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SinoMedia[®]

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 2020**

FINANCIAL SUMMARY

<i>RMB'000</i>	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change (%)
Revenue	542,545	656,714	-17%
Profit/(loss) from operations	31,279	(105,059)	>100%
Profit/(loss) attributable to equity shareholders of the Company	12,389	(96,792)	>100%
Earnings/(losses) per share			
— Basic and diluted (<i>RMB</i>)	0.025	(0.196)	>100%

REVENUE

<i>RMB'000</i>	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change (%)
TV media resources management	435,921	525,242	-17%
Integrated communication services and Content operations	27,235	50,687	-46%
Digital marketing and Internet media	51,934	56,101	-7%
Rental income	32,242	29,749	+8%
Sales taxes and surcharges	(4,787)	(5,065)	-5%
	<u>542,545</u>	<u>656,714</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 2020, with comparative figures for previous period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		Unaudited Six months ended 30 June 2020 RMB'000	Unaudited Six months ended 30 June 2019 RMB'000
Revenue		542,545	656,714
Cost of services		(499,877)	(694,798)
Gross profit/(loss)		42,668	(38,084)
Other revenue	4	55,914	2,114
Selling and marketing expenses		(16,078)	(26,750)
General and administrative expenses		(51,225)	(42,339)
Profit/(loss) from operations		31,279	(105,059)
Finance income	5(a)	6,495	8,456
Finance costs	5(a)	(297)	(106)
Net finance income		6,198	8,350
Profit/(loss) before taxation	5	37,477	(96,709)
Income tax	6	(25,159)	—
Profit/(loss) for the period		12,318	(96,709)
Attributable to:			
Equity shareholders of the Company		12,389	(96,792)
Non-controlling interests		(71)	83
		12,318	(96,709)
Earnings/(losses) per share			
Basic and diluted (RMB)	7	0.025	(0.196)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Unaudited Six months ended 30 June 2020 RMB'000	Unaudited Six months ended 30 June 2019 RMB'000
Profit/(loss) for the period	12,318	(96,709)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss: Exchange translation differences	<u>2,990</u>	<u>(79)</u>
Other comprehensive income/(loss) for the period	<u>2,990</u>	<u>(79)</u>
Total comprehensive income/(loss) for the period	<u>15,308</u>	<u>(96,788)</u>
Attributable to:		
Equity shareholders of the Company	<u>15,379</u>	<u>(96,871)</u>
Non-controlling interests	<u>(71)</u>	<u>83</u>
	<u>15,308</u>	<u>(96,788)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

		Unaudited	Audited
		At 30 June	At 31 December
		2020	2019
	<i>Note</i>	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	8	222,577	224,944
Investment property		573,113	580,859
Intangible assets		14,585	16,399
Goodwill		6,002	6,002
Interests in associates		2,527	4,362
Other non-current financial assets	9	197,524	195,172
Trade and other receivables	10	1,362	1,587
		<u>1,017,690</u>	<u>1,029,325</u>
Current assets			
Other current financial assets		200	2,200
Trade and other receivables	10	152,006	328,203
Time deposits with original maturity over three months		37,451	30,436
Cash and cash equivalents		697,471	583,677
		<u>887,128</u>	<u>944,516</u>
Current liabilities			
Trade and other payables	11	106,287	169,132
Contract liabilities		181,579	193,105
Lease liabilities		445	1,201
Current taxation		19,696	29,300
		<u>308,007</u>	<u>392,738</u>
Net current assets		<u><u>579,121</u></u>	<u><u>551,778</u></u>
Total assets less current liabilities		<u><u>1,596,811</u></u>	<u><u>1,581,103</u></u>

	Unaudited At 30 June 2020 RMB'000	Audited At 31 December 2019 RMB'000
Non-current liabilities		
Lease liabilities	2,228	—
Deferred tax liabilities	<u>20,642</u>	<u>5,708</u>
	<u>22,870</u>	<u>5,708</u>
NET ASSETS	<u>1,573,941</u>	<u>1,575,395</u>
CAPITAL AND RESERVES		
Share capital	510,981	510,981
Reserves	<u>1,069,439</u>	<u>1,070,462</u>
Total equity attributable to equity shareholders of the Company	<u>1,580,420</u>	<u>1,581,443</u>
Non-controlling interests	<u>(6,479)</u>	<u>(6,048)</u>
TOTAL EQUITY	<u>1,573,941</u>	<u>1,575,395</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2020 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 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 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:

