INTERIM REPORT
2018

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
Mr. Lian Yuming
Ms. Wang Xin
Mr. He Hui David

AUDIT COMMITTEE

Mr. Qi Daqing *(Chairman)*
Mr. Lian Yuming
Ms. Wang Xin

REMUNERATION COMMITTEE

Ms. Wang Xin *(Chairman)*
Mr. Chen Xin
Mr. Lian Yuming

NOMINATION COMMITTEE

Mr. Chen Xin *(Chairman)*
Mr. Lian Yuming
Ms. Wang Xin

COMPLIANCE COMMITTEE

Mr. Li Zongzhou *(Chairman)*
Mr. Wang Yingda

COMPANY SECRETARY

Mr. Wang Yingda

AUTHORISED REPRESENTATIVES

Mr. Chen Xin
Mr. Wang Yingda

PRINCIPLE PLACE OF BUSINESS

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

Unit 15D, Xintian International Plaza,
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REGISTERED OFFICE OF THE COMPANY

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

AUDITORS

KPMG

SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road,
North Point, Hong Kong

WEBSITE

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Financial Summary

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

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

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

Management Discussion and Analysis

ABOUT THE GROUP

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

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

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

BUSINESS REVIEW

TV Advertising and Content Operations

1. *TV Media Resources Management*

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

2. Integrated Communication Services

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

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

3. Content Operations

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

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

Digital Marketing and Internet Media

1. Digital Marketing

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

2. ***Internet Media***

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

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

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

FINANCIAL REVIEW

Revenue and Profit Attributable to the Equity Shareholders of the Company

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

Revenue details for the period under review are as follows:

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

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

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

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

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

Operating Expenses

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

Operating expenses include the followings:

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

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

Significant Investments, Acquisitions and Disposals

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

Liquidity and Financial Resources

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

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

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

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

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

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

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

HUMAN RESOURCES

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

INDUSTRY AND GROUP OUTLOOK

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

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

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

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2018 — unaudited
(Expressed in Renminbi)

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

Note: The Group has initially applied IFRS/HKFRS 15 and IFRS/HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 17 to 40 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 2018 — unaudited
(Expressed in Renminbi)

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

Note: The Group has initially applied IFRS/HKFRS 15 and IFRS/HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 17 to 40 form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

At 30 June 2018 — unaudited
(Expressed in Renminbi)

	Note	**At 30 June 2018** **RMB'000**	At 31 December 2017 *(Note)* *RMB'000*
Non-current assets			
Property, plant and equipment	*9*	**235,316**	239,256
Investment property	*9*	**581,712**	589,110
Intangible assets		**23,883**	24,902
Goodwill	*10*	**6,002**	6,002
Trade and other receivables	*11*	**805**	865
		847,718	860,135
Current assets			
Other current financial assets		**1,737**	1,537
Trade and other receivables	*11*	**700,754**	631,771
Pledged bank deposits		**100**	595
Time deposits with original maturity over three months		**10,657**	10,636
Cash and cash equivalents	*12*	**570,881**	678,791
		1,284,129	1,323,330
Current liabilities			
Trade and other payables	*13*	**136,882**	533,990
Contract liabilities	*13*	**391,996**	–
Current taxation		**37,298**	74,037
Deferred tax liabilities		**2,009**	–
		568,185	608,027
Net current assets		**715,944**	715,303
Total assets less current liabilities		**1,563,662**	1,575,438
NET ASSETS		**1,563,662**	1,575,438

	At 30 June 2018 *RMB'000*	At 31 December 2017 *(Note)* *RMB'000*
CAPITAL AND RESERVES		
Share capital	**510,981**	510,981
Reserves	**1,057,746**	1,068,777
Total equity attributable to equity shareholders of the Company	**1,568,727**	1,579,758
Non-controlling interests	**(5,065)**	(4,320)
TOTAL EQUITY	**1,563,662**	1,575,438

