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**SinoMedia**<sup>®</sup>

**SINOMEDIA HOLDING LIMITED**

**中視金橋國際傳媒控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 00623)

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**FINANCIAL SUMMARY**

<i>RMB'000</i>	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Change (%)
Revenue	603,029	542,545	+11%
Profit from operations	58,934	31,279	+88%
Profit attributable to equity shareholders of the Company	40,662	12,389	+228%
Earnings per share — Basic and diluted ( <i>RMB</i> )	0.087	0.025	+248%

**REVENUE**

<i>RMB'000</i>	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Change (%)
TV media resources management	468,515	435,921	+7%
Content operations and Other integrated communication services	41,430	27,235	+52%
Digital marketing and Internet media	65,023	51,934	+25%
Rental income	32,445	32,242	+1%
Sales taxes and surcharges	(4,384)	(4,787)	-8%
	<u>603,029</u>	<u>542,545</u>	

The board of directors (the “Board”) of SinoMedia Holding Limited (“SinoMedia” or the “Company”) announces the unaudited results and financial position of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021, with comparative figures for previous period.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Unaudited Six months ended 30 June 2021 RMB'000	Unaudited 30 June 2020 RMB'000
Revenue		603,029	542,545
Cost of services		<u>(506,719)</u>	<u>(499,877)</u>
<b>Gross profit</b>		<b>96,310</b>	42,668
Other revenue	4	5,054	55,914
Selling and marketing expenses		(15,543)	(16,078)
General and administrative expenses		<u>(26,887)</u>	<u>(51,225)</u>
<b>Profit from operations</b>		<b>58,934</b>	31,279
Finance income	5	7,388	6,495
Finance costs	5	<u>(104)</u>	<u>(297)</u>
<b>Net finance income</b>		<u>7,284</u>	6,198
Share of profits less losses of associates and joint ventures		<u>(212)</u>	—
<b>Profit before taxation</b>	5	<b>66,006</b>	37,477
Income tax	6	<u>(25,183)</u>	<u>(25,159)</u>
<b>Profit for the period</b>		<u><b>40,823</b></u>	<u>12,318</u>
Attributable to:			
Equity shareholders of the Company		40,662	12,389
Non-controlling interests		<u>161</u>	<u>(71)</u>
		<u><b>40,823</b></u>	<u>12,318</u>
<b>Earnings per share</b>			
Basic and diluted (RMB)	7	<b>0.087</b>	0.025

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Unaudited Six months ended 30 June 2021 RMB'000	Unaudited 2020 RMB'000
<b>Profit for the period</b>	<b>40,823</b>	12,318
<b>Other comprehensive income</b>		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income — net movement in fair value reserve (non-recycling)	<b>50,714</b>	—
Item that may be reclassified subsequently to profit or loss:		
Exchange translation differences	<u>(3,877)</u>	<u>2,990</u>
Other comprehensive income for the period	<u><b>46,837</b></u>	<u>2,990</u>
<b>Total comprehensive income for the period</b>	<u><b>87,660</b></u>	<u><b>15,308</b></u>
Attributable to:		
Equity shareholders of the Company	<b>87,499</b>	15,379
Non-controlling interests	<u><b>161</b></u>	<u>(71)</u>
	<u><b>87,660</b></u>	<u><b>15,308</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		Unaudited At 30 June 2021 RMB'000	Audited At 31 December 2020 RMB'000
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	8	215,549	219,620
Investment property	8	554,765	562,511
Intangible assets		5,229	5,654
Interests in associates and joint ventures		14,638	—
Other non-current financial assets	9	230,213	203,425
		<u>1,020,394</u>	<u>991,210</u>
<b>Current assets</b>			
Inventories		7,611	—
Trade and other receivables	10	201,987	240,685
Restricted bank deposits		884	882
Time deposits with original maturity over three months		—	53,023
Cash and cash equivalents		851,883	788,084
		<u>1,062,365</u>	<u>1,082,674</u>
<b>Current liabilities</b>			
Trade and other payables	11	98,519	92,189
Contract liabilities	12	266,461	300,190
Lease liabilities		1,206	1,132
Current taxation		22,949	41,210
		<u>389,135</u>	<u>434,721</u>
<b>Net current assets</b>		<u><u>673,230</u></u>	<u><u>647,953</u></u>
<b>Total assets less current liabilities</b>		<u><u>1,693,624</u></u>	<u><u>1,639,163</u></u>