- Amendments to IFRS/HKFRS 3, *Definition of a Business*
- Amendment to IFRS/HKFRS 16, *Covid-19-Related Rent Concessions*

None of the amendments have impact on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 2020 <i>RMB'000</i>	Unaudited 2019 <i>RMB'000</i>
Unrealised gains on other financial assets	30,698	—
Gains on disposal of other financial assets	16,743	—
Government grant	7,374	189
Share of profits less losses of associates	813	1,868
Others	286	57
	<u>55,914</u>	<u>2,114</u>

5 Profit/(loss) before taxation

(a) Finance income and costs

	Unaudited Six months ended 30 June 2020 <i>RMB'000</i>	Unaudited 2019 <i>RMB'000</i>
Finance income		
Interest income on bank deposits	<u>6,495</u>	<u>8,456</u>
Finance costs		
Net foreign exchange loss	(262)	(77)
Other finance costs	(35)	(29)
	<u>(297)</u>	<u>(106)</u>

(b) Other items

	Unaudited Six months ended 30 June 2020 <i>RMB'000</i>	Unaudited 2019 <i>RMB'000</i>
Amortisation	1,833	1,826
Depreciation	12,695	11,849
Impairment losses for doubtful debts	24,428	4,126

6 Income tax

	Unaudited	Unaudited
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Current tax — PRC income tax	8,130	—
Deferred taxation	17,029	—
	25,159	—

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 HK\$2 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 as the Company did not have assessable profit subject to Hong Kong profits tax during the six months ended 30 June 2019.

No provision has been made for Hong Kong profits tax as the Company's subsidiary in Hong Kong 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 2020. No provision has been made for Hong Kong profits tax as the Company's subsidiary in Hong Kong did not have assessable profit subject to Hong Kong profits tax during the six months ended 30 June 2019.

No provision has been made for Singapore income tax as the Company's subsidiary in Singapore had unutilised tax losses brought forward from prior years which was sufficient to set-off against assessable profit generated during the six months ended 30 June 2020 and 2019.

Pursuant to the currently applicable income tax rules and the PRC regulations, the Group's entities in the PRC were liable to the PRC Corporate Income Tax at a rate of 25%, except that Beijing Lotour Huicheng Internet Technology Company Limited is at a rate of 15% and Beijing Laite Laide Management Consultancy Company Limited is at a preferential rate of 20% as a small-scale and low profit enterprise, during the six months ended 30 June 2020 and 2019.

7 Earnings/(losses) per share

(a) *Basic earnings/(losses) per share*

The calculation of basic earnings/(losses) per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB12,389 thousand (six months ended 30 June 2019: loss of RMB96,792 thousand) and the weighted average number of 488,882 thousand ordinary shares in issue during the interim period (2019: 494,530 thousand shares).

(b) *Diluted earnings/(losses) per share*

The calculation of diluted earnings/(losses) per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB12,389 thousand (six months ended 30 June 2019: loss of RMB96,792 thousand) and the weighted average number of 488,882 thousand ordinary shares after adjusting for the effect of share options in issue (2019: 494,530 thousand shares).

8 Property, plant and equipment

(a) *Right-of-use assets*

During the six months ended 30 June 2020, the Group entered into a number of lease agreements for use of offices, and therefore recognised the additions to right-of-use assets of RMB2,566 thousand.

(b) *Acquisitions and disposals of owned assets*

During the six months ended 30 June 2020, the Group acquired items of property, plant and equipment with a cost of RMB3,140 thousand (six months ended 30 June 2019: RMB70 thousand) and did not acquire any items of investment property (six months ended 30 June 2019: nil). Items of property, plant and equipment with a net book value of RMB53 thousand were disposed of during the six months ended 30 June 2020, resulting in a gain on disposal of RMB39 thousand (six months ended 30 June 2019: loss of RMB23 thousand).

9 Other non-current financial asset

	<i>Notes</i>	Unaudited At 30 June 2020 RMB'000	Audited At 31 December 2019 RMB'000
Financial assets measured at FVPL			
— Equity securities listed in Hong Kong	(i)	75,524	73,172
Equity securities measured at FVOCI			
— Equity securities not held for trading	(ii)	<u>122,000</u>	<u>122,000</u>
		<u>197,524</u>	<u>195,172</u>

- (i) The Group now holds approximately 5.3 million shares of China Feihe Limited and designated the investment at fair value through profit or loss. No dividends were received on this investment during the period.
- (ii) The unlisted equity securities are shares in Shanghai Putao Technology Co., Ltd. The Group obtained 2.85% of its equity interests in 2019. The Group designated its investment in Shanghai Putao Technology Co., Ltd. at fair value through other comprehensive income (non-recycling), as the investment is held for strategic purposes. No dividends were received on this investment during the period.

