

INTERIM REPORT

2023

STOCK CODE : 00623



SinoMedia[®]

中視金橋國際傳媒控股有限公司
SinoMedia Holding Limited



CONTENTS

Corporate Information	2
Financial Summary	3
Management Discussion and Analysis	4
Condensed Consolidated Statement of Profit or Loss	11
Condensed Consolidated Statement of Comprehensive Income	12
Condensed Consolidated Statement of Financial Position	13
Condensed Consolidated Statement of Changes in Equity	15
Condensed Consolidated Cash Flow Statement	16
Notes to the Unaudited Interim Financial Report	17
Other Information	32

Corporate Information

EXECUTIVE DIRECTORS

Mr. Chen Xin (*Chairman*)
Ms. Liu Jinlan
Mr. Li Zongzhou
Ms. Liu Zhiyi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qi Daqing
Ms. Ip Hung
Dr. Tan Henry
Dr. Zhang Hua

AUDIT COMMITTEE

Mr. Qi Daqing (*Chairman*)
Ms. Ip Hung
Dr. Zhang Hua

REMUNERATION COMMITTEE

Ms. Ip Hung (*Chairman*)
Mr. Chen Xin
Dr. Zhang Hua

NOMINATION COMMITTEE

Mr. Chen Xin (*Chairman*)
Mr. Qi Daqing
Dr. Tan Henry

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 Guanghua 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 417, 4th Floor, Lippo Centre,
Tower Two, No. 89 Queensway, Admiralty,
Hong Kong

AUDITORS

KPMG
Public Interest Entity Auditor registered in accordance
with the Financial Reporting Council Ordinance

SHARE REGISTRAR

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

WEBSITE

www.sinomedia.com.hk

Financial Summary

RMB'000	For the six months ended 30 June 2023	For the six months ended 30 June 2022	Change (%)
Revenue	373,097	352,731	+6%
Profit/(Loss) from operations	51,183	(30,747)	>100%
Profit/(Loss) attributable to equity shareholders of the Company	42,470	(22,441)	>100%
Earnings/(Losses) per share			
— Basic and diluted (RMB)	0.092	(0.048)	>100%

REVENUE	For the six months ended 30 June 2023	For the six months ended 30 June 2022	Change (%)
RMB'000			
TV media resources management	209,644	213,941	-2%
Content operations, Other integrated communication services and others	52,418	51,594	+2%
Digital marketing and Internet media	87,246	59,488	+47%
Rental income	23,789	27,708	-14%
	373,097	352,731	

Management Discussion and Analysis

OVERVIEW

In the first half of 2023, with the lifting of epidemic prevention and control measures, economic activity showed signs of recovery in the first quarter, and showed weaker volatility in the second quarter. According to the “2023 China Advertiser Marketing Trend Survey” report released in June 2023 by CCTV Market Research and the Advertising School of Communication University of China and the National Institute of Advertising, the overall confidence index of advertisers in 2023 did not fluctuate much, and the confidence in the economic situation was higher than that at the beginning of the epidemic, but the confidence in the business situation was slightly decreased.

According to the market research data published by CTR Media Intelligence, the TV advertising spending had a year-on-year decline of 2.6% in the first half of 2023 (Sources: CTR Media Intelligence, August 2023). Overall, advertisers remain relatively cautious about marketing budgets, and China’s advertising market is still under pressure and struggling to recover.

In the face of uncertainties and challenges in the post-COVID-19 era, the Group made great efforts to overcome market pressure, adjust business structure, optimize media resources, and firmly promote the brand strategic direction with cross-screen creative communication services as the core during the period under review, with an aim to provide customers with high-quality and diversified creative products and communication services, while accelerating the cultivation of FMCG brands in the field of family consumption.

BUSINESS REVIEW

TV Advertising and Content Operations

I. TV Media Resources Management

During the period under review, the Group had the exclusive underwriting right for a total of 64,988 minutes of China Media Group advertising resources on Boutique Financial Records on CCTV-2 (Financial Channel), “Focus Today” on CCTV-4 (Chinese International), CCTV-9 (Documentary Channel) and CCTV-14 (Children’s Channel). It covered the market of finance and economics, current politics, culture and children, and brought diversified communication channels to clients. In the face of complex and tough market environment, while striving to overcome market difficulties, 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.

II. Content Operations

The Group provided clients with comprehensive and professional commercial advertisement production services. During the period under review, the Group successively served Hong Kong Tourism Board, China Youth Development Foundation, PICC and other clients, providing services involving advertising video shooting, producing and editing and graphic design.

The Group continued to develop its content marketing business centered on the R&D and production of video content, and provide tailor-made creative video contents for clients, to realize the brand communication value of clients by means of content marketing. During the period under review, focusing on the market demand of family consumption, through live broadcast interaction, short video, content implantation, animation development and publicity activities, the Group provided creative content communication services to clients including Chimelong Group, Aptamil, Nutrilon, JETOUR and Caibai Jewelry.

