

INTERIM REPORT

2015

STOCK CODE : 00623

SinoMedia[®]

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

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Chen Xin (*Chairman*)

Ms. Liu Jinlan

Mr. Li Zongzhou

NON-EXECUTIVE DIRECTORS

Mr. He Hui David

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qi Daqing

Mr. Lian Yuming

Ms. Wang Xin

AUDIT COMMITTEE

Mr. Qi Daqing (*Chairman*)

Mr. Lian Yuming

Ms. Wang Xin

REMUNERATION COMMITTEE

Ms. Wang Xin (*Chairman*)

Mr. Chen Xin

Mr. Lian Yuming

NOMINATION COMMITTEE

Mr. Chen Xin (*Chairman*)

Mr. Lian Yuming

Ms. Wang Xin

COMPLIANCE COMMITTEE

Mr. Li Zongzhou (*Chairman*)

Mr. Wang Yingda

COMPANY SECRETARY

Mr. Wang Yingda

AUTHORISED REPRESENTATIVES

Mr. Chen Xin

Mr. Wang Yingda

PRINCIPLE PLACE OF BUSINESS

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

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

REGISTERED OFFICE OF THE COMPANY

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

AUDITORS

KPMG

SHARE REGISTRAR

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

WEBSITE

www.sinomedia.com.hk

Financial Summary

<i>RMB'000</i>	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Change (%)
Revenue	619,010	836,428	-26%
Profit from operations	49,172	249,012	-80%
Profit attributable to equity shareholders of the Company	35,433	179,214	-80%
Earnings per share (RMB)			
— Basic	0.062	0.319	-81%
— Diluted	0.061	0.308	-80%

Revenue:

<i>RMB'000</i>	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Change (%)
Media resources management	598,437	787,454	-24%
Integrated brand communication services	(1,610)	10,739	N/A
Internet media and content operations	8,287	22,146	-63%
Rental income	22,930	28,862	-21%
Sales taxes and surcharges	(9,034)	(12,773)	-29%
Revenue	619,010	836,428	

Turnover:

<i>RMB'000</i>	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Change (%)
Media resources management	598,437	787,454	-24%
Integrated brand communication services	590,416	1,031,986	-43%
Internet media and content operations	8,287	22,146	-63%
Rental income	22,930	28,862	-21%
Sales taxes and surcharges	(9,034)	(12,773)	-29%
Turnover	1,211,036	1,857,675	

Management Discussion and Analysis

ABOUT THE GROUP

During the period under review, as a result of the cutback of advertising spending by brands resulting from a slowdown in the macroeconomic growth in China, the Group recorded a decline in income and net profit. In spite of grim challenges, the Group strived to secure the solid market share of its core business and continued to advance the healthy development of its new media business.

In the first half of 2015, the domestic and foreign economies remained complicated, and the global economic recovery was twistingly slow. The GDP in China grew by 7% year-on-year. Notwithstanding that, the economic development reform was still in progress and the industry structure was under continuous optimal adjustment. Besides, there was room for further improvement in the domestic demand structure and the foundation for economic recovery needed further consolidation. In respect of advertising industry in which the Group operates, the industry has entered into a new adjustment period along with the “new normal” stage of the economy. Policies favorable to the media and culture industry were introduced in succession. The integration of “Internet +” established an extensive trend of internet-based development for the culture industry. Meanwhile, the advertising market was relatively “calm”. Internet advertising slowed down its growth after several years of rapid development, while TV advertising was in an overall downturn. Owing to the slowdown in economic growth, the impact brought by the new media as well as the shrinkage of the TV media viewership, the total spending on TV advertising experienced its first decline. The proportion of the increase in TV advertising budget by advertisers hit bottom since 2009.

BUSINESS OVERVIEW

TV Advertising and Branding Services

1. TV Media Resources Management

During the period under review, the Group had approximately 5,529 minutes of advertising resources on a total of 15 programmes on channels including CCTV-1 (General)/CCTV-News (Chinese), CCTV-4 (Chinese International, including Europe and the US) and CCTV-7 (Military and Agriculture), with exclusive underwriting rights mainly covering news, politics, agriculture, culture 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 (General)/CCTV-News (Chinese), programs including “China News” (中國新聞), “Today’s Focus” (今日關注), “Across the Straits” (海峽兩岸), “Exposition of Chinese Cultural Relics” (國寶檔案) and “China Showbiz” (中國文藝) on CCTV-4 (Chinese International, including Europe and the US), and programs including “Zhi Fu Jing” (致富經), “Focus on the Three Agricultural Issues” (聚焦三農), “Daily Agricultural News” (每日農經) and “The Rural World” (鄉村大世界) on CCTV-7 (Military and Agriculture). In terms of clientele, the Group maintained its stable client base in the areas of domestic and foreign tourism as well as transportation, and strived to develop new clients and sales channels.