10 Trade and other receivables

	Unaudited At 30 June 2020 RMB'000	Audited At 31 December 2019 RMB'000
Non-current assets		
Other receivables	<u>1,362</u>	<u>1,587</u>
Current assets		
Within 3 months	61,380	95,244
3 months to 6 months	16,734	17,451
6 months to 12 months	5,027	2,405
Over 12 months	<u>5,830</u>	<u>32,149</u>
Trade and bills receivable, net of allowance for doubtful debts	88,971	147,249
Prepayments and deposits to media suppliers	47,137	162,901
Advances to employees	2,258	1,966
Other debtors and prepayments	<u>13,640</u>	<u>16,087</u>
	<u>152,006</u>	<u>328,203</u>
	<u>153,368</u>	<u>329,790</u>

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

	Unaudited At 30 June 2020 RMB'000	Audited At 31 December 2019 RMB'000
Within 3 months	22,023	12,114
3 months to 6 months	7,607	2,732
6 months to 12 months	1,117	1,066
Over 12 months	669	148
	<hr/>	<hr/>
Total trade payables	31,416	16,060
Payroll and welfare expenses payables	10,654	10,582
Other tax payables	4,978	12,331
Other payables and accrued charges	47,508	129,514
Dividends payable	11,731	645
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	<u>106,287</u>	<u>169,132</u>

12 Dividends

(a) *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.

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

	Unaudited Six months ended 30 June 2020 RMB'000	Unaudited 2019 RMB'000
Final dividend approved in respect of the previous financial year of approximately RMB2.20 cents per share (six months ended 30 June 2019: RMB6.78 cents per share)	<u>10,726</u>	<u>33,679</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of 2020, due to the impact of COVID-19, the overall advertising market showed a significant decline. The epidemic had significant impact on the consumption, transportation, entertainment and leisure, commerce and service industries. Advertisers took a more cautious and shrinking strategy in advertising to avoid risks, and the motivation of advertising was obviously insufficient. The advertising expenses of convergent media in March 2020 shrank 34.6% from a year ago, and dropped by 12.6% in June 2020 as compared with the same period last year, due to the impact of the epidemic, based on the market study released by CTR Media Intelligence. Data show that the impact of COVID-19 on the advertising market continues. With the stable control of the epidemic in China and the full resumption of work and production, the advertising market has gradually turned for the better, but the overall growth is still negative. (Source: CTR Media Intelligence, August 2020).

BUSINESS REVIEW

TV ADVERTISING AND CONTENT OPERATIONS

I. TV Media Resources Management

During the period under review, the Group had a total of approximately 958 minutes of advertising resources on CCTV-1 (General)/CCTV-News, CCTV-4 (Chinese International), and the exclusive underwriting right for 61,968 minutes of all advertising resources of CCTV-9 Documentary Channel and CCTV-14 Children's Channel. It covered the markets of news, politics, culture and children programs, and also brought more diversified communication channels to clients. Its specific media resources include: The "News 30" (新聞30分) jointly broadcast on CCTV-1 (General)/CCTV-News, programs and resource periods including "Today's Focus" (今日關注) on CCTV-4 (Chinese International), as well as all advertising resources of CCTV-9 Documentary Channel and CCTV-14 Children's Channel. Facing the market environment severely impacted by the epidemic, the Group overcame the difficulties and continued to strengthen the capability of developing and serving clients in the area of TV advertisement marketing and improve the competitiveness through innovating marketing strategy and media product portfolios during the period.

II. Integrated Communication Services

The Group has gained recognition by a large number of well-known clients for its professional and highly efficient communication services and caring client service philosophy. During the period under review, the Group provided brand information, advertising placement, promotion planning, public relation activities and other multi-dimensional brand integrated communication services to clients including Feihe Dairy, Ping An, Hubei Agricultural Products, Suzhou Tourism and Didi.