III. Other Integrated Communication Services and Others

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, CITIC Group, Ping An, China Duty Free Group, Bamboo Leaf Green Tea, Gani Marble Tiles, and Taiji Ageratum Liquid. In addition, with the self-cultivated "Great Lion" brand, the Group extensively carried out public welfare communication for children, such as safety, health, water conservation, and garbage classification, to promote brand awareness and social benefits.

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 Destination DC, Tourism Toronto, Queen Sirikit National Convention Center and Vinpearl Hotel.

Management Discussion and Analysis

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. Meanwhile, relying on the advantages of media, customer resources and data technology, the Group continued to strengthen the core competitiveness of digital marketing and improve the efficiency of intelligent delivery. During the period under review, the Group successively served China Feihe, Didi, Kuaishou, Hua Xia Bank, Tianyancha.com, China Southern Fund Management, So-Young International Inc., and other clients, and was highly recognized and praised by the clients.

II. Internet Media

www.boosj.com of the Group focused on the video content operation in healthy life field. In the two vertical areas of parent-child education and middle-aged and elderly healthy life, we continued to enhance content construction and we-media matrix deployment, and deeply explore the needs of family users with middle-aged and elderly people as the core. In addition, www.boosj.com launched MCN streamer training and growth plan, integrated private domain traffic, strengthened community operations, and provided accurate and efficient channel services for e-commerce live streaming and brand marketing. During the period under review, www.boosj.com of the Group provided creative video and internet communication services to Xiaohutuxian, Yangtze River Pharmaceutical Group, Jinlang Motorcycle and other brands.

www.wugu.com.cn of the Group gave full play to the function of agricultural information aggregation. By integrating and accurately distributing the content based on the national strategy of “high-quality development”, the Group focused on three areas of typical industrial revitalization projects, demonstration of farmers’ wealth creation projects and agricultural brand building, and effectively improved the timeliness, pertinence and effectiveness of information dissemination.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2023, the Group recorded operating revenue of RMB373,097 thousand, representing a year-on-year increase of 6% from RMB352,731 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 RMB209,644 thousand, representing a year-on-year decline of 2% from RMB213,941 thousand for the same period last year. Because the economic recovery is not as fast as expected, and the consumer demand is relatively weak, the overall advertising market remains uncertain. The advertising placement of tourism customers improved compared with the same period last year, but the advertising placement of real estate, construction materials, furniture and electrical appliances customers decreased significantly compared with the same period last year.
- (II) Revenue from content operations, other integrated communication services and other businesses amounted to RMB52,418 thousand, representing a year-on-year increase of 2% over RMB51,594 thousand for the same period last year. Among which: (1) Revenue from content operations amounted to RMB14,528 thousand, representing a year-on-year decline of 4% from RMB15,142 thousand for the same period last year. Revenue in this business was mainly generated from content creative marketing and commercial advertising production. The revenue from content creative marketing declined compared to the same period last year, due to the impact of some project filming and acceptance closing cycles. (2) Revenue from other integrated communication services and other businesses amounted to RMB37,890 thousand, representing a year-on-year increase of 4% over RMB36,452 thousand for the same period last year. Revenue from this business mainly comes from the commission income obtained from media suppliers by the Group as an agent to procure media resources for clients. The commission income earned during the period under review increased slightly compared with the same period last year, due to influence of the commission settlement cycle of media providers.
- (III) Revenue from digital marketing and internet media amounted to RMB87,246 thousand, representing a year-on-year increase of 47% from RMB59,488 thousand for the same period last year. Among which: (1) the Group's self-developed intelligent programming advertising placement platform operated well, and the advertising placement from high-quality clients was enhanced, significantly improving the digital marketing revenue when compared with the same period last year; (2) the revenue from internet media declined slightly as compared with the same period last year.
- (IV) Revenue from lease amounted to RMB23,789 thousand, representing a year-on-year decline of 14% from RMB27,708 thousand for the same period last year. Due to the temporary vacancy of some property office buildings, the revenue of this business was lower than that of the same period last year.

Management Discussion and Analysis

Operating Expenses

For the six months ended 30 June 2023, the Group's operating expenses were RMB56,636 thousand in aggregate, representing a year-on-year increase of 38% from RMB40,921 thousand for the same period last year, and accounting for 15.2% of the Group's revenue (the same period last year: 11.6%). The Group continuously strengthened and improved the comprehensive budget management for operating expenses, reduced the non-essential expenditures, and 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 RMB16,072 thousand, representing a year-on-year increase of RMB2,442 thousand from RMB13,630 thousand for the same period last year, and accounting for 4.3% of the Group's revenue (the same period last year: 3.9%). The increase in sales and marketing expenses was primarily due to an increase in travel expenses and an increase in performance incentives for certain sales and marketing personnel.
- (II) General and administrative expenses amounted to RMB40,564 thousand, representing a year-on-year increase of RMB13,273 thousand from RMB27,291 thousand for the same period of last year, and accounting for 10.9% of the Group's revenue (the same period of last year: 7.7%). The increase in general and administrative expenses was mainly due to: (1) an increase of RMB5,963 thousand in impairment losses on receivables and inventories as compared with the same period last year; (2) an increase of RMB3,526 thousand in tax related to the disposal of properties as compared with the same period last year; (3) an increase of RMB1,624 thousand in R&D expenditure as compared with the same period last year.