2. Integrated Brand Communication Services

During the period under review, the Group proactively modified its development strategy for the business, so as to enhance the service standards with close monitor on trade receivables, reflecting the Group's global view on its financial management capability. The Group continued to serve clients such as Ping An Insurance (Group) Company of China, Ltd., Shanghai Pudong Development Bank Co., Ltd., Midea Group, Huiyuan Group, Jiangsu King's Luck Brewery Joint-Stock Co., Ltd. and McDonald's, and were also engaged by Inner Mongolia Yili Industrial Group Co., Ltd. and Beijing Xiaoju Keji Co., Ltd. (滴滴打車) for its TV advertising placement agency business. The service capability and strength of the "SinoMedia" brand continued its healthy development.

Internet Media and Content Operations

I. Internet Media

1. *www.boosj.com* (播視網)

As the only video website focusing on healthy lifestyle in China, boosj.com proactively advocated healthy lifestyle for all citizens with the motto "Live a Life, Move it up". During the period under review, boosj.com precisely targeted at the prevailing market of urban healthy entertainment culture with its acute market sense. Focusing on the "Square Dance Vertical Channel", boosj.com built a featured video content platform featuring "Children Dance Channel", "Yoga Channel" and "PC Games Channel", and recorded a Daily Page View (DPV) of nearly 2 million (Source: internal data) with clear user segments. Among which, contents from the online channel "Square Dance" integrated with offline local activities and formed a follower chain, thus amplifying the overall influence of the platform. Also, numerous innovative operation strategies were introduced for users and partners upstream and downstream along the industry chain. The Group has a clear blueprint in the development of a healthy lifestyle internet media platform under the brand name of "boosj.com".

2. *www.lotour.com* (樂途旅遊網)

During the period under review, lotour.com well positioned its business feature as "a website of travel inspiration" and unveiled the competitive differentiation of non-online travel agent (OTA) travel websites. In line with such positioning, webpage redesign and content reorganisation brought outstanding performance in terms of users. As the monthly cumulative UV remained in a steady growth, the monthly cumulative PV almost reached 100 million, representing a nearly 70% growth as compared with the beginning of the year (Source: internal data, June 2015). Besides, Lotour Self-drive Channel, a professional travel channel launched in January 2015, served as an online community for self-drive buffs and provided detailed self-drive guides and routes for drivers. It collaborated with Cadillac and other brand names and organized offline self-drive events, so as to enhance user experience and raise the brand value of lotour.com.

Management Discussion and Analysis

3. www.wugu.com.cn (吾谷網)

As agricultural products have entered the “Internet +” era, wugu.com.cn maintained its leading position in the area of agricultural product service platform. Since its launch in 2012, wugu.com.cn has been exploring the field of agricultural information services. Adhering to its philosophy of “unearth the value of agriculture and create opportunities for agriculture”, wugu.com.cn progressively became a strong pioneer of information service platform in the industry. During the period under review, wugu.com.cn and Beijing Municipal Commission of Rural Affairs reached an intention of strategic cooperation on “One Village, One Product (一村一品)” multi-screen mutually beneficial integrated communications. It practically explored marketing for local agricultural products from the origin. It was recognized as the “Advanced Unit of Social Power Participating in Building a New Socialist Countryside” (社會力量參與社會主義新農村建設之先進集體) in Beijing. Meanwhile, specialised offline activities of wugu.com.cn played a solid role in the industry and built synergy with the Group’s TV media advertising sales team of agriculture programmes.

II. Content Operations

During the period under review, despite the impact of the cutback of advertising spending, the Group’s advertising and creative content production team leveraged on its creativity and actively participated in the bidding of visual projects of tourist destinations and various enterprises. The team provided creative and film production of promotional videos for Yiwu Municipal Publicity Department, Administrative Committee of Jiuhuashan, China United Property Insurance Company Limited and Beijing Zhong Fu Le Cai Technology Co., Ltd. (北京中福樂彩科技有限公司).

Moreover, the Group’s Public Service Brand Operation Center continued its support for the “SinoMedia’s Charity” project with an aim to deliver public service philosophy and promote public service in daily life. Also, original public service works served as a rock-steady bridge to demonstrate positive energy for public welfare. During the period under review, public service advertisements “Come Home — Stay Together” and “Say No to Secondhand Smoke — a Portrait of Dad” under the “SinoMedia’s Charity” project were granted the First Prize and Second Prize of Beijing PSA Selected Works respectively.