	<b>Unaudited</b>	Audited
	<b>At 30 June</b>	At 31 December
	<b>2021</b>	2020
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current liabilities</b>		
Lease liabilities	1,824	2,448
Deferred tax liabilities	<u>21,643</u>	<u>14,934</u>
	<u>23,467</u>	<u>17,382</u>
<b>NET ASSETS</b>	<b><u>1,670,157</u></b>	<b><u>1,621,781</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	510,981	510,981
Reserves	<u>1,166,183</u>	<u>1,117,368</u>
<b>Total equity attributable to equity shareholders of the Company</b>	<b><u>1,677,164</u></b>	<b><u>1,628,349</u></b>
Non-controlling interests	<u>(7,007)</u>	<u>(6,568)</u>
<b>TOTAL EQUITY</b>	<b><u>1,670,157</u></b>	<b><u>1,621,781</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2021 of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”), International Accounting Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the requirements of the Hong Kong Companies Ordinance. As Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong, are derived from and consistent with IFRSs, these financial statements also comply with HKFRSs. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements.

## 2 Changes in accounting policies

The Group has applied the following amendments to IFRS/HKFRSs issued by the IASB/HKICPA to these financial statements for the current accounting period:

- Amendment to IFRS/HKFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to IFRS/HKFRS 9, IAS/HKAS 39, IFRS/HKFRS 7, IFRS/HKFRS 4 and IFRS/HKFRS 16, *Interest Rate Benchmark Reform — Phase 2*

The application of the amendments has had no material impact on the Group’s financial results and financial position for the current and prior periods. The Group has not applied any new standard or amendment to standard 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.

#### 4 Other revenue

	Unaudited Six months ended 30 June 2021 RMB'000	Unaudited 2020 RMB'000
Unrealised (losses)/gains on other financial assets	(4,737)	30,698
Gains on disposal of other financial assets	4,523	16,743
Government grant	4,616	7,374
Others	652	1,099
	<u>5,054</u>	<u>55,914</u>

#### 5 Profit before taxation

	Unaudited Six months ended 30 June 2021 RMB'000	Unaudited 2020 RMB'000
<b>(a) Finance income</b>		
Interest income on bank deposits	7,293	6,495
Net foreign exchange gain	95	—
	<u>7,388</u>	<u>6,495</u>
<b>(b) Finance costs</b>		
Net foreign exchange loss	—	(262)
Interest on lease liabilities	(81)	(8)
Others	(23)	(27)
	<u>(104)</u>	<u>(297)</u>
<b>(c) Other items</b>		
Amortisation	426	1,833
Depreciation	12,165	12,695
Impairment losses for doubtful debts	2,317	24,428
Research and development costs	1,215	280

## 6 Income tax

	Unaudited Six months ended 30 June 2021 RMB'000	Unaudited 2020 RMB'000
Current tax — PRC income tax	15,995	8,130
Current tax — HK profit tax	2,384	—
Deferred taxation	6,804	17,029
	<u>25,183</u>	<u>25,159</u>

The provision for profits tax and deferred tax of the Company is based on the applicable rates on the estimated assessable profits in accordance with the relevant income tax rules and regulations of the Hong Kong. Hong Kong implements two-tiered profits tax rate. The first HKD2 million of assessable profits earned by a corporation will be taxed at half of the current tax rate (i.e. 8.25%) whilst the remaining profits will continue to be taxed at 16.5%.

No provision has been made for Hong Kong profits tax and Singapore income tax as the Company's subsidiaries in Hong Kong and 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 2021 and 2020.

The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of the Group entities in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. Beijing Lotour Huicheng Internet Technology Company Limited (“Lotour Huicheng”), Pinmu Ronghe Business Management (Shanghai) Company Limited (“Pinmu Ronghe”) and Beijing Laite Laide Management Consultancy Company Limited (“Laite Laide”) are at a preferential rate of 20% as a small meager-profit enterprise. Except for the Company and its subsidiaries in Hong Kong and Singapore, Lotour Huicheng, Laite Laide and Pinmu Ronghe, applicable income tax rate of other Group entities in the PRC is the statutory tax rate of 25%.