INVESTMENTS, ACQUISITIONS AND DISPOSALS

In June 2023, the Group entered into a Sale and Purchase Agreement and a supplementary agreement with Top Resource Conservation and Environment Corp. and Beijing Tianhao Intelligent Residual Heat Power Generation Company Limited to dispose the Group's office unit and parking spaces located at No. 6A, Chaoyangmenwai Avenue, Chaoyang District, Beijing, China, to Beijing Tianhao Intelligent Residual Heat Power Generation Company Limited. The proceeds from the disposal of properties amounted to RMB91,333 thousand. As of 30 June 2023, the transaction procedures have been completed.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had a stable financial position as a whole. As at 30 June 2023, cash and bank balances of the Group amounted to RMB459,607 thousand (31 December 2022: RMB704,635 thousand), of which approximately 87% was denominated in RMB, 13% in HK dollars and other currencies. As at 30 June 2023, the bank time deposits with maturity over three months held by the Group amounted to RMB497,968 thousand (31 December 2022: RMB142,923 thousand).

During the period, details of the Group's cash flow status were as follows:

- (I) Net cash inflow from operating activities was RMB46,119 thousand (the same period of last year: net cash outflow of RMB3,824 thousand), which was mainly because: (1) the balance of trade and bills receivable increased by RMB21,598 thousand compared with the end of last year; (2) the media agency cost payable increased by RMB51,773 thousand compared with the end of last year, (3) the balance of advances from customers increased by RMB43,974 thousand compared with the end of last year, and (4) income tax, sales taxes and surcharges totaling approximately RMB45,225 thousand were paid.
- (II) Net cash outflow from investing activities was RMB302,165 thousand (the same period last year: RMB3,489 thousand), which was mainly attributable to: (1) the net increase in bank time deposits of RMB350,451 thousand; (2) payment of RMB56,320 thousand for equity project investment; and (3) the proceeds from disposal of properties of RMB91,333 thousand.
- (III) Net cash outflow from financing activities was RMB1,026 thousand (the same period of last year: RMB15,937 thousand), which was mainly attributable to the payment of lease rentals.

PROFIT AND EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

For the six months ended 30 June 2023, due to a one-off gain from the disposal of properties during the period, the profit attributable to equity shareholders of the Company was RMB42,470 thousand, while the loss attributable to equity shareholders of the Company was RMB22,441 thousand in the same period of last year.

As at 30 June 2023, the Group's total assets amounted to RMB1,954,570 thousand, which consisted of equity attributable to equity shareholders of the Company of RMB1,647,522 thousand, and non-controlling interests of RMB-8,632 thousand.

As at 30 June 2023, the Group had no interest-bearing debts, and the gearing ratio of the Group was nil (31 December 2022: nil). 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 2023, the Group had no material contingent liabilities.

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

Management Discussion and Analysis

HUMAN RESOURCES

As at 30 June 2023, the Group had 216 employees in total, slightly more than that at the beginning of the year. In the first half of the year, facing the fluctuating market conditions, the Group adhered to the policy of maintaining overall stability of the staff team, controlled the number of positions in the loss-making business segment, and increased the number of positions in the content marketing and “Great Lion” brand operation business, while at the same time rationally increase the salary and performance bonus for some professional positions in sales and marketing, and implement dynamic performance related remuneration policies for all the employees, so as to constantly intensify the connection between working results and personal interests. In terms of training, the Group developed and organized targeted training strategies and programs for employees, and adopted an online + offline professional training mode, including case sharing and business invitation proposal, in order to comprehensively improve employees’ professional knowledge, marketing ability and practical ability. In terms of corporate culture, the Group continued to organize activities such as “SinoMedia Second Generation” parent-child carnival for employees, and promote the construction of corporate culture of caring for employees and building happy homes. 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 15,892,000 units.

INDUSTRY AND GROUP OUTLOOK

According to the Purchasing Managers Index released by the Department of Service Statistics of NBS and the China Federation of Logistics and Purchasing, in July 2023, the Purchasing Manager Index (PMI) of China’s manufacturing industry was 49.3%, up 0.3 percentage points from the previous month; the business activity index of non-manufacturing industry was 51.5%, down 1.7 percentage points from the previous month, which was above the critical point but had declined for four consecutive months. the business activity index of the service industry was 51.5%, 1.3 percentage points lower than that of the previous month; the new order index of the service industry was 48.4%, down 1.2 percentage points from the previous month. (Sources: National Bureau of Statistics, July 2023). As shown by the data, the domestic economic prosperity level has been falling since the first quarter of 2023, the pace of enterprise production and operation expansion has slowed down significantly, and the downward pressure on the economy has increased.