Note: The Group has initially applied IFRS/HKFRS 15 and IFRS/HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 17 to 40 form part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018 — 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 2017	510,981	24,122	126,886	(1,254)	2,308	857,912	1,520,955	(1,249)	1,519,706
Changes in equity for the six months ended 30 June 2017:									
Profit/(loss) for the period	–	–	–	–	–	9,518	9,518	(1,933)	7,585
Other comprehensive loss	–	–	–	(203)	–	–	(203)	–	(203)
Total comprehensive income for the period	–	–	–	(203)	–	9,518	9,315	(1,933)	7,382
Equity-settled share-based transactions	–	380	–	–	–	–	380	–	380
Purchase of own shares	–	–	–	–	–	(11,877)	(11,877)	–	(11,877)
Balance at 30 June 2017 and 1 July 2017	510,981	24,502	126,886	(1,457)	2,308	855,553	1,518,773	(3,182)	1,515,591
Changes in equity for the six months ended 31 December 2017:									
Profit/(loss) for the period	–	–	–	–	–	83,524	83,524	(823)	82,701
Other comprehensive loss	–	–	–	(3,767)	–	–	(3,767)	–	(3,767)
Total comprehensive income for the period	–	–	–	(3,767)	–	83,524	79,757	(823)	78,934
Equity-settled share-based transactions	–	1,338	–	–	–	–	1,338	–	1,338
Purchase of own shares	–	–	–	–	–	(20,110)	(20,110)	–	(20,110)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(315)	(315)
Balance at 31 December 2017 *(Note)*	510,981	25,840	126,886	(5,224)	2,308	918,967	1,579,758	(4,320)	1,575,438

	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 31 December 2017	510,981	25,840	126,886	(5,224)	2,308	918,967	1,579,758	(4,320)	1,575,438
Impact on initial application of IFRS/HKFRS 9	–	–	–	–	–	(4,718)	(4,718)	(60)	(4,778)
Adjusted 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	510,981	27,511	126,886	(4,462)	2,308	905,503	1,568,727	(5,065)	1,563,662

Note: The Group has initially applied IFRS/HKFRS 15 and IFRS/HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 17 to 40 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2018 — unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2018	2017
			(Note)
	Note	***RMB'000***	*RMB'000*
Operating activities			
Cash (used in)/generated from operations		**(1,462)**	138,732
Tax paid		**(101,096)**	(6,655)
Net cash (used in)/generated from operating activities		**(102,558)**	132,077
Investing activities			
Proceeds from disposal of a subsidiary		**739**	—
Interest received		**6,714**	1,913
Other cash flows arising from investing activities		**(259)**	(867)
Net cash generated from investing activities		**7,194**	1,046
Financing activities			
Repayment of bank loans		**–**	(60,000)
Payment for purchase of own shares		**(12,227)**	(11,877)
Interest paid		**—**	(1,397)
Net cash used in financing activities		**(12,227)**	(73,274)
Net (decrease)/increase in cash and cash equivalents		**(107,591)**	59,849
Cash and cash equivalents at 1 January	*12*	**678,791**	552,531
Effect of foreign exchange rates changes		**(319)**	(203)
Cash and cash equivalents at 30 June	*12*	**570,881**	612,177

Note: The Group has initially applied IFRS/HKFRS 15 and IFRS/HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 17 to 40 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB) and Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). It was authorized for issue on 28 August 2018.

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 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 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 2017 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 2017 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 2017 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

(a) Overview

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

- IFRS/HKFRS 9, *Financial instruments*

- IFRS/HKFRS 15, *Revenue from contracts with customers*

- HK (IFRIC) 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to IFRS/HKFRS 9, Prepayment features with negative compensation which have been adopted at the same time as IFRS/HKFRS 9.

The Group has been impacted by IFRS/HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by IFRS/HKFRS 15 in relation to presentation of contract liabilities. Details of the changes in accounting policies are discussed in note 2(b) for IFRS/HKFRS 9 and note 2(c) for IFRS/HKFRS 15.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) Overview *(Continued)*

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

	At 31 December 2017	Impact on initial application of IFRS/ HKFRS 9 *(Note 2(b))*	Impact on initial application of IFRS/ HKFRS 15 *(Note 2(c))*	**At 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*	***RMB'000***
Trade and other receivables	631,771	(4,778)	—	**626,993**
Total current assets	1,323,330	(4,778)	—	**1,318,552**
Contract liabilities	—	—	405,464	**405,464**
Trade and other payables	533,990	—	(405,464)	**128,526**
Total current liabilities	608,027	—	—	**608,027**
Net current assets	715,303	(4,778)	—	**710,525**
Total assets less current liabilities	1,575,438	(4,778)	—	**1,570,660**
Net assets	1,575,438	(4,778)	—	**1,570,660**
Reserves	1,068,777	(4,718)	—	**1,064,059**
Total equity attributable to equity shareholders of the Company	1,579,758	(4,718)	—	**1,575,040**
Non-controlling interests	(4,320)	(60)	—	**(4,380)**
Total equity	1,575,438	(4,778)	—	**1,570,660**

Further details of these changes are set out in sub-sections (b) and (c) of this note.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) IFRS/HKFRS 9, Financial instruments, including the amendments to IFRS/HKFRS 9, Prepayment features with negative compensation

IFRS/HKFRS 9 replaces IFRS/HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied IFRS/HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under IFRS/HKAS 39.