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

III. Content Operations

The Group provided clients with comprehensive and professional commercial advertisement production services. During the period under review, the Group successively served China Banknote Printing and Minting Corporation, Sinopec, PICC, Zhengzhou Tourism and other clients, providing services involving graphic design, advertising video shooting, producing and editing.

In the first half of this year, the Group, based on the market and client demand, provided customized creative content and communication solutions for clients through new products such as cloud live broadcast, short video and integrated media interaction, organized the new media matrix based on the Group's media resources and actively explored the cooperation space at the upstream and downstream of the industry chain. During the period under review, the Group served clients such as Feihe Dairy, Brooke, Chimelong Group, SK Group, Leleketang.com, Yashily, Strong, Banmayingyu.com, etc. The pre-production of one of the two cartoons produced by the Group is expected to be completed within this year. In addition, the first batch of video program series independently developed by the Group, "If Animals Can Talk", has been completed and purchased by TV stations.

DIGITAL MARKETING AND INTERNET MEDIA

I. Digital Marketing

The Group continuously upgraded its self-developed intelligent programming advertising placement platform, and continued to improve the Internet integrated service capacity, providing clients with one-stop digital marketing solutions through technologies of big data and precision placement. During the year under review, the Group successively served Feihe Dairy, Dazhong Appliances, GOME, Qiaofudayuan and other clients, receiving a high degree of recognition and praise therefrom.

II. Internet Media

COVID-19 has caused the change in Internet users' usage habits, usage scenarios and interest hot spots. Therefore, the Group's broadcasting and video network (www.boosj.com) launched new contents in two vertical areas: children talent cultivation and middle-aged and elderly healthy life, in order to expand the number of users and continuously improve the ability of integrated marketing of the whole network through multi-channel and multi-platform content distribution and operation of live broadcast and short video. During the period under review, the broadcasting and video network expanded the live broadcasting service with the theme of "parent-child companionship", and integrated online content and offline training institution resources. In the future, video courses, talent shows, teaching interactions, events and other contents and services will be provided. At the same time, broadcasting and video network constantly expanded the scene coverage of square dance video, and continued to build IP influence. In addition to multiple channels of "We-Media", we have also set up new video distribution channels of IPTV and special speakers to provide interactive fitness and entertainment options for square dancing lovers trapped in their homes during the epidemic.

FINANCIAL REVIEW

REVENUE AND PROFIT ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY

For the six months ended 30 June 2020, the Group recorded revenue of RMB542,545 thousand, representing a decrease of 17% from RMB656,714 thousand for the same period last year.

Revenue details for the period under review are as follows:

- (I) Revenue recorded from TV media resources management was RMB435,921 thousand, representing a decrease of 17% from RMB525,242 thousand for the same period last year. This decline in revenue was due to the cautious TV advertising placement of advertisers under the impact of COVID-19 and the continued weakness of the overall advertising market in the first half of the year, resulting in the significant decline in the advertising placement of clients from tourism, healthcare, finance and insurance as compared with the same period last year. In the face of challenges, the Group continued to innovate its media product portfolio and intensified its customer development efforts. As the impact of the epidemic gradually fades, the sales is expected to gradually improve.
- (II) Revenue recorded from integrated communication services and content operations was RMB27,235 thousand in total, representing a decrease of 46% from RMB50,687 thousand in the same period last year. Among which: (1) Revenue recorded from integrated communication services was RMB22,047 thousand, representing a decrease of 54% from RMB47,828 thousand for the same period last year. Affected by the settlement cycle of media suppliers, the commission obtained from media suppliers during the period under review was less than that for the same period last year. (2) The revenue from content operations was RMB5,188 thousand, representing an increase of 81% from RMB2,859 thousand in the same period of last year. Revenue from this business was mainly from content production of programs and creative production of commercial advertisements. During the period under review, centering on the core marketing positioning of “parent-child companionship”, the Group focused on creating the “parent-child branding plan”, providing customers with more diversified contents and creative service options. The Group’s online live interactive programs for customers and the special Children’s Day programs produced together with CCTV and other projects have recorded a big increase in revenue compared with the same period last year.

- (III) Revenue recorded from digital marketing and Internet media was RMB51,934 thousand in total, representing a decrease of 7% from RMB56,101 thousand in the same period last year. Among which: (1) the Group's self-developed intelligent programming advertising placement platform operates well, the advertising placement from qualified clients remained stable, and the digital marketing revenue was flat with the same period last year; (2) revenue from Internet media declined as compared with the same period last year.
- (IV) The rental income was RMB32,242 thousand, representing an increase of 8% compared with RMB29,749 thousand in the same period last year, mainly because the rental prices of some property office buildings began to increase in the second half of last year, which had a carry-over effect on the year-on-year increase in the first half of this year.