As a leading comprehensive media operation group in China, the Group will integrate its strengths, and continue to strengthen the core competitiveness of creative communication and brand strategy, in order to cope with the complex and changing economic environment and operating pressure. Specifically, in respect to TV advertising, the Group will adhere to the client-oriented product and service strategies, constantly optimize media resources, and enhance the brand value of clients by providing one-stop solutions such as brand positioning, visual creativity, communication strategy, media execution and effect evaluation. 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, customize creative video for clients and promote the in-depth combination of brand and creative content. In respect to the digital marketing and internet media, the Group will continue to expand high-quality media resources, enhance the technological iteration of intelligent programmatic advertising platforms, and improve the online placement efficiency and brand influence with the expertise in precision communication.

In addition, the Group will further optimize its business structure, deepen the deployment in family consumption industry through the synergy of creative communication and brand investment management business, and accelerate the cultivation and expansion of brand operation business in the field of FMCG.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Revenue	4	373,097	352,731
Cost of services		(331,988)	(338,065)
Gross profit		41,109	14,666
Other income/(loss)	5	66,710	(4,492)
Selling and marketing expenses		(16,072)	(13,630)
General and administrative expenses		(40,564)	(27,291)
Profit/(Loss) from operations		51,183	(30,747)
Finance income	6(a)	13,273	6,052
Finance costs	6(a)	(171)	(73)
Net finance income		13,102	5,979
Profit/(Loss) before taxation		64,285	(24,768)
Income tax	7	(21,726)	2,266
Profit/(Loss) for the period		42,559	(22,502)
Attributable to:			
Equity shareholders of the Company		42,470	(22,441)
Non-controlling interests		89	(61)
Profit/(Loss) for the period		42,559	(22,502)
Earnings/(Losses) per share	8		
Basic and diluted (RMB)		0.092	(0.048)

The notes on pages 17 to 31 form part of this interim financial report.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023 – unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Profit/(Loss) for the period	42,559	(22,502)
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items 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)	(8,696)	—
Exchange differences on translation of financial statements of the Company	15,412	—
	6,716	—
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the overseas subsidiaries	(156)	16,475
Other comprehensive income for the period	6,560	16,475
Total comprehensive income for the period	49,119	(6,027)
Attributable to:		
Equity shareholders of the Company	49,030	(5,966)
Non-controlling interests	89	(61)
Total comprehensive income for the period	49,119	(6,027)

The notes on pages 17 to 31 form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

At 30 June 2023 – unaudited
(Expressed in RMB)

	<i>Note</i>	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment	9	168,500	172,380
Investment property	9	529,933	561,259
Intangible assets		2,916	3,342
Other non-current financial assets	10	145,775	105,880
		847,124	842,861
Current assets			
Inventories		1,182	494
Other financial assets		—	4,545
Prepayments, trade and other receivables	11	148,689	129,394
Bank deposits	12	497,968	142,923
Cash and cash equivalents	13	459,607	704,635
		1,107,446	981,991
Current liabilities			
Trade and other payables	14	161,743	92,726
Contract liabilities	15	130,268	86,294
Lease liabilities		608	1,586
Current taxation		22,961	19,915
		315,580	200,521
Net current assets		791,866	781,470
Total assets less current liabilities		1,638,990	1,624,331

The notes on pages 17 to 31 form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

At 30 June 2023 – unaudited
(Expressed in RMB)

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Non-current liabilities		
Deferred tax liabilities	100	15,107
NET ASSETS	1,638,890	1,609,224
CAPITAL AND RESERVES		
Share capital	510,981	510,981
Reserves	1,136,541	1,106,664
Total equity attributable to equity shareholders of the Company	1,647,522	1,617,645
Non-controlling interests	(8,632)	(8,421)
TOTAL EQUITY	1,638,890	1,609,224

The notes on pages 17 to 31 form part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023 — unaudited
(Expressed in RMB)

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity	
	Note	Share capital	Capital reserve	Statutory reserve	Translation reserve	Other reserve	Retained profits			Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			RMB'000
Balance at 1 January 2023		510,981	31,033	126,886	8,958	(52,951)	992,738	1,617,645	(8,421)	1,609,224
Changes in equity for the six months ended 30 June 2023:										
Profit for the period		—	—	—	—	—	42,470	42,470	89	42,559
Other comprehensive income		—	—	—	15,256	(8,696)	—	6,560	—	6,560
Total comprehensive income		—	—	—	15,256	(8,696)	42,470	49,030	89	49,119
Dividends declared by a subsidiary to non-controlling equity owner		—	—	—	—	—	—	—	(300)	(300)
Dividends declared to equity shareholders of the Company	16(a)	—	—	—	—	—	(19,153)	(19,153)	—	(19,153)
Balance at 30 June 2023		510,981	31,033	126,886	24,214	(61,647)	1,016,055	1,647,522	(8,632)	1,638,890
Balance at 1 January 2022		510,981	31,033	126,886	(23,604)	53,022	967,176	1,665,494	(7,971)	1,657,523
Changes in equity for the six months ended 30 June 2022:										
Loss for the period		—	—	—	—	—	(22,441)	(22,441)	(61)	(22,502)
Other comprehensive income		—	—	—	16,475	—	—	16,475	—	16,475
Total comprehensive income		—	—	—	16,475	—	(22,441)	(5,966)	(61)	(6,027)
Dividends declared in respect of the previous year	16(a)	—	—	—	—	—	(15,788)	(15,788)	—	(15,788)
Balance at 30 June 2022		510,981	31,033	126,886	(7,129)	53,022	928,947	1,643,740	(8,032)	1,635,708