The following table summarises the impact of transition to IFRS/HKFRS 9 on Retained earnings at 1 January 2018.

	RMB'000
Retained earnings	
Recognition of additional expected credit losses on:	
— financial assets measured at amortised cost	4,718
Net decrease in retained earnings at 1 January 2018	4,718

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

(i) Classification of financial assets and financial liabilities

IFRS/HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede IFRS/HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS/HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) IFRS/HKFRS 9, Financial instruments, including the amendments to IFRS/HKFRS 9, Prepayment features with negative compensation *(Continued)*

(i) ***Classification of financial assets and financial liabilities*** *(Continued)*

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

— FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

— FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

Under IFRS/HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) IFRS/HKFRS 9, Financial instruments, including the amendments to IFRS/HKFRS 9, Prepayment features with negative compensation *(Continued)*

(i) Classification of financial assets and financial liabilities (Continued)

The following table shows the original measurement categories for each class of the Group's financial assets under IFRS/HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with IFRS/HKAS 39 to those determined in accordance with IFRS/HKFRS 9.

	IAS/HKAS 39 carrying amount at 31 December 2017 *RMB'000*	Reclassification *RMB'000*	Remeasurement *RMB'000*	**IFRS/HKFRS 9 carrying amount at 1 January 2018** ***RMB'000***
Financial assets carried at amortised cost				
Trade and other receivables	632,636	–	(4,778)	**627,858**
Pledged bank deposits	595	–	–	**595**
Time deposits with original maturity over three months	10,636	–	–	**10,636**
Cash and cash equivalents	678,791	–	–	**678,791**
	1,322,658	–	(4,778)	**1,317,880**
Financial assets carried at FVPL				
Equity securities not held for trading *(Note (i))*	–	–	–	**–**
Other derivative assets *(Note (ii))*	1,537	–	–	**1,537**
	1,537	–	–	**1,537**

Notes:

(i) Under IAS/HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVPL under IFRS/HKFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 January 2018, the Group's investment in Ftuan.com continued to be measured at FVPL under IFRS/HKFRS 9, and the investment was fully impaired.

(ii) Derivative financial asset, investment in K WIZDOM PTE LTD's convertible note, was classified as financial assets at FVPL under IAS/HKAS 39. These assets continue to be measured at FVPL under IFRS/HKFRS 9.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) IFRS/HKFRS 9, Financial instruments, including the amendments to IFRS/HKFRS 9, Prepayment features with negative compensation *(Continued)*

(i) Classification of financial assets and financial liabilities (Continued)

The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts.

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value. Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when expected credit losses (ECLs, see note 2(b)(ii)) on the financial guarantees are determined to be higher than the amount carried in "trade and other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2(b)(ii) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

The carrying amounts for all financial liabilities (including financial guarantee contracts) at 1 January 2018 have not been impacted by the initial application of IFRS/HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) IFRS/HKFRS 9, Financial instruments, including the amendments to IFRS/HKFRS 9, Prepayment features with negative compensation *(Continued)*

(ii) Credit losses

IFRS/HKFRS 9 replaces the "incurred loss" model in IAS/HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in IAS/HKAS 39.

The Group applies the new ECL model to the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables)

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) IFRS/HKFRS 9, Financial instruments, including the amendments to IFRS/HKFRS 9, Prepayment features with negative compensation *(Continued)*

(ii) ***Credit losses*** *(Continued)*

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) IFRS/HKFRS 9, Financial instruments, including the amendments to IFRS/HKFRS 9, Prepayment features with negative compensation *(Continued)*

(ii) ***Credit losses*** *(Continued)*

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becomes probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) IFRS/HKFRS 9, Financial instruments, including the amendments to IFRS/HKFRS 9, Prepayment features with negative compensation *(Continued)*

(ii) ***Credit losses*** *(Continued)*

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to RMB4,718 thousand, which decreased retained earnings by RMB4,718 thousand at 1 January 2018.

