,361,000)  | (640,000)  | 6,755,000  | 4 July 2007 to<br>7 March 2008 | RMB1.56           | Note 1             |
|                  | 200,000  | —  | —  | —  | 200,000  | 17 September 2009              | HKD1.49           | Note 3             |
|                  | 12,348,500   | —  | (2,545,000)  | (60,000)   | 9,743,500  | 2 July 2010                    | HKD1.84           | Note 4             |
|                  | 125,000  | —  | —  | —  | 125,000  | 22 November 2010               | HKD2.82           | Note 4             |
|                  | 873,000  | —  | —  | —  | 873,000  | 6 December 2010                | HKD2.88           | Note 4             |
|                  | 1,970,000  | —  | —  | (120,000)  | 1,850,000  | 29 August 2011                 | HKD2.62           | Note 4             |
|                  | 800,000  | —  | —  | —  | 800,000  | 9 January 2012                 | HKD2.36           | Note 4             |
|                  | 1,585,000  | —  | (125,000)  | (600,000)  | 860,000  | 11 September 2012              | HKD3.22           | Note 4             |
|                  | 700,000  | —  | (80,000)   | —  | 620,000  | 12 April 2013                  | HKD4.31           | Note 4             |
|                  | 1,840,000  | —  | —  | (80,000)   | 1,760,000  | 19 July 2013                   | HKD6.86           | Note 4             |

### Notes:

1. A Pre-IPO Options holder may exercise a maximum of 25% of the total number of the Pre-IPO Options granted after the lapse of 365 days from the acceptance of the Pre-IPO Options. Subsequently, for every full year of continuous service with the Company, the holder may exercise a maximum of another 25% of the total number of the Pre-IPO Options granted, up to ten years from the date of grant. (A resolution of extending the exercisable period of the options granted under the Pre-IPO Scheme on 29 June 2007 from 8 years to 10 years has been passed at the annual general meeting of the Company held on 12 June 2014.)

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

## SHARE OPTION SCHEMES (CONTINUED)

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

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

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

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

As at 30 June 2014, so far as known to the directors and chief executive of the Company, the following corporations (other than a director or chief executive of the Company) had, or were deemed or taken to have interests or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

| Substantial shareholder | Nature of interest          | Total number of<br>ordinary<br>shares held | % of total<br>issued shares |
|-------------------------|-----------------------------|--|-----------------------------|
| Equity Trustee Limited  | Trustee (Note 1)            | 304,914,821                                | 53.93%                      |
| CLH Holding Limited     | Corporate interest (Note 2) | 209,941,513                                | 37.13%                      |

Notes:

- Equity Trustee Limited is deemed to be interested in 304,914,821 shares of the Company as it is the trustee of CLH Trust (shares held by Golden Bridge International Culture Limited), MHS Trust (shares held by Merger Holding Service Company Limited), UME Trust (shares held by United Marine Enterprise Company Limited), DFS (No. 1) Trust (shares held by Digital Finance Service Company Limited) and DFS (No. 2) Trust (shares held by SinoMedia Investment Ltd.).
- These shares are directly held by Golden Bridge International Culture Limited which is a wholly owned subsidiary of Golden Bridge Int'l Advertising Holdings Limited which in turn is a wholly owned subsidiary of CLH Holding Limited. CLH Holding Limited is deemed to be interested in 209,941,513 shares of the Company held by Golden Bridge International Culture Limited.

## Other Information

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

Save as disclosed above, so far as known to the directors and chief executive of the Company, as at 30 June 2014, there was no other persons or corporations (other than a director or chief executive of the Company) who had any interests or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **CORPORATE GOVERNANCE PRACTICES**

During the six months ended 30 June 2014, the Company had complied with all the applicable provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, save for the deviation from code provision A.6.7.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged business engagements which must be attended to by Mr. Qi Daqing and Mr. Lian Yuming, the independent non-executive directors of the Company, they were not able to be present at the annual general meeting of the Company held on 12 June 2014.

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

The Company has adopted the Model Code 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 2014.

### **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 2014, including the accounting principles and practices adopted by the Group.