The notes on pages 17 to 31 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2023 — unaudited
(Expressed in RMB)

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Operating activities			
Cash generated from operations		79,828	18,388
Income tax paid		(33,709)	(22,212)
Net cash generated from/(used in) operating activities		46,119	(3,824)
Investing activities			
Payment for purchase of equity securities		(56,320)	(8,696)
Net increase in bank deposits with initial term over three months		(350,451)	—
Proceeds from disposal of investment properties		91,333	—
Proceeds from disposal of financial assets		4,500	—
Dividends received from investments in securities		632	—
Interest received		8,260	5,223
Other cash flows used in investing activities		(119)	(16)
Net cash used in investing activities		(302,165)	(3,489)
Financing activities			
Dividends paid to equity shareholders of the Company		—	(15,316)
Capital element of lease rentals paid		(978)	(568)
Interest element of lease rentals paid	6(a)	(48)	(53)
Net cash used in financing activities		(1,026)	(15,937)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at 1 January	13	704,635	849,648
Effect of foreign exchange rate changes		12,044	15,312
Cash and cash equivalents at 30 June	13	459,607	841,710

The notes on pages 17 to 31 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”) and Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). It was authorized for issue on 28 August 2023.

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 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 and HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) and Hong Kong Financial Reporting Standards (“HKFRSs”). This interim financial report is unaudited.

The financial information relating to the financial year ended 31 December 2022 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 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amended IAS/HKAS issued by the IASB/HKICPA to this interim financial report for the current accounting period:

- Amendment to IAS/HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS/HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS/HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

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 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.

For the six months ended 30 June 2023, there are RMB1,818 thousand of revenue generated from outside Mainland China (six months ended 30 June 2022: RMB2,770 thousand). As at 30 June 2023, the balances of non-current assets, which are based on the physical location of the assets located outside Mainland China, are amounting to RMB17 thousand (31 December 2022: RMB8 thousand).

4 REVENUE

The Group is principally engaged in TV advertising, creative content production and digital marketing services.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers within the scope of IFRS/HKFRS 15		
— Revenue from TV media resources management	209,644	213,941
— Revenue from content operations, other integrated communication services and others	52,418	51,594
— Revenue from digital marketing and internet media	87,246	59,488
	349,308	325,023
Revenue from other sources		
— Revenue from rental	23,789	27,708
	373,097	352,731

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Disaggregated by timing of revenue recognition		
— Point in time	22,958	8,039
— Over time	326,350	316,984
	349,308	325,023

The Group's customer base is diversified and include one customer with whom transactions have exceeded 10% of the Group's revenue. During the six months ended 30 June 2023, revenue from this customer amounted to RMB140,867 thousand (six months ended 30 June 2022: RMB101,113 thousand).

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

5 OTHER INCOME/(LOSS)

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Gains on disposal of investment properties	(i)	68,153	—
Unrealised losses on other financial assets	(ii)	(8,367)	(4,870)
Government grants	(iii)	2,562	282
Others		4,362	96
		66,710	(4,492)

Note:

- (i) The Group disposed certain investment properties at the consideration of RMB91,333 thousand during the six months ended 30 June 2023 (six months ended 30 June 2022: nil), including an office unit and twelve car parking spaces. At the time of the disposal, the net book value of the properties was RMB23,180 thousand, and the Group recognised a gain on disposal of RMB68,153 thousand.
- (ii) The unrealised losses were from the investment in China Feihe Limited.
- (iii) It is the unconditional discretionary grants received from the local government authorities in recognition of the Group's contribution to the development of the local economy.

6 PROFIT/(LOSS) BEFORE TAXATION

(a) Finance income and costs

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Interest income on bank deposits	12,899	5,223
Net foreign exchange gain	374	829
Finance income	13,273	6,052
Interest on lease liabilities	(48)	(53)
Others	(123)	(20)
Finance costs	(171)	(73)
Net finance income	13,102	5,979

6 PROFIT/(LOSS) BEFORE TAXATION (Continued)

(b) Other items

The following expenses are included in cost of services, selling and marketing expenses and general and administrative expenses.

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Amortisation — intangible assets	426	426
Depreciation — owned property, plant and equipment	11,512	11,546
— right-of-use assets	631	604
	12,143	12,150
Impairment losses — trade debtors	10,170	2,191
— inventories	—	2,016
	10,170	4,207
Auditors' remuneration — audit services	1,325	1,325
Research and development costs (other than amortisation and depreciation)	3,082	1,458

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

7 INCOME TAX

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Current tax		
Provision for PRC income tax for the period	37,003	411
Over-provision in respect of prior years	(252)	(1,874)
	36,751	(1,463)
Deferred tax		
Reversal of temporary differences	(15,025)	(803)
Total income tax expense	21,726	(2,266)

- (i) The provision for Hong Kong profits tax of the Company and its subsidiary incorporated in Hong Kong is based on the applicable rates on the estimated assessable profits in accordance with the relevant income tax rules and regulations of Hong Kong. For the six months ended 30 June 2023 and 2022, the Company and its subsidiary in Hong Kong are under the two-tiered profits tax regime. The first HKD2 million of assessable profits earned by a corporation is taxed at half of the current tax rate (i.e. 8.25%) whilst the remaining profits will continue to be taxed at 16.5%.