The following table reconciles the closing loss allowance determined in accordance with IAS/HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with IFRS/HKFRS 9 as at 1 January 2018.

	RMB'000
Loss allowance at 31 December 2017 under IAS/HKAS 39	80,105
Additional credit loss recognised at 1 January 2018 on:	
— Trade receivables	4,778
Loss allowance at 1 January 2018 under IFRS/HKFRS 9	84,883

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) IFRS/HKFRS 9, Financial instruments, including the amendments to IFRS/HKFRS 9, Prepayment features with negative compensation *(Continued)*

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS/HKFRS 9 have been applied retrospectively, except as described below:

— Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS/HKFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under IAS/HKAS 39 and thus may not be comparable with the current period.

— The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of IFRS/HKFRS 9 by the Group):

  — the determination of the business model within which a financial asset is held; and

  — the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

— If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(c) IFRS/HKFRS 15, Revenue from contracts with customers

IFRS/HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS/HKFRS 15 replaces IAS/HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and IAS/HKAS 11, Construction contracts, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under IAS/HKAS 11 and IAS/HKAS 18. As allowed by IFRS/HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The adoption of IFRS/HKFRS 15 did not have a material impact on the consolidated financial statements except for presentation.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(c) IFRS/HKFRS 15, Revenue from contracts with customers *(Continued)*

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) Presentation of contract assets and liabilities

Under IFRS/HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to "amounts received in advance" were presented in the statement of financial position under "trade and other payables".

To reflect these changes in presentation, the Group has made the following adjustments at 1 January 2018, as a result of the adoption of IFRS/HKFRS 15:

"Trade and other payables — advances from customers" amounting to RMB405,464 thousand as at 1 January 2018 is now included under contract liabilities.

(d) HK (IFRIC) 22, Foreign currency transactions and advance consideration

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK (IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
TV media resources management	**730,736**	569,475
Integrated communication services and content operations	**32,962**	67,031
Digital marketing and internet media	**33,967**	35,994
Rental income	**28,853**	22,945
Less: Sales taxes and surcharges	**(7,452)**	(6,387)
	819,066	689,058

5 OTHER REVENUE

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Government grant	**3**	2,005
Others	**370**	2,208
	373	4,213

6 PROFIT BEFORE TAXATION

(a) Finance income and costs

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

(b) Other items

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

Note: The Group has initially applied IFRS/HKFRS 15 and IFRS/HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

7 INCOME TAX

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

(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 2018 and 2017.

(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 2018 (six months ended 30 June 2017: no assessable profit).

(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 rate of 20%, during the six months ended 30 June 2018 and 2017.

8 EARNINGS PER SHARE

(a) Basic earnings per share

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

(b) Diluted earnings per share

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

9 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

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

10 GOODWILL

	The Group *RMB'000*
Cost	
At 1 January 2017, 31 December 2017 and 30 June 2018	**23,644**
Accumulated impairment losses	
At 1 January 2017	17,642
Impairment loss	—
At 31 December 2017 and 1 January 2018	**17,642**
Impairment loss	—
At 30 June 2018	**17,642**
Carrying amount	
At 30 June 2018	**6,002**
At 31 December 2017	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 2018 *RMB'000*	At 31 December 2017 *(Note)* *RMB'000*
Non-current assets		
Other receivables	**805**	865
Current assets		
Within 3 months	**112,440**	99,794
3 months to 6 months	**37,912**	17,716
6 months to 12 months	**30,466**	9,835
Over 12 months	**98,776**	100,052
Total trade and bills receivable	**279,594**	227,397
Less: allowance for doubtful debts	**(90,226)**	(80,105)
Trade and bills receivable, net of allowance for doubtful debts	**189,368**	147,292
Prepayments and deposits to media suppliers	**475,039**	458,275
Advances to employees	**4,222**	4,035
Other debtors and prepayments	**42,446**	32,415
Less: allowance for doubtful debts	**(10,321)**	(10,246)
	700,754	631,771
	701,559	632,636

Note: The Group has initially applied IFRS/HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

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 2018 *RMB'000*	At 31 December 2017 *RMB'000*
Cash and bank balances	**570,881**	678,791

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

Note: As a result of the adoption of IFRS/HKFRS 15, advances from customers are included in contract liabilities (see note 2(c)).