FINANCIAL REVIEW

Revenue and Profit Attributable to the Equity Shareholders of the Company

For the six months ended 30 June 2015, the Group recorded revenue of RMB619,010 thousand, representing a decrease of 26% from RMB836,428 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 RMB598,437 thousand, a decrease of 24% from RMB787,454 thousand for the same period last year. Such decrease in revenue was mainly attributable to the budget cutback by advertisers and the dispersed spending on advertising placement due to the impact of the slowdown in domestic macroeconomic growth. Consequently, the Group's sales of advertising resources in terms of minutes sold and average sales rate decreased as compared with the same period last year. During the second half of the year, the Group will promote its sales by means of targeted media promotions and optimized media portfolio, thus enhancing the revenue of this business segment.
- II. Turnover recorded from integrated brand communication services was RMB590,416 thousand, a decrease of 43% from RMB1,031,986 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, no revenue was generated from this business for the first half of the year. The commission income receivable from the media suppliers will be recognised in the second half of the year. As a result of the cutback of advertising budget by clients, the turnover of this business decreased from the same period last year. In order to increase the revenue of this business segment, the Group will further optimize its clientele structure, broaden its industry coverage, enhance its professional services and capture more quality clients.
- III. Revenue recorded from Internet media and content operations was RMB8,287 thousand in total, down 63% from RMB22,146 thousand for the same period last year. Revenue from creative production of commercial advertisements recorded a decrease as compared with the same period last year due to the influence of the reduction in the contract amount and number of contracts with clients. Yet, the Group actively acquired new clientele resources through bidding while maintaining its existing clientele. In the mean time, the Group will continue to intensify its efforts and promotion on its internet projects, explore mutual interests of its internet users, thus increasing the contribution of the revenue from the internet platform operation to the overall revenue of the Group.
- IV. Rental income was RMB22,930 thousand, down 21% from RMB28,862 thousand for the same period last year. As a part of the office premises was temporarily vacant owing to the change of tenants, revenue from this business slightly decreased from the same period last year.

Management Discussion and Analysis

During the period under review, both the revenue from core businesses and gross profit margin decreased from the same period last year, but the costs and expenses were properly controlled. The profit attributable to equity shareholders of the Company for the six months ended 30 June 2015 amounted to RMB35,433 thousand, representing a year-on-year decrease of 80% from RMB179,214 thousand for the same period last year.

Operating Expenses

For the six months ended 30 June 2015, the Group's operating expenses were RMB71,292 thousand in aggregate, representing a year-on-year decrease of 14% from RMB82,721 thousand for the same period last year, and accounted for 11.5% of the Group's revenue (the same period last year: 9.9%). The Group maintained stable budget management for operating expenses, while total operating expenses and the ratio of expenses remained at a reasonable level.

Operating expenses include the followings:

- I. Selling and marketing expenses amounted to RMB20,364 thousand, showing a decrease of approximately RMB7,537 thousand from RMB27,901 thousand for the same period last year, and accounted for 3.3% of the Group's revenue (the same period last year: 3.3%). The decrease in selling and marketing expenses was mainly due to: (1) the decrease of approximately RMB4,858 thousand in the performance-based pay for marketing personnel incurred by the decline in revenue; and (2) the Group's strict budget control on expenses such as promotional and marketing expenses, conference expenses, entertainment expenses and travelling expenses, which decreased by approximately RMB3,341 thousand from the same period last year.
- II. General and administrative expenses amounted to RMB50,928 thousand, representing a decrease of approximately RMB3,892 thousand from RMB54,820 thousand for the same period last year, and accounted for 8.2% of the Group's revenue (same period last year: 6.6%). The decrease in general and administrative expenses was mainly due to the fact that: (1) as the Group's results in 2014 fell below the original expectation, labor costs like year-end bonuses for non-marketing staff were reduced correspondingly, representing a decrease of approximately RMB4,045 thousand over the same period last year; (2) expenses such as the office expenses, travelling expenses and entertainment expenses reduced by approximately RMB2,119 thousand over the same period last year; (3) based on the principle of prudence, the Group conducted a revaluation on the goodwill of its internet media platforms generated through mergers and acquisitions. After proper assessment procedures, impairment amounted to RMB4,560 thousand was provided for goodwill.

Significant Investments, Acquisitions and Disposals

During the period under review, there were no significant investments, acquisitions or disposals by the Group.