The Company and its subsidiary incorporated in Hong Kong did not have assessable profits subject to Hong Kong profits tax for the six months ended 30 June 2023 (six months ended 30 June 2022: nil)

- (ii) The corporate income tax rate of the Company's subsidiary in Singapore is 17% (2022: 17%). No provision has been made for Singapore income tax as the Company's subsidiary in Singapore did not have assessable profits for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).
- (iii) 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.

During the six months ended 30 June 2023 and 2022, certain Group entities established in the PRC are at a preferential rate of 20% as small meager-profit enterprises. Other Group entities established in the PRC are subject to PRC corporate income tax rate of 25%.

- (iv) For the six months ended 30 June 2023 and 2022, the Company applied dividends withholding tax rate at 5% as it obtained the certificate of resident of the Hong Kong Special Administrative Region under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect of Taxes on income".

8 EARNINGS/(LOSSES) PER SHARE

The calculation of basic earnings/(losses) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company of RMB42,470 thousand (six months ended 30 June 2022: RMB22,441 thousand) and the weighted average of 461,635,370 ordinary shares (six months ended 30 June 2022: 463,629,296 shares) in issue during the period.

There were no dilutive potential ordinary shares outstanding for the six months ended 30 June 2023 (six months ended 30 June 2022: nil). The effect of the deemed issue of shares under the Company's share option scheme was not included in the calculation of diluted earnings per share as they are anti-dilutive during the six months ended 30 June 2023 and 2022.

9 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment with a cost of RMB134 thousand (six months ended 30 June 2022: RMB16 thousand).

The Group disposed certain investment properties with a net book value of RMB23,180 thousand during the six months ended 30 June 2023, resulting in a gain on disposal of RMB68,153 thousand (six months ended 30 June 2022: nil) (note 5(i)).

10 OTHER NON-CURRENT FINANCIAL ASSETS

	Note	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Financial assets measured at FVPL			
– Equity securities listed in Hong Kong	(i)	16,254	23,983
Equity securities measured at FVOCI			
– Investments in unlisted equity securities	(ii)	129,521	81,897
		145,775	105,880

Note:

- (i) As at 30 June 2023, the Group holds approximately 0.045% shares of China Feihe Limited (stock code: 6186) and designated the investment at fair value through profit or loss ("FVPL"). Dividends received on this investment were HKD696 thousand (approximately RMB632 thousand) during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).
- (ii) Investments in unlisted equity securities mainly represent shares in Bloks Group Limited, Beijing AIQI Technology Company Limited, and Heilongjiang Beiwei Forty-seven Green Organic Food Company Limited. The Group designated its investments in unlisted equity securities at fair value through other comprehensive income ("FVOCI") (non-recycling), as the investments are held for strategic purposes. No dividends were received on these investments during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

11 PREPAYMENTS, 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), based on the date of revenue recognition and net of loss allowance, is as follows:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within 3 months	55,964	52,746
3 months to 6 months	29,339	12,859
6 months to 12 months	4,490	2,556
Over 12 months	2,299	2,333
Trade debtors and bills receivable, net of loss allowance	92,092	70,494
Deposits to media suppliers	7,812	8,707
Advances to employees	2,845	2,743
Other debtors, net of loss allowance	5,444	4,464
Financial assets measured at amortised cost	108,193	86,408
Prepayments to media suppliers	35,157	38,279
Other prepayments	2,849	2,193
Input VAT to be deducted	2,490	2,514
	40,496	42,986
Prepayments, trade and other receivables, net of loss allowance	148,689	129,394

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Credit terms are granted to the customers, depending on credit assessment carried out by management on an individual basis. The credit terms for trade receivables are generally from nil to 90 days.

12 BANK DEPOSITS

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Bank deposits	497,968	142,923

At 30 June 2023, bank deposits of the Group were all fixed-term deposits in UBS AG Hong Kong Branch, with annual interest rates ranging from 3.808% to 5.237%.

13 CASH AND CASH EQUIVALENTS

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Cash on hand	150	280
Cash at banks	459,457	704,355
	459,607	704,635

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

14 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

		At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
	<i>Note</i>		
Within 3 months		64,130	15,217
3 months to 6 months		3,739	2,451
6 months to 12 months		2,054	2,301
Over 12 months		4,952	3,133
<hr/>			
Total trade payables		74,875	23,102
<hr/>			
Payroll and welfare expense payables		9,154	12,528
Other tax payables	(i)	8,703	5,082
Other payables and accrued charges	(ii)	48,838	51,294
Dividends payable		20,173	720
<hr/>			
Financial liabilities measured at amortised cost		161,743	92,726

Note:

- (i) Other tax payables mainly comprise value-added tax payable.
- (ii) Other payables mainly represent deposits paid by tenants.
- (iii) All trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

15 CONTRACT LIABILITIES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Media services contracts		
– Billings in advance of performance	126,571	73,648
Rental contracts		
– Billings in advance of performance	3,697	12,646
	130,268	86,294

Contract liabilities primarily arise from the advance payments made by customers while the underlying services are yet to be provided. Contract liabilities would be recognised as revenue upon the rendering of services.