## 7 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June 2021	Unaudited 2020
Profit attributable to equity shareholders of the Company (RMB'000)	40,662	12,389
Weighted average number of ordinary shares in issue ('000 shares)	465,404	488,882
Earnings per share (RMB)	0.087	0.025

There were no potential dilutive shares for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).



## 8 Property, plant and equipment and Investment property

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment with a cost of RMB396 thousand (six months ended 30 June 2020: RMB3,140 thousand) and did not acquire any items of investment property (six months ended 30 June 2020: nil). Items of property, plant and equipment with a net book value of RMB29 thousand were disposed of during the six months ended 30 June 2021, resulting in a gain on disposal RMB4 thousand (six months ended 30 June 2020: RMB39 thousand).

## 9 Other non-current financial assets

	<i>Notes</i>	<b>Unaudited At 30 June 2021 RMB'000</b>	<b>Audited At 31 December 2020 RMB'000</b>
Financial assets measured at fair value through profit or loss (FVPL)			
— Equity securities listed in Hong Kong	(i)	<b>56,388</b>	81,425
Equity securities designated at fair value through other comprehensive income (FVOCI)			
— Equity securities not held for trading	(ii)	<b>173,825</b>	122,000
		<b><u>230,213</u></b>	<b><u>203,425</u></b>

- (i) As at 30 June 2021, the Group holds approximately 0.05% shares of China Feihe Limited (stock code: 6186) and designated the investment at FVPL. Dividends received on this investment were HKD641 thousand (equivalent RMB536 thousand) during the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

The Group disposed 1,284,000 shares of China Feihe Limited in January 2021 with net proceeds of approximately HKD28,723 thousand, equivalent to approximately RMB23,900 thousand, and recognised gains on disposal of approximately RMB4,523 thousand.

- (ii) The unlisted equity securities are shares in Shanghai Bloks Technology Group Co., Ltd. (formerly known as Shanghai Putao Technology Co., Ltd.) and Shanghai Boyou Metal Products Co., Ltd. The Group obtained 10% equity interests of Shanghai Boyou Metal Products Co., Ltd. with RMB1,111 thousand during the period. The Group designated these investments at FVOCI (non-recycling), as the investments are held for strategic purposes.

The fair value of the unlisted equity securities increased by RMB50,714 thousand during the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## 10 Trade and other receivables

	<b>Unaudited</b> <b>At 30 June</b> <b>2021</b> <i>RMB'000</i>	Audited At 31 December 2020 <i>RMB'000</i>
Within 3 months	54,993	58,444
3 months to 6 months	8,467	16,486
6 months to 12 months	2,965	7,620
Over 12 months	74	147
	<hr/>	<hr/>
Trade and bills receivable, net of allowance for doubtful debts	66,499	82,697
Prepayments and deposits to media suppliers	124,974	148,690
Advances to employees	2,850	3,047
Other debtors and prepayments	7,664	6,251
	<hr/>	<hr/>
	<b>201,987</b>	<b>240,685</b>
	<hr/> <hr/>	<hr/> <hr/>

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 Trade and other payables

	<b>Unaudited</b> <b>At 30 June</b> <b>2021</b> <i>RMB'000</i>	Audited At 31 December 2020 <i>RMB'000</i>
Within 3 months	27,158	12,049
3 months to 6 months	2,543	2,660
6 months to 12 months	7	79
Over 12 months	998	1,518
	<hr/>	<hr/>
Total trade payables	30,706	16,306
Payroll and welfare expenses payables	9,876	17,997
Other tax payables	5,384	8,153
Other payables and accrued charges	49,653	48,473
Dividends payable	2,900	1,260
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	<b>98,519</b>	<b>92,189</b>
	<hr/> <hr/>	<hr/> <hr/>

## 12 Contract Liabilities

	<b>Unaudited</b> <b>At 30 June</b> <b>2021</b> <b>RMB'000</b>	Audited At 31 December 2020 <b>RMB'000</b>
Media services contracts	<b>250,296</b>	283,503
Rental contracts	<b>16,165</b>	16,687
	<b><u>266,461</u></b>	<b><u>300,190</u></b>

Contract liabilities primarily arises from relates to the considerations received from customers before the Group satisfying performance obligations. It would be recognised as revenue upon the rendering of services.