Liquidity and Financial Resources

The Group continued to maintain a more adequate liquidity with overall healthy financial position. As at 30 June 2015, the Group's cash and bank balances amounted to RMB728,555 thousand (31 December 2014: RMB801,773 thousand), of which approximately 74% was denominated in Renminbi and the remaining 26% in HK dollars and other currencies. Bank time deposits maturing over three months held by the Group in Renminbi amounted to RMB31,100 thousand (31 December 2014: RMB30,692 thousand). As the Group's cash and bank balances was essentially flat as compared to the end of last year, the cash and bank balances were adequate for day-to-day business operations and were able to meet the requirements for funding future development. During the period, details of the cash flows status were as follows:

- I. Net cash outflow from operating activities was RMB72,061 thousand (RMB372,956 thousand for the same period last year). The net outflow was mainly attributable to: (1) hindered by the extension of the settlement cycle of advertising clients, trade debtors increased approximately RMB38,941 thousand over the end of last year; (2) as the media agency costs which should have been prepaid at the end of last year were deferred to 2015, the Group's prepayments to media suppliers of media agency costs increased by approximately RMB83,311 thousand over the end of last year. The Group will enhanced its collection efforts of long aging debtors and actively follow up on the overdue debts. Meanwhile, we strictly control the approval and management over delayed client payment for advertisements to maintain a healthy working capital;
- II. Net cash inflow from investing activities was RMB147,571 thousand (net cash outflow of RMB254,535 thousand for the same period last year), which was mainly attributable to the deposits pledged to the bank, which were included in the credit facilities secured by deposits in the Mainland China, amounting to approximately RMB147,705 thousand were matured;
- III. Net cash outflow from financing activities was RMB142,271 thousand (net cash inflow of RMB152,243 thousand for the same period last year), which was mainly the repayment of a short-term borrowing of RMB145,152 thousand obtained through credit facilities secured by deposits in the Mainland China.

As at 30 June 2015, the Group's total assets amounted to RMB2,242,611 thousand, which consisted of equity attributable to equity shareholders of the Company of RMB1,577,751 thousand and non-controlling interests of RMB12,139 thousand. As at 30 June 2015, the Group did not have any bank loans.

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

Management Discussion and Analysis


Human Resources

As at 30 June 2015, the Group had a total of about 500 employees, a decrease from the beginning of the year. To encourage new and current staff to be innovative and pragmatic, the Group established several talent development and incentive plans. “Star Program” for sales and marketing was launched in the first half of the year and achieved outstanding results in developing and training talented salesmen, while Management Trainee Program was continued to develop to meet the demand of talents under the diversified business development of the Group. In addition, to focus on the main concern of the staff — career development and training, the Group enhanced its overall investment in professional training. As compared to the same period last year, the variety of training courses and the total training time were increased significantly, and the satisfaction of staff also continued to rise. At the same time, emphasis on the organisation and improvement of the career development path to establish a more comprehensive career development and planning for the Group’s employees. For talent introduction and incentives, the Group continued to provide employees with an incentive and remuneration policy that was competitive. Through accurate positioning and market research, the Group’s remuneration system were able to show strong market competitiveness in all segments, allowing more professionals to enjoy great opportunity for development and munificent rewards in the Group. We provided employees with splendid and flexible benefit schemes such as insurance, housing provident fund, medical check-ups, overseas travel, professional salon and holiday gifts; provided senior employees with Project Manager Training Program for integrated development as well as provided senior management team with EMBA learning and development plan. Accordingly, we satisfied diverse needs of employees in each stage of their career path and ultimately 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 22,653,500 units.

INDUSTRY AND GROUP OUTLOOK

According to ZenithOptimedia’s latest *Advertising Expenditure Forecasts 2015*, the estimated advertising expenditure in 2015 and 2016 were reduced by 0.5% and 0.3% respectively, due primarily to the deepening economic recession in Russia and other Eastern European countries as well as the slowdown in economic growth in China.

China’s economy started to enter a stable period after years of rapid growth. The advertising market in China slowed down accordingly, yet its growth rate is still maintained at a healthy level. According to CTR’s market research report, in early 2015, advertisers’ confidence on economic development and consumption was enhanced as compared with the same period last year. Regarding the allocation of marketing budget structure, the proportion of digital marketing and terminal promotion substantially increased and inter-media marketing was widely adopted by clients. In face of the limited budget for marketing expenses of clients, the total advertising spend in TV media as of April 2015 still represented the majority share of the whole advertising market at 87.51% (Source: Nielsen, May 2015) despite more challenges and pressures on traditional media, with TV as the dominant player, as compared to other new marketing approaches.



Accordingly, adhering to its established strategies, the Group strives to establish a “TV + Internet” inter-screen communication platform. The Group commits to provide clients with leading and excellent marketing proposals as well as swiftly dominant the market with our current projects in the areas of agriculture, tourism and healthy lifestyle. Specifically, starting in the second half of the year, the Group will proceed to integrate high-quality media resources and focus on the introduction of technology in order to achieve digital marketing as a whole. For agriculture, wugu.com.cn will be working on projects with the TV media advertising sales team specialising in agriculture to form core competitiveness. For tourism, pursuit further while the influence of lotour.com in the industry was greatly enhanced and further expands the market share. In terms of the concept of healthy lifestyle, boosj.com will focus on video communication with healthy lifestyle content and intend to develop the economic chain of healthy industry while building up popularity of the “boosj.com” brand.