For the six months ended 30 June 2020, the profit attributable to equity shareholders of the Company was RMB12,389 thousand as compared a loss of RMB96,792 thousand attributable to equity shareholders of the Company for the same period last year.

OPERATING EXPENSES

For the six months ended 30 June 2020, the Group's operating expenses were RMB67,303 thousand in aggregate, representing a year-on-year decrease of 3% from RMB69,089 thousand for the same period last year, and accounted for 12.4% of the Group's revenue (the same period last year: 10.5%). The Group actively coped with the market environment change and operating pressure brought by COVID-19. On the premise of resolutely responding to the government's call and ensuring the basic stability of employees' employment positions, we have implemented a number of measures to reduce operating expenses, so as to keep the proportion of operating expenses to income stable.

Among which:

- (I) Selling and marketing expenses amounted to RMB16,078 thousand, representing a year-on-year decrease of approximately RMB10,672 thousand from RMB26,750 thousand for the same period last year, and accounted for 3.0% of the Group's revenue (the same period last year: 4.1%). The main reason for the decrease in selling and marketing expenses was that marketing business was hindered by the impact of the epidemic, and the marketing expenses such as publicity and promotion expenses and travel expenses were reduced compared with the same period of last year.

- (II) General and administrative expenses amounted to RMB51,225 thousand, showing a year-on-year increase of approximately RMB8,886 thousand from RMB42,339 thousand in the same period of last year, and accounted for 9.4% of the Group's revenue (the same period of last year: 6.4%). The increase of general and administrative expenses was mainly because: (1) Due to the negative impact of the epidemic on the economy, the impairment loss of receivables increased by approximately RMB20,302 thousand compared with the same period of last year; (2) The Group implemented corresponding adjustment measures for the assessment of responsibility for last year's performance decline, and the labor cost of non-marketing personnel decreased by approximately RMB10,072 thousand compared with the same period of last year.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

In June 2020, the Group disposed of approximately 3.6 million shares of China Feihe Limited, with a proceeds of approximately RMB46,995 thousand. As of 30 June 2020, the transaction has been completed.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity was adequate with a stable financial position as a whole. As at 30 June 2020, cash and bank balances amounted to RMB697,471 thousand (31 December 2019: RMB583,677 thousand), of which approximately 88% was denominated in RMB and the remaining 12% in HK dollars and other currencies. Bank time deposits with maturity over three months held by the Group in RMB amounted to RMB37,451 thousand (31 December 2019: RMB30,436 thousand). During the period, details of the Group's cash flows status were as follows:

- (I) Net cash inflow from operating activities was RMB154,134 thousand (the same period in the last year: net cash outflow of RMB87,521 thousand), which was mainly because: (1) Due to the settlement period of advertising agency costs of media suppliers, the balance of prepaid media agency costs decreased by approximately RMB116,177 thousand compared with the end of last year; (2) The balance of accounts receivable and notes receivable decreased by approximately RMB58,278 thousand compared with the end of last year; and (3) Income tax, sales tax and tax surcharge totaling approximately RMB34,338 thousand were paid.
- (II) Net cash outflow from investing activities was RMB33,492 thousand (the same period last year: RMB25,343 thousand), which was mainly attributable to payment for equity investments of approximately RMB82,000 thousand; payment for time deposits with maturity over three months of approximately RMB7,015 thousand; the proceeds from disposal of equity securities of approximately RMB46,995 thousand, and the receipt of bank deposit interest of approximately RMB6,495 thousand.

(III) Net cash outflow from financing activities was RMB7,232 thousand (the same period of last year: RMB8,913 thousand), which was mainly attributable to the funds used to repurchase the equity of the Company of approximately RMB6,130 thousand.