## 13 Dividends

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

No interim dividend for the six months ended 30 June 2021 has been declared by the Company (six months ended 30 June 2020: nil).

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

	<b>Unaudited</b> <b>Six months ended 30 June</b> <b>2021</b> <b>RMB'000</b>	Unaudited 2020 <b>RMB'000</b>
Final dividend approved in respect of the previous financial year of approximately RMB7.50 cents per share (six months ended 30 June 2020: RMB2.20 cents per share)	<b><u>34,787</u></b>	<b><u>10,726</u></b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

The first half of 2021 saw a sustained recovery of economy due to the stable control of the pandemic in China and the support of national macroeconomic policies. Overcoming the negative impact of the pandemic in 2020, the advertising market showed a recovery growth overall. According to the market research report released by CTR Media Intelligence, the advertising market was active in the first quarter of 2021, and the advertising expenses of all media represented a year-on-year increase of 27.3%. However, with the marginal slowdown of economic recovery, the rebound of the advertising market gradually weakened in the second quarter. The TV advertising expenses of June 2021 represented a year-on-year increase of 0.5% and a month-on-month decrease of 6.6%. (Data source: CTR Media Intelligence, August 2021.)

## BUSINESS REVIEW

### TV Advertising and Content Operations

#### *I. TV Media Resources Management*

The Group kept strengthening its client development and service capabilities in TV advertising marketing, and optimizing its marketing strategies and media product portfolios to enhance its competitiveness. During the period under review, the Group had the exclusive underwriting right for a total of 61,516 minutes of China Media Group advertising resources on “News 30” (新聞30分) on CCTV-1 (General)/CCTV-News, “Focus Today” (今日關注) on CCTV-4 (Chinese International), CCTV-9 (Documentary Channel) and CCTV-14 (Children’s Channel). It covered the market of news, politics, culture and children, and brought diversified communication channels to clients.

#### *II. Content Operations*

The Group provided clients with comprehensive and professional commercial advertisement production services. During the period under review, the Group successively served China Feihe, Sinopec, PICC, Agricultural Development Bank, Hangzhou Guoguang, Zhengzhou Tourism and other clients, providing services involving graphic design, advertising video shooting, producing and editing.

The Group continued to develop its content marketing business centered on the R&D and production of video program content, and provide tailor-made creative video programs for clients, to realize the brand communication value of clients by means of content marketing. During the period under review, focusing on the marketing positioning of “parent-child companionship, joint growth and leading consumption”, the Group vigorously strengthened its creative planning expertise. Through live broadcast interaction, short video, content implantation, program planning, animation development and publicity activities, the Group provided creative content communication services to clients including SK Group, Chimelong Group, Aptamil, Nutrilon, Dettol, Reecen and Alpha Egg. At the same time, the Group integrated cooperation resources in the upstream and downstream of the consumption industry chain, and accelerated the expansion of market layout in the field of parent-child family consumption through the brand investment management business.

### ***III. Other Integrated Communication Services***

The Group has gained recognition from a large number of renowned clients for its professional and efficient communication services and the philosophy of caring services. During the period under review, the Group provided brand information, advertising placement, promotion planning, public relation activities and other multi-dimensional brand integration communication services to clients including China Feihe, Hubei Agricultural Products, Shanxi Herbal Tea, China Life Insurance, Ping An, Agricultural Development Bank, Angel Water Dispenser, Panpan Foods, and Xiaohongshu APP.

In respect of international business, the Group offered overseas clients with services including market promotion, media propaganda and creative planning in China. During the period under review, clients mainly included Tourism Toronto, Tourism Nova Scotia, Go Turkey Tourism and YTL Hotels.