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015 — unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Revenue		619,010	836,428
Cost of services		(498,687)	(577,239)
Gross profit		120,323	259,189
Other revenue	4	141	72,544
Selling and marketing expenses		(20,364)	(27,901)
General and administrative expenses		(50,928)	(54,820)
Profit from operations		49,172	249,012
Finance income	5(a)	17,166	9,568
Finance costs	5(a)	(8,884)	(2,793)
Net finance income		8,282	6,775
Share of (loss)/profit of associates		(80)	2,604
Profit before taxation		57,374	258,391
Income tax	6	(25,517)	(79,956)
Profit for the period		31,857	178,435
Attributable to:			
Equity shareholders of the Company		35,433	179,214
Non-controlling interests		(3,576)	(779)
Profit for the period		31,857	178,435
Earnings per share	7		
Basic earnings per share (RMB)		0.062	0.319
Diluted earnings per share (RMB)		0.061	0.308

The notes on pages 18 to 30 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 2015 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Profit for the period	31,857	178,435
Other comprehensive income for the period (after tax and reclassification adjustments)	(6,457)	1,421
Items that may be reclassified subsequently to profit or loss: Exchange differences on translation of financial statements of the Company and overseas subsidiaries	(6,457)	1,421
Other comprehensive income for the period	(6,457)	1,421
Total comprehensive income for the period	25,400	179,856
Attributable to:		
Equity shareholders of the Company	28,976	180,635
Non-controlling interests	(3,576)	(779)
Total comprehensive income for the period	25,400	179,856

The notes on pages 18 to 30 are an integral part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2015 — unaudited
(Expressed in Renminbi)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current assets			
Property, plant and equipment	8	266,637	272,555
Investment property	8	622,551	629,949
Intangible assets		39,278	39,955
Goodwill	9	13,455	18,015
Interest in associate		6,770	6,850
Trade and other receivables	10	2,250	2,550
Deferred tax assets		2,256	6,186
		953,197	976,060
Current assets			
Other current financial asset		—	4,157
Trade and other receivables	10	525,281	427,567
Restricted deposits		4,478	152,183
Time deposits with original maturity over three months		31,100	30,692
Cash and cash equivalents	11	728,555	801,773
		1,289,414	1,416,372
Current liabilities			
Trade and other payables	12	629,422	517,855
Bank loans		—	145,152
Current taxation		21,384	49,571
Other current financial liability		—	534
		650,806	713,112
Net current assets		638,608	703,260
Total assets less current liabilities		1,591,805	1,679,320
Non-current liability			
Deferred tax liability		1,915	—
NET ASSETS		1,589,890	1,679,320

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
CAPITAL AND RESERVES		
Share capital	510,981	500,734
Reserves	1,066,770	1,168,674
Total equity attributable to equity shareholders of the Company	1,577,751	1,669,408
Non-controlling interests	12,139	9,912
TOTAL EQUITY	1,589,890	1,679,320

The notes on pages 18 to 30 are an integral part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 — unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Statutory reserve	Translation reserve	Other reserves	Retained profits	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 January 2014	172	485,213	22	27,669	82,632	(4,586)	(9,338)	896,366	1,478,150	27,216	1,505,366	
Changes in equity for the six months ended 30 June 2014:												
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	
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	68	68	
Dividends declared in respect of the previous period (note 13(a))	–	–	–	–	–	–	–	(147,908)	(147,908)	–	(147,908)	
Transition to no-par value regime	494,463	(494,441)	(22)	–	–	–	–	–	–	–	–	
Shares issued under share option scheme	1	9,228	–	(2,864)	–	–	–	–	6,365	–	6,365	
Balance at 30 June 2014	494,636	–	–	26,217	82,632	(3,165)	(9,338)	927,672	1,518,654	26,505	1,545,159	
Changes in equity for the six months ended 31 December 2014:												
Profit for the period	–	–	–	–	–	–	–	127,357	127,357	94	127,451	
Other comprehensive income	–	–	–	–	–	1,880	–	–	1,880	–	1,880	
Total comprehensive income for the period	–	–	–	–	–	1,880	–	127,357	129,237	94	129,331	
Equity-settled share-based transactions	–	–	–	701	–	–	–	–	701	–	701	
Contribution from non-controlling interests	–	–	–	167	–	–	–	–	167	–	167	
Acquisition of non-controlling interests	–	–	–	–	–	–	11,646	4,681	16,327	(16,327)	–	
Dividends declared in respect of the current period	–	–	–	–	–	–	–	–	–	(360)	(360)	
Appropriation to reserves	–	–	–	–	7,842	–	–	(7,842)	–	–	–	
Shares issued under share option scheme	6,098	–	–	(1,776)	–	–	–	–	4,322	–	4,322	
Balance at 31 December 2014	500,734	–	–	25,309	90,474	(1,285)	2,308	1,051,868	1,669,408	9,912	1,679,320	
Balance at 1 January 2015	500,734	–	–	25,309	90,474	(1,285)	2,308	1,051,868	1,669,408	9,912	1,679,320	
Changes in equity for the six months ended 30 June 2015:												
Profit for the period	–	–	–	–	–	–	–	35,433	35,433	(3,576)	31,857	
Other comprehensive income	–	–	–	–	–	(6,457)	–	–	(6,457)	–	(6,457)	
Total comprehensive income for the period	–	–	–	–	–	(6,457)	–	35,433	28,976	(3,576)	25,400	
Equity-settled share-based transactions	–	–	–	(558)	–	–	–	–	(558)	–	(558)	
Adjustment of non-controlling interests	–	–	–	–	–	–	–	(5,803)	(5,803)	5,803	–	
Dividends declared in respect of the current period	–	–	–	–	–	–	–	(121,848)	(121,848)	–	(121,848)	
Shares issued under share option scheme	10,247	–	–	(2,671)	–	–	–	–	7,576	–	7,576	
Balance at 30 June 2015	510,981	–	–	22,080	90,474	(7,742)	2,308	959,650	1,577,751	12,139	1,589,890	