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

(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 *HKD*	Lowest price paid per share *HKD*	Aggregate price paid *HKD'000*	Equivalent to *RMB'000*
January 2018	**530,000**	**1.83**	**1.81**	**972**	**787**
April 2018	**2,105,000**	**2.10**	**1.97**	**4,390**	**3,546**
May 2018	**2,190,000**	**2.10**	**2.07**	**4,609**	**3,767**
June 2018	**2,368,000**	**2.10**	**1.97**	**4,894**	**4,127**
	7,193,000			**14,865**	**12,227**

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 HKD14,865 thousand (equivalent to approximately RMB12,227 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 2018 (2017: nil).

No options were exercised during the six months ended 30 June 2018 (2017: 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 2018	Fair value measurement as at 30 June 2018 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**

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 2017	Fair value measurement as at 31 December 2017 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Asset				
Other current financial asset	1,537	–	–	1,537

During the six months ended 30 June 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2017: 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 2018 and 31 December 2017.

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

As at 30 June 2018, the Group and the Company did not have any significant capital commitments.

17 CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2018, 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	
	2018	2017
	RMB'000	*RMB'000*
Rental of office	**361**	361

CTV Golden Bridge International Media Group Company Limited, a subsidiary of the Company, rented an office from Shanghai CTV Golden Bridge International Culture and Communication Company Limited, which was effectively controlled by the ultimate controlling shareholder of the Group, at a price of RMB361 thousand for the six months ended 30 June 2018 and RMB361 thousand for the six months ended 30 June 2017. The amount of rent charged under the lease was determined with reference to amounts charged by Shanghai CTV Golden Bridge International Culture and Communication Company Limited to third parties.

(b) Outstanding balance with related parties

	At 30 June	At 31 December
	2018	2017
	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 2018.

19 COMPARATIVE FIGURES

The Group has initially applied IFRS/HKFRS 15 and IFRS/HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

20 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2018

A number of amendments and new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. Except for the amendments to IFRS/HKFRS 9, Prepayment features with negative compensation, which have been adopted at the same time as IFRS/HKFRS 9 (see note 2(b)), the Group has not early adopted any new or amended standards in preparing this interim financial report.

The Group has the following update to the information provided in the last annual financial statements in respect of IFRS/HKFRS 16, Leases, which may have a significant impact on the Group's consolidated financial statements.

IFRS/HKFRS 16, Leases

As discussed in the 2017 annual financial statements, currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. Upon the adoption of IFRS/HKFRS 16, where the Group is the lessee under the lease the Group will be required to account for all leases in a similar way to current finance lease accounting, i.e. recognise and measure a lease liability at the present value of the minimum future lease payments and recognise a corresponding "right-of-use" asset at the commencement date of the lease, subject to practical expedients. IFRS/HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for items of property, plant and equipment which are currently classified as operating leases.

The following is an updated information about the Group's future minimum lease payments, based on the non-cancellable operating leases that have been entered into by 30 June 2018:

	Property, plant and equipment *RMB'000*
Amounts payable:	
Within 6 months	2,090
After 6 months but within 1 year	1,317
After 1 year but within 5 years	726
	4,133

Upon the initial adoption of IFRS/HKFRS 16 at 1 January 2019, the present value of most of the future minimum lease payments that are payable after 6 months will be recognised as lease liabilities, with corresponding right-of-use assets recognised as non-current assets. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of IFRS/HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of IFRS/IFRS 16.

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

As at 30 June 2018, the interests and short positions of the directors and chief executive(s) of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be (a) notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7, 8 and 9 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)*	4,000,000	265,081,169	52.23%
Chen Xin	Founder of discretionary trust and beneficiary of trust	257,428,165 *(Note 3)*	–	257,428,165	50.72%
Li Zongzhou	Beneficial interest	–	2,900,000	2,900,000	0.57%
Qi Daqing	Beneficial interest	–	300,000	300,000	0.06%
Lian Yuming	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 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 2018, none of the directors and chief executive(s) of the Company had any interests or short positions in the shares, underlying shares and debenture of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7, 8 and 9 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 was terminated in 2015 and the Post-IPO Scheme will be valid and effective for a period of ten years ending on 7 July 2018.

SHARE OPTION SCHEMES *(Continued)*

The total number of securities available for issue upon exercise of all outstanding share options under the Post-IPO Scheme as at 30 June 2018 was 28,444,500 shares which represented approximately 6% of the number of issued shares of the Company as at 30 June 2018.