## **Digital Marketing and Internet Media**

### ***I. Digital Marketing***

The Group enhanced its internet integrated service capability through big data and precision placement technologies, to offer clients with one-stop digital marketing solutions. Following the tendency of integrated media interaction, the Group expanded high-quality media resources and established ecological cooperation with hardware manufacturers, to strengthen the core competitiveness of digital marketing. During the period under review, the Group successively served China Feihe, BlueRiver Sheep Milk, GOME, Auratic, Langjiu, Empereur Tea, So-Young International Inc., China Southern Fund, China CITIC Bank and other clients, and was highly recognized and praised by the clients.

## **II. Internet Media**

www.boosj.com (播視網) of the Group, based on market changes and user needs, optimized the operation strategy of “video contents + offline activities” and kept strengthening the development of two vertical fields, namely parent-child talent training and healthy life of the middle-aged and elderly. The “Children’s Fun (童趣)” channel focused on building a video content system, interactive activity system and training service system specific to children’s talent; “Little Art (小藝術) +” and “Champion Kids (冠軍好兒女)” carried out IP cooperation to launch offline activities across the country. Catering to the fitness and entertainment needs of the middle-aged and elderly under the influence of the pandemic, Boosj Square Dancing channel launched high-quality original video programs about square dance, upgraded online teaching content, and improved user activity through community operation.

In the agricultural internet information service, www.wugu.com.cn (吾谷網) of the Group, continued to upgrade the public brands of the government-led agriculture sector. Through professional creative brand marketing and platform-based information communication services, the Group helped open up the supply and demand channels between agricultural products and consumers.

## **FINANCIAL REVIEW**

### **Revenue and Profit attributable to Equity Shareholders of the Company**

For the six months ended 30 June 2021, the Group recorded revenue of RMB603,029 thousand, representing a year-on-year increase of 11% over RMB542,545 thousand for the same period last year.

Details of revenue for the period under review are as follows:

- (i) Revenue from TV media resources management amounted to RMB468,515 thousand, representing a year-on-year increase of 7% over RMB435,921 thousand for the same period last year. The increase in revenue from this business was mainly due to: with the mitigating COVID-19 pandemic and the recovering macro economy in China, the sales of TV advertising in the first half of the year improved, with the sales duration and sales rate increasing as compared with the same period of last year. The advertising placement of clients in consumer goods, tourism and finance and insurance improved significantly as compared with the same period of last year. The Group will continue to consolidate its existing high-quality clients while working to develop new clients. Meanwhile, it will strengthen the training on advertising resources and case analysis for front line marketing personnel, to strive for a steady increase in annual sales revenue.

- (ii) Revenue from content operations and other integrated communication services amounted to RMB41,430 thousand, representing a year-on-year increase of 52% over RMB27,235 thousand for the same period last year, among which: (1) revenue from content operations amounted to RMB26,167 thousand, representing a year-on-year increase of 404% over RMB5,188 thousand for the same period last year. Revenue in this business was mainly generated from content creative marketing and commercial advertising production. During the period under review, the Group integrated diversified resources of parent-child brands and provided clients with creative content communication services such as product placement, image IP R&D and design, live streaming interactive program, short video and micro-recording, and recorded a significant increase in revenue from the same period last year; (2) revenue from other integrated communication services amounted to RMB15,263 thousand, representing a year-on-year decrease of 31% over RMB22,047 thousand for the same period last year. Affected by the commission settlement cycle of media suppliers, commission revenue of the period decreased as compared with the same period last year.
- (iii) Revenue from digital marketing and internet media amounted to RMB65,023 thousand, representing a year-on-year increase of 25% over RMB51,934 thousand for the same period last year, among which: (1) the Group's self-developed intelligent programming advertising placement platform operated steadily, and the advertising placement from existing high-quality clients increased as compared with the same period last year, leading to the increase in the revenue from digital marketing as compared with the same period last year; (2) the revenue from internet media remained flat as compared to the same period last year.
- (iv) Revenue from rental amounted to RMB32,445 thousand, representing a year-on-year increase of 1% over RMB32,242 thousand for the same period last year.

For the six months ended 30 June 2021, the profit attributable to equity shareholders of the Company was RMB40,662 thousand, representing an increase of approximately 228% over RMB12,389 thousand for the same period last year.