The notes on pages 18 to 30 are an integral part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2015 — unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Operating activities			
Cash used in operations		(24,202)	(272,878)
Tax paid		(47,859)	(100,078)
Net cash used in operating activities		(72,061)	(372,956)
Investing activities			
Payment for purchase of property, plant and equipment		(10,589)	(81,742)
Proceeds from/(Payment of) restricted cash		147,705	(146,225)
Other cash flows arising from investing activities		10,455	(26,568)
Net cash generated from/(used in) investing activities		147,571	(254,535)
Financing activities			
(Repayment of)/Proceeds from bank loans		(145,152)	146,050
Other cash flows arising from financing activities		2,881	6,193
Net cash (used in)/generated from financing activities		(142,271)	152,243
Net decrease in cash and cash equivalents		(66,761)	(475,248)
Cash and cash equivalents at 1 January	11	801,773	1,070,106
Effect of foreign exchange rates changes		(6,457)	1,386
Cash and cash equivalents at 30 June	11	728,555	596,244

The notes on pages 18 to 30 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”) 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 19 August 2015.

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 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies as required by accounting standards are set out in note 2. In addition, the 2015 annual financial statements will be the first issued financial statements in which the group makes an explicit and unreserved statement of compliance with HKFRSs in order to comply with section 380 of the Hong Kong Companies Ordinance (Cap. 622). Therefore, in preparing this interim financial report management has given due consideration to the requirements of HKFRS 1, *First-time Adoption of Hong Kong Financial Reporting Standards*.

For this purpose the date of the Group’s transition to HKFRSs was determined to be 1 January 2014, being the beginning of the earliest period for which the Group presents full comparative information in this interim financial report and will present comparative information in the annual financial statements for the year ending 31 December 2015. With due regard to the Group’s accounting policies in previous periods and the requirements of HKFRS 1, management has concluded that no adjustments were required to the amounts reported under IFRSs as at the date of transition to HKFRSs or in respect of the six months ended 30 June 2015. Accordingly, this interim financial report continues to include a statement of compliance with IAS 34 as well as including for the first time a statement of compliance with HKAS 34, without adjustment to the Group’s financial position, the Group’s financial performance or cash flows either at the date of transition to HKFRSs or at the end of the latest period presented in accordance with IFRSs.

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 2014 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.

1 BASIS OF PREPARATION (CONTINUED)

The financial information relating to the financial year ended 31 December 2014 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 2014 to the Registrar of Companies in accordance with 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 (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap.32)).

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. The equivalent amendments to HKFRSs consequently issued by the HKICPA as a result of these developments have the same effective date as those issued by the IASB and are in all material aspects identical to the pronouncements issued by the IASB. Of these, the following developments are relevant to the Group's financial statements:

- Annual Improvements to IFRSs/HKFRSs 2010–2012 Cycle
- Annual Improvements to IFRSs/HKFRSs 2011–2013 Cycle

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT REPORTING

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

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

4 OTHER REVENUE

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Government grant	125	40,000
Gain on disposal of other non-current financial asset	—	32,500
Others	16	44
	141	72,544

5 PROFIT BEFORE TAXATION

(a) Finance income and costs

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Interest income on bank deposits	12,495	8,861
Net foreign exchange gain	4,137	306
Changes in fair value of derivative financial instruments	534	401
Finance income	17,166	9,568
Changes in fair value of derivative financial instruments	(4,157)	(832)
Others	(4,727)	(1,961)
Finance costs	(8,884)	(2,793)
Net finance income	8,282	6,775

5 PROFIT BEFORE TAXATION (CONTINUED)

(b) Other items

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Amortisation	2,308	1,911
Depreciation	13,626	14,820
Impairment losses on bad and doubtful accounts	(1,028)	(81)

6 INCOME TAX

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Current tax — PRC Income tax	19,672	67,680
Deferred taxation	5,845	12,276
	25,517	79,956

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 2015 and 2014.