Movements of the Post-IPO Options under the Post-IPO Scheme for the six months ended 30 June 2018 are as follows:

	No. of options outstanding as at 1 January 2018	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 2018	Date of grant	Exercise price	Exercise period
Directors									
Liu Jinlan	1,200,000	–	–	–	–	1,200,000	2 July 2010	HKD1.84	*Note 1*
	2,800,000	–	–	–	–	2,800,000	30 August 2017	HKD1.77	*Note 2*
Li Zongzhou	900,000	–	–	–	–	900,000	2 July 2010	HKD1.84	*Note 1*
	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	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	4,022,500	–	–	–	–	4,022,500	2 July 2010	HKD1.84	*Note 1*
in aggregate	650,000	–	–	–	–	650,000	6 December 2010	HKD2.88	*Note 1*
	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*
	690,000	–	–	–	–	690,000	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*
	13,052,000	–	–	(500,000)	–	12,552,000	30 August 2017	HKD1.77	*Note 2*

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.

Other Information

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

As at 30 June 2018, so far as known to the directors and chief executive(s) of the Company, the following corporations (other than a director or chief executive of the Company) had, or were deemed or taken to have interests or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2,3 and 4 of Part XV of the SFO:

Substantial shareholder	Nature of interest	Total number of ordinary shares held	% of total issued shares
Equity Trustee Limited	Trustee *(Note 1)*	308,567,821	60.80%
CLH Holding Limited	Corporate interest *(Note 2)*	209,941,513	41.37%

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 executive of the Company, as at 30 June 2018, 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, 3 and 4 of Part XV of the SFO.

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

During the six months ended 30 June 2018, the Company completed the buy-back of 7,193,000 ordinary shares of the Company on The Stock Exchange at an aggregate price of HKD14,797,210. The bought-back shares had been cancelled subsequently. The details of the bought-back shares are as follows:

Date	Number of Shares bought-back	Highest Price HKD	Lowest Price HKD	Total paid HKD
19 January 2018	530,000	1.83	1.81	965,570
9 April 2018	130,000	2.03	1.97	260,810
10 April 2018	350,000	2.10	2.06	729,570
11 April 2018	383,000	2.10	2.07	800,080
13 April 2018	109,000	2.10	2.08	228,190
16 April 2018	278,000	2.09	2.07	578,460
17 April 2018	150,000	2.08	2.08	312,000
18 April 2018	373,000	2.09	2.06	775,860
23 April 2018	111,000	2.08	2.07	230,770
25 April 2018	221,000	2.10	2.08	462,570
27 April 2018	132,000	2.10	2.07	276,100
4 May 2018	220,000	2.09	2.08	459,600
8 May 2018	288,000	2.09	2.07	599,170
10 May 2018	101,000	2.10	2.08	210,560
11 May 2018	228,000	2.10	2.09	478,020
14 May 2018	201,000	2.10	2.08	421,090
16 May 2018	229,000	2.10	2.08	478,610
17 May 2018	241,000	2.10	2.08	503,940
24 May 2018	100,000	2.10	2.10	210,000
25 May 2018	450,000	2.10	2.09	942,870
30 May 2018	261,000	2.10	2.08	545,980
31 May 2018	463,000	2.10	2.09	970,670
19 June 2018	638,000	2.08	2.04	1,315,380
20 June 2018	230,000	2.06	2.05	473,000
21 June 2018	276,000	2.08	2.06	572,060
27 June 2018	500,000	2.00	1.97	996,280
	7,193,000			14,797,210

Other Information

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2018, the Company has fully complied with all code provisions ("Code Provisions") of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules, save for the following deviations.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders.

Due to other pre-arranged business engagements which must be attended to by Ms. Wang Xin and Mr. He Hui David, being independent non-executive directors of the Company, were not able to attend the annual general meeting of the Company held on 8 June 2018.

Under Code Provision E.1.2, the chairman of the Board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend.

Due to other pre-arranged business engagements which must be attended by Ms. Wang Xin, the chairman of the remuneration committee and an independent non-executive director of the Company, was not present at the annual general meeting held on 8 June 2018. However, the other two members of the remuneration committee, Mr. Lian Yuming and Mr. Chen Xin, were present at the said annual general meeting to ensure an effective communication with the shareholders thereat.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions.

Having been made specific enquiry, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2018.

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 2018, including the accounting principles and practices adopted by the Group.