### **Operating Expenses**

For the six months ended 30 June 2021, the Group's operating expenses were RMB42,430 thousand in aggregate, representing a year-on-year decrease of 37% from RMB67,303 thousand for the same period of last year, and accounted for 7.0% of the Group's revenue (the same period of last year: 12.4%). The Group continuously strengthened and improved the comprehensive budget management for operating expenses, steadily implemented the measures for cost reduction and efficiency improvement, so as to enhance operating efficiency.

Among which:

- (i) Selling and marketing expenses amounted to RMB15,543 thousand, representing a year-on-year decrease of approximately RMB535 thousand from RMB16,078 thousand for the same period of last year, and accounted for 2.6% of the Group's revenue (the same period of last year: 3.0%).
- (ii) General and administrative expenses amounted to RMB26,887 thousand, showing a year-on-year decrease of approximately RMB24,338 thousand from RMB51,225 thousand in the same period of last year, and accounted for 4.4% of the Group's revenue (the same period of last year: 9.4%). The decrease of general and administrative expenses was mainly because: (1) the impairment loss of receivables decreased by approximately RMB22,111 thousand compared with the same period of last year; (2) amortisation of intangible assets decreased by approximately RMB1,400 thousand compared with the same period of last year.

## **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 2021, cash and bank balances amounted to RMB851,883 thousand (31 December 2020: RMB788,084 thousand), of which approximately 71% was denominated in RMB, 28% in HK dollars and the remaining 1% in other currencies. As at 30 June 2021, the Group had no bank time deposits with maturity over three months (31 December 2020: RMB53,023 thousand). During the period, details of the Group's cash flow status were as follows:

- (i) Net cash inflow from operating activities was RMB36,874 thousand (the same period of last year: RMB154,134 thousand), which was mainly because: (1) the balance of trade and bills receivable decreased by approximately RMB16,198 thousand compared with the end of last year; (2) the prepayment of media agency costs and deposits decreased by approximately RMB23,716 thousand compared with the end of last year, and (3) the payment of income tax, sales taxes and surcharges totaling approximately RMB49,723 thousand.
- (ii) Net cash inflow from investing activities was RMB68,426 thousand (the same period of last year: net cash outflow of RMB33,492 thousand), which was mainly attributable to (1) the time deposit with maturity over three months of approximately RMB53,023 thousand was due; (2) the proceeds from disposal of equity securities of approximately RMB23,900 thousand; (3) bank deposit interest received of approximately RMB7,293 thousand; and (4) payment of investment fund of approximately RMB15,961 thousand.



(iii) Net cash outflow from financing activities was RMB38,445 thousand (the same period of last year: RMB7,232 thousand), which was mainly attributable to the funds used for the buyback of the Company's shares of approximately RMB4,068 thousand, and the payment of the 2020 final dividend of approximately RMB33,747 thousand.

As at 30 June 2021, the Group's total assets amounted to RMB2,082,759 thousand, which consisted of equity attributable to equity shareholders of the Company of RMB1,677,164 thousand, and non-controlling interests of RMB-7,007 thousand.

As at 30 June 2021, the gearing ratio of the Group was 0 (31 December 2020: 0). The gearing ratio was calculated by dividing the sum of the period-end interest-bearing bank borrowings and other borrowings by the period-end total equity, and multiplying 100%. As at 30 June 2021, the Group had no interest-bearing debts.

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

## **HUMAN RESOURCES**

As at 30 June 2021, the Group had 195 employees in total, less than that at the beginning of the year. During the period under review, the Group continued to optimize the business structure, increase personnel for content marketing and digital marketing, control the number of positions for low-efficiency business segments, while at the same time reasonably increase the basic salary and performance bonus for professional positions in sales and marketing, and implemented dynamic performance related remuneration policies for all employees, so as to intensify the relevance between working results and personal interests. In the first half of the year, due to the cluster outbreaks of the pandemic in many places in China, the Group developed and organized targeted training strategies and programs, provided online and offline professional training sessions on media and brand communication, with an aim to comprehensively improve the employees' professional knowledge and practical capabilities. In addition to providing the mandated benefits, the Group continued to provide festival gift money to the elderly parents of employees, distributed loyal contribution award to employees who have served the Group for a long time, and held parent-child fun puzzle activities for employees. In order to align the personal interests of employees with those of shareholders, the Company granted share options to employees under share option schemes. Share options that were granted and remained unexercised as of the end of the period totaled 17,832,000 units.