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 2015 and 2014.

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 2015 (six months ended 30 June 2014: 15%).

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

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 RMB35,433 thousand (six months ended 30 June 2014: RMB179,214 thousand) and the weighted average number of ordinary shares of 568,918,987 (2014: 562,428,531 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 RMB35,433 thousand (six months ended 30 June 2014: RMB179,214 thousand) and the weighted average number of ordinary shares of 578,814,259 (2014: 581,550,955 shares).

8 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment with a cost of RMB506 thousand (six months ended 30 June 2014: RMB1,198 thousand) and not acquired any items of investment property (six months ended 30 June 2014: RMB125 thousand). Items of property, plant and equipment with a net book value of RMB196 thousand were disposed of during the six months ended 30 June 2015, resulting in a loss on disposal of RMB196 thousand (six months ended 30 June 2014: nil).

9 GOODWILL

	The Group RMB'000
Cost	
At 1 January 2014, 31 December 2014 and 30 June 2015	23,644
Accumulated impairment losses	
At 1 January 2014	—
Impairment loss	5,629
At 31 December 2014	5,629
At 1 January 2015	5,629
Impairment loss	4,560
At 30 June 2015	10,189
Carrying amount	
At 30 June 2015	13,455
At 31 December 2014	18,015

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

10 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 2015 RMB'000	At 31 December 2014 RMB'000
Non-current assets		
Trade and other receivables	2,250	2,550
Current assets		
Within 3 months	51,749	52,111
3 to 6 months	31,103	29,675
6 to 12 months	37,875	1,134
Over 12 months	78,030	80,387
Total trade and bills receivable	198,757	163,307
Less: allowance for doubtful debts	(70,052)	(71,080)
Trade and bills receivable, net of allowance for doubtful debts	128,705	92,227
Prepayments and deposits to media suppliers	366,025	291,904
Advances to employees	4,067	2,372
Other debtors and prepayments	36,730	51,310
Less: allowance for doubtful debts of other debtors	(10,246)	(10,246)
	525,281	427,567
	527,531	430,117

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.

11 CASH AND CASH EQUIVALENTS

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Cash and bank balances	764,133	984,648
Less:		
Time deposit with original maturity over three months	(31,100)	(30,692)
Restricted deposits	(4,478)	(152,183)
Cash and cash equivalents	728,555	801,773

12 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 2015 RMB'000	At 31 December 2014 RMB'000
Due within 3 months	6	326
Due after 3 months but within 6 months	—	330
Due after 6 months but within 12 months	6,329	16,300
Total trade payables	6,335	16,956
Advances from customers	438,061	407,929
Payroll and welfare expenses payables	12,601	19,197
Other tax payables	6,778	16,587
Other payables and accrued charges	42,793	56,180
Dividends payable due to equity shareholders of the Company	121,848	—
Dividends payable due to non-controlling interests of a subsidiary	1,006	1,006
	629,422	517,855

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

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	
	2015 RMB'000	2014 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of approximately RMB10.64 cents per share (six months ended 30 June 2014: approximately RMB13.01 cents per share)	60,924	73,954
Special dividend in respect of the previous financial year, approved during the following interim period, of approximately RMB10.64 cents per share (six months ended 30 June 2014: approximately RMB13.01 cents per share)	60,924	73,954
	121,848	147,908

Dividends attributable to the previous financial year were fully paid in July 2015 (2014: July).

(b) Purchase of own shares

During the interim period ended 30 June 2015, the Company did not repurchase any of its own shares on The Stock Exchange of Hong Kong Limited.

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 at 30 June 2015 RMB'000	Fair value measurements as at 30 June 2015 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial asset				
Other non-current financial asset				
Available-for-sale equity securities				
– Ftuan.com	–	–	–	–

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)

(i) Fair value hierarchy (continued)

	Fair value at 31 December 2014 RMB'000	Fair value measurements as at 31 December 2014 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets				
Other current financial asset				
Derivative financial instrument				
– Foreign exchange forward	4,157	4,157	–	–
Other non-current financial asset				
Available-for-sale equity securities				
– Ftuan.com	–	–	–	–
Financial liability				
Other current financial liability				
Derivative financial instrument				
– Foreign exchange forward	534	534	–	–

During the six months ended 30 June 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: 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 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 2015 and 30 June 2014.