All contract liabilities are expected to be recognised as revenue within one year.

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

No interim dividend for the six months ended 30 June 2023 has been declared by the Company (six months ended 30 June 2022: nil).

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

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Final dividend in respect of previous financial year, approved during the interim period, of approximately RMB4.15 cents per share (six months ended 30 June 2022: RMB3.42 cents per share)	19,153	15,788

Final dividend in respect of the previous financial year of RMB19,153 thousand (2022: RMB15,788 thousand) had been paid after the interim period.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

16 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Equity settled share-based transactions

Each share option entitles the holder to subscribe for one ordinary share of the Company. No share options were granted or exercised during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

At 30 June 2023, there were 15,892,000 unexercised share options (31 December 2022: 15,892,000).

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS/HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial assets and liabilities measured at fair value *(Continued)*

Fair value hierarchy *(Continued)*

	Fair value measurement as at 30 June 2023 <i>categorised into</i>			
		Level 1	Level 2	Level 3
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Asset				
Listed equity securities	16,254	16,254	—	—
Unlisted equity securities	129,521	—	—	129,521
	Fair value measurement as at 31 December 2022 <i>categorised into</i>			
	Level 1	Level 2	Level 3	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Asset				
Listed equity securities	23,983	23,983	—	—
Unlisted equity securities	81,897	—	—	81,897
Investment in wealth management products	4,545	4,545	—	—

During the six months ended 30 June 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2022: 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.

Information about Level 3 fair value measurements

The fair value of the unlisted equity investment is determined using the price/sales ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial assets and liabilities measured at fair value *(Continued)*

Information about Level 3 fair value measurements *(Continued)*

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	At 30 June 2023 RMB'000	At 30 June 2022 RMB'000
Unlisted equity securities:		
At 1 January	81,897	179,174
Additional equity securities acquired	56,320	8,696
Net unrealised losses recognised in other comprehensive income during the period	(8,696)	—
At 30 June	129,521	187,870

Any gains or losses arising from the remeasurement of the Group's unlisted equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

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

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 30 June 2023 and 31 December 2022.

18 MATERIAL RELATED PARTY TRANSACTIONS

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Rental of office	(i)	344	371
Service provided to a joint venture	(ii)	478	179

Note:

- (i) CTV Golden Bridge International Media Group Company Limited, a subsidiary of the Group, rented an office from Shanghai CTV Golden Bridge International Culture and Communication Group Limited, which was effectively controlled by the ultimate controlling shareholder of the Group.
- (ii) Beijing Golden Bridge Document Time International Media Company Limited is a joint venture of the Group. The Group provided placement of television advertisements service to this joint venture.

19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There is no significant non-adjusting event after the reporting period.

Other Information

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

As at 30 June 2023, the interests and short positions of the directors and chief executives 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 and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(i) Interests in the Company – Long Positions

Name of director	Nature of interest	Number of ordinary shares held	Number of underlying shares held under equity derivatives (Note 1)	Total	Approximate percentage of issued share capital of the Company
Liu Jinlan	Founder of discretionary trust, beneficiary of trust and beneficial interest	262,122,169 (Note 2)	2,800,000	264,922,169	57.39%
Chen Xin	Founder of discretionary trust and beneficiary of trust	258,469,165 (Note 3)	–	258,469,165	55.99%
Li Zongzhou	Beneficial interest	–	2,000,000	2,000,000	0.43%
Liu Zhiyi	Beneficial interest	–	300,000	300,000	0.06%
Qi Daqing	Beneficial interest	–	300,000	300,000	0.06%

Notes:

- The equity derivatives were the outstanding share options granted to the directors of the Company under the share option schemes, details of which are set out in the section headed "Share Option Schemes" in this report.
- Liu Jinlan is deemed to be interested in 262,122,169 shares of the Company. These shares are held by three discretionary trusts, namely UME Trust (which assets comprised 27,101,344 shares held by United Marine Enterprise Company Limited), DFS (No. 2) Trust (which assets comprised 24,038,312 shares held by SinoMedia Investment Ltd.) and CLH Trust (which assets comprised 210,982,513 shares held by Golden Bridge International Culture Limited), all founded by Liu Jinlan. In respect of 210,982,513 shares therein held by CLH Trust, Liu Jinlan is also a beneficiary of the trust.
- Chen Xin is deemed to be interested in 258,469,165 shares of the Company. These shares are held by three discretionary trusts, namely MHS Trust (which assets comprised 25,921,344 shares held by Merger Holding Service Company Limited), DFS (No. 1) Trust (which assets comprised 21,565,308 shares held by Digital Finance Service Company Limited) and CLH Trust (which assets comprised 210,982,513 shares held by Golden Bridge International Culture Limited), all founded by Chen Xin. In respect of 210,982,513 shares therein held by CLH Trust, Chen Xin is also a beneficiary of the trust.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

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

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

Apart from the foregoing, as at 30 June 2023, none of the directors and chief executives 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.