## **INDUSTRY AND GROUP OUTLOOK**

According to the Purchasing Managers Index released by the Department of Service Statistics of NBS and China Federation of Logistics and Purchasing, in July 2021, the Purchasing Manager Index (PMI) of China's manufacturing industry was 50.4%, a decrease of 0.5 percentage point compared with last month; the business activity index of non-manufacturing industry was 53.3%, slightly lower than that of the previous month by 0.2 percentage point; the business activity index of the service industry was 52.5%, 0.2 percentage point higher than that of the previous month; the comprehensive PMI output index was 52.4%, down 0.5 percentage point from the previous month. It shows that China's economy as a whole continued to expand, but the pace of enterprise production and operation slowed down due to the unstable economic recovery foundation. (Source: National Bureau of Statistics, July 2021)

According to the "2021 Advertisers Marketing Survey Report" of CTR, advertisers scored the domestic economy, industry development prospects and corporate operations at a higher score than that in 2020 and 2019, showing that they maintained a certain confidence in the market outlook despite the uncertain economic situation.

As a leading comprehensive media operation group in China, the Group will integrate its strengths, continue to adjust and optimize its business structure, and strengthen its core competitiveness in creative communication and branding strategy to cope with the complex and changing economic environment and operating pressure. In respect to TV advertising, the Group will continue upholding the client-oriented product and service strategies and optimizing media resources to enhance the brand value of clients through the efficient communication of TV advertising. In respect to content operation, the Group will continue leveraging its experience and capabilities in video content creation and brand communication to further develop content marketing business centering video content R&D and production, and promote the in-depth combination of brand and creative content, and create brand empowerment for more growth-oriented consumer goods enterprises.

In respect to the digital marketing and internet media, the Group will increase investment, actively expanding quality media resources, and enhancing the online placement efficiency and brand influence with the expertise in precision communication. In addition, the Group will also accelerate the branding business in the industrial chain of children's growth and parent-child family consumption in order to promote the optimization of the Group's business structure and the increase in its corporate value for the medium to long term.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021.

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

During the six months ended 30 June 2021, the Company completed the buy-back of 4,728,000 ordinary shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate price of HKD4,849,050. The bought-back shares had been cancelled subsequently. The details of the bought-back shares are as follows:

<b>Date</b> ( <i>dd/mm/yyyy</i> )	<b>Number of shares bought-back</b>	<b>Highest Price</b> <i>HKD</i>	<b>Lowest Price</b> <i>HKD</i>	<b>Total paid</b> <i>HKD</i>
19/01/2021	582,000	0.92	0.91	532,220
20/01/2021	70,000	0.92	0.92	64,400
21/01/2021	312,000	0.93	0.92	290,140
22/01/2021	1,000,000	0.95	0.95	950,000
01/04/2021	430,000	1.07	1.06	459,600
07/04/2021	927,000	1.09	1.07	1,006,860
08/04/2021	237,000	1.10	1.09	259,830
16/04/2021	582,000	1.10	1.09	639,200
20/04/2021	64,000	1.10	1.10	70,400
21/04/2021	85,000	1.10	1.10	93,500
22/04/2021	35,000	1.10	1.10	38,500
23/04/2021	394,000	1.10	1.10	433,400
25/05/2021	10,000	1.10	1.10	11,000
	<u>4,728,000</u>			<u>4,849,050</u>

## CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2021, the Company had fully complied with all code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having been made specific enquiry, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2021.

## **REVIEW OF FINANCIAL INFORMATION**

The audit committee, together with the management of the Company, has reviewed the unaudited consolidated financial statements and the interim report for the six months ended 30 June 2021 of the Group, and the accounting principles and practices adopted by the Group.

By order of the Board  
**SinoMedia Holding Limited**  
**CHEN Xin**  
*Chairman*

Hong Kong, 31 August 2021

*As at the date of this announcement, the Board comprises Mr. Chen Xin, Ms. Liu Jinlan and Mr. Li Zongzhou as executive directors, and Mr. Qi Daqing, Ms. Ip Hung, Dr. Tan Henry and Dr. Zhang Hua as independent non-executive directors.*