As at 30 June 2020, the Group's total assets amounted to RMB1,904,818 thousand, which consisted of equity attributable to equity shareholders of the Company of RMB1,580,420 thousand, and non-controlling interests of RMB-6,479 thousand. As at 30 June 2020, 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 2020, the Group had 215 employees in total, slightly less than that at the beginning of the year. During the period under review, the Group continued to control the number of positions for low-efficiency business segments, while at the same time maintained the basic salary and performance bonus for professional positions in sales and marketing, and implemented dynamic performance related remuneration policies for all the employees, so as to intensify the connection between working results and personal interests. In the aspect of employee training, due to the impact of COVID-19, the Group provided regular training sessions on advertising resources, sales skills, case study, professional quality and other topics through online + offline mode, with an aim to comprehensively improve the employees' professional knowledge and practical capabilities. In addition to guaranteeing the mandated benefits, the Group continued to provide festival gift money to the elderly parents of employees. 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 19,652,000 units.

INDUSTRY AND GROUP OUTLOOK

The market environment in the second half of 2020 is still expected to be affected by many uncertainties, such as the slowdown of global economic growth and the continuous fermentation of Sino-US trade frictions. The operation and development of the advertising industry as a whole will still face great challenges. To actively respond to market changes and operating pressures, the Group will continue to implement a number of measures to increase revenue and reduce expenditure, improve efficiency, and make preparations for addressing short-term market challenges and capturing future development opportunities.

According to the “2020 Advertisers Marketing Survey Report” of CTR, advertisers still value the authority and positive value of TV media, which is also a value difficult to be replaced by the Internet platform for the moment. With the advent of 5G era, the household large screen segment represented by TV media will present a new prospect in the future. The investigation report shows that the advertisers’ advertising choice is more concentrated in CCTV, as a concentrated representative of the value of television media.

As a leading comprehensive media operation group in China, the Group always has confidence in and good expectations on the mid-and-long term economy prosperity. Looking forward to the future, the Group will continue to strengthen the core competitiveness of creative communication to improve its operational efficiency. In terms of TV media resources management, the Group will adhere to the client-oriented product and service strategies, retain existing qualified clients while scaling up efforts in new client development, and increase the brand value of clients based on the individualities of and policies on each industry by using the efficient communication of TV advertising. In addition, the Group will further give play to its experience and capacity in video content creation and brand communication, actively seek industrial cooperation opportunities, expand the brand development space of consumer goods and cultural travel market, and accelerate the continuous optimization and development of the medium and long term business structure.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

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

During the six months ended 30 June 2020, the Company completed the buy-back of 7,123,000 ordinary shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at an aggregate price of HKD6,675,740. The bought-back shares had been cancelled subsequently. The details of the bought-back shares are as follows:

Date (<i>dd/mm/yyyy</i>)	Number of shares bought-back	Highest Price <i>HKD</i>	Lowest Price <i>HKD</i>	Total paid <i>HKD</i>
01/04/2020	211,000	0.93	0.92	195,120
02/04/2020	209,000	0.94	0.93	195,370
03/04/2020	24,000	0.93	0.93	22,320
07/04/2020	400,000	0.92	0.91	366,700
08/04/2020	238,000	0.92	0.91	217,100
09/04/2020	338,000	0.93	0.91	311,200
14/04/2020	247,000	0.93	0.91	229,120
15/04/2020	350,000	0.94	0.93	327,500
16/04/2020	100,000	0.94	0.94	94,000
20/04/2020	400,000	0.95	0.94	379,190
21/04/2020	224,000	0.95	0.94	212,060
22/04/2020	210,000	0.95	0.94	199,400
23/04/2020	250,000	0.95	0.94	237,000
29/04/2020	144,000	0.95	0.95	136,800
06/05/2020	134,000	0.95	0.95	127,300
04/06/2020	600,000	0.95	0.91	564,220
08/06/2020	194,000	0.94	0.93	182,100
10/06/2020	300,000	0.95	0.95	285,000
12/06/2020	284,000	0.95	0.94	269,460
15/06/2020	550,000	0.95	0.93	517,660
16/06/2020	288,000	0.94	0.93	270,340
19/06/2020	704,000	0.95	0.92	660,190
22/06/2020	450,000	0.95	0.93	422,000
24/06/2020	274,000	0.94	0.92	254,590
	7,123,000			6,675,740

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2020, the Company had 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 2020.

REVIEW OF FINANCIAL INFORMATION

The audit committee has reviewed together with the management the unaudited consolidated financial statements and the interim report for the six months ended 30 June 2020 of the Group, and the accounting principles and practices adopted by the Group.

On behalf of the Board
SinoMedia Holding Limited
CHEN Xin
Chairman

Hong Kong, 28 August 2020

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.