Other Information

SHARE OPTION SCHEMES

The Company has adopted a share option scheme on 27 May 2008 (the “Scheme”), whereby the directors of the Company have been authorised, at their discretion, to invite any full time employee, director or any person approved by the board or shareholders of the Company (collectively the “Eligible Persons”) to take up options (the “Options”) to subscribe for shares of the Company. The Scheme is designed to encourage Eligible Persons to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole, and to motivate them to achieve higher levels of good corporate governance. The Scheme has expired in 2018 after which no further Option will be granted but provisions of the Scheme shall remain in full force and effect in all other respects as regard all Options which have been granted but have not been exercised.

As at 1 January 2023, the total number of shares of the Company that could be issued upon exercise of all outstanding Options granted under the Scheme were 15,892,000 shares, which represented about 3.44% of the total number of issued shares of the Company as at 1 January 2023. As at 30 June 2023, the total number of shares of the Company that could be issued upon exercise of all outstanding Options granted under the Scheme were 15,892,000 shares, which represented about 3.44% of the total number of issued shares of the Company as at 30 June 2023.

As at the date of this interim report, the total number of shares of the Company that could be issued upon exercise of all outstanding Options granted under the Scheme was 15,892,000 shares which represented approximately 3.44% of the total number of issued shares of the Company as at the date of this interim report.

Movements of the share options granted under the Scheme for the six months ended 30 June 2023 are as follows:

	No. of options outstanding as at 1 January 2023	No. of options granted during the period	No. of options exercised during the period	No. of options cancelled during the period	No. of options lapsed during the period	No. of options outstanding as at 30 June 2023	Date of grant	Exercise price	Exercise period
Directors									
Liu Jinlan	2,800,000	–	–	–	–	2,800,000	30 August 2017	HKD1.77	Note 2
Li Zongzhou	2,000,000	–	–	–	–	2,000,000	30 August 2017	HKD1.77	Note 2
Liu Zhiyi	300,000	–	–	–	–	300,000	30 August 2017	HKD1.77	Note 2
Qi Daqing	300,000	–	–	–	–	300,000	30 August 2017	HKD1.77	Note 2
Employees									
in aggregate	640,000	–	–	–	–	640,000	15 September 2015	HKD2.59	Note 1
	9,852,000	–	–	–	–	9,852,000	30 August 2017	HKD1.77	Note 2

SHARE OPTION SCHEMES (Continued)

Notes:

1. An Option holder may exercise a maximum of 25% of the total number of the Options granted after the lapse of one full year from the date of grant of the 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 Options granted, up to eight years from the date of grant.
2. An Option holder may exercise a maximum of 25% of the total number of the Options granted after the lapse of one full year from the date of grant of the 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 Options granted, up to eight years from the date of grant. The exercise of Options by the holder is also subject to certain conditions, including the individual performance assessment conducted by the board of directors of the Company and the financial performance of the Group.

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

As at 30 June 2023, so far as known to the directors and chief executives of the Company, the following corporations (other than a director or chief executives 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 as recorded in the register required to be kept under section 336 of the SFO:

Substantial shareholder	Nature of interest	Total number of ordinary shares held	% of total issued shares
Tricor Equity Trustee Limited	Trustee (Note 1)	309,608,821	67.07%
CLH Holding Limited	Corporate interest (Note 2)	210,982,513	45.70%

Notes:

1. Tricor Equity Trustee Limited is deemed to be interested in 309,608,821 shares of the Company as it is the trustee of CLH Trust (which assets comprised 210,982,513 shares held by Golden Bridge International Culture Limited), MHS Trust (which assets comprised 25,921,344 shares held by Merger Holding Service Company Limited), UME Trust (which assets comprised 27,101,344 shares held by United Marine Enterprise Company Limited), DFS (No. 1) Trust (which assets comprised 21,565,308 shares held by Digital Finance Service Company Limited) and DFS (No. 2) Trust (which assets comprised 24,038,312 shares held by SinoMedia Investment Ltd.).
2. These shares are directly held by Golden Bridge International Culture Limited which is a wholly owned subsidiary of Golden Bridge Int'l Advertising Holdings Limited which in turn is a wholly owned subsidiary of CLH Holding Limited. CLH Holding Limited is deemed to be interested in 210,982,513 shares of the Company held by Golden Bridge International Culture Limited.

Save as disclosed above, so far as known to the directors and chief executives of the Company, as at 30 June 2023, there was no other person or corporation (other than a director or chief executives 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 the Divisions 2 and 3 of Part XV of the SFO.

Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2023, 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 2023, the Company had fully complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for the following deviation:

Under Code Provision F.2.2, the chairman of the Board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend.

Due to other pre-arranged business engagements which must be attended by her, Ms. Ip Hung, the chairman of the Remuneration