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

As at 30 June 2015, the Group and the Company did not have any significant capital commitments.

16 CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2015, the Group and the Company did not have any significant contingent assets and liabilities.

17 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with other related parties

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Rental of office	(i)	361	361

- (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 2015 and RMB361 thousand for the six months ended 30 June 2014. 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 2015 RMB'000	At 31 December 2014 RMB'000
	Rental of office	361

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 2015.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

18 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 10 June 2015, Golden Bridge International Culture Limited, Merger Holding Service Company Limited, United Marine Enterprise Company Limited, Digital Finance Service Company Limited and Sinomedia Investment Ltd. which are indirectly wholly-owned by Equity Trustee Limited, as trustee of certain discretionary trusts founded by Mr. Chen Xin and Ms. Liu Jinlan, have entered into a non-legally binding memorandum of understanding (the “MOU”) with an independent third party (“Independent Third Party”). Pursuant to the MOU, the Independent Third Party or its nominee(s) intends to purchase the shares in the issued share capital of the Company, which represent approximately 53.4% of the total issued share capital of the Company (“Proposed Transaction”).

The Group may undertake an asset reorganisation (“Asset Reorganisation”) before or upon completion of the Proposed Transaction. Upon to the interim financial report date, the Proposed Transaction and the Asset Reorganisation are still in negotiation with the Independent Third Party.

Other Information

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

As at 30 June 2015, 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 (Note 2)	4,400,000	261,828,169	45.69%
Chen Xin	Founder of discretionary trust and beneficiary of trust	257,428,165 (Note 3)	—	257,428,165	44.92%
Li Zongzhou	Beneficial interest	—	2,500,000	2,500,000	0.44%
Qi Daqing	Beneficial interest	—	260,000	260,000	0.05%
Lian Yuming	Beneficial interest	—	200,000	200,000	0.03%
Wang Xin	Beneficial interest	—	200,000	200,000	0.03%

Notes:

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

Other Information

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 2015, 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 2015 was 22,653,500 shares which represented approximately 4% of the issued share capital of the Company as at 30 June 2015.

SHARE OPTION SCHEMES (CONTINUED)

Movements of the share options under the share option schemes for the six months ended 30 June 2015 are as follows:

	No. of options outstanding as at 1 January 2015	No. of options granted during the period	No. of options exercised during the period	No. of options forfeited during the period	No. of options outstanding as at 30 June 2015	Date of grant	Exercise price	Exercise period
Directors								
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
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
Employees								
in aggregate	6,288,000	—	(128,000)	(640,000)	5,520,000	4 July 2007 to 7 March 2008	RMB1.56	Note 1
	400,000	—	—	—	400,000	17 September 2009	HKD1.49	Note 3
	7,705,500	—	(3,682,000)	—	4,023,500	2 July 2010	HKD1.84	Note 4
	125,000	—	—	(125,000)	—	22 November 2010	HKD2.82	Note 4
	713,000	—	(63,000)	—	650,000	6 December 2010	HKD2.88	Note 4
	395,000	—	—	(75,000)	320,000	29 August 2011	HKD2.62	Note 4
	800,000	—	—	—	800,000	9 January 2012	HKD2.36	Note 4
	820,000	—	(300,000)	(80,000)	440,000	11 September 2012	HKD3.22	Note 4
	620,000	—	(80,000)	(160,000)	380,000	12 April 2013	HKD4.31	Note 4
	1,680,000	—	—	(200,000)	1,480,000	19 July 2013	HKD6.86	Note 4
	1,080,000	—	—	—	1,080,000	10 September 2014	HKD5.50	Note 4

Other Information

SHARE OPTION SCHEMES (CONTINUED)

Notes:

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

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

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

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

3. A holder of Post-IPO Options may exercise a maximum of 25% of the total number of the Post-IPO Options granted from his acceptance of the Post-IPO Options. Subsequently, for every full year of continuous service with the Company, the holder may exercise a maximum of another 25% of the total number of the Post-IPO Options granted, up to eight years from the date of grant.
4. A holder of Post-IPO Options 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 2015, 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 ordinary shares held	% of total issued shares
Equity Trustee Limited	Trustee (<i>Note 1</i>)	304,914,821	53.21%
CLH Holding Limited	Corporate interest (<i>Note 2</i>)	209,941,513	36.63%

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.

Save as disclosed above, so far as known to the directors and chief executive of the Company, as at 30 June 2015, 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 2015, 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 2015, 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.

Other Information

CORPORATE GOVERNANCE PRACTICES (CONTINUED)

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, the independent non-executive director of the Company, he was not able to be present at the annual general meeting of the Company held on 10 June 2015.

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 2015.

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 2015, including the accounting principles and practices adopted by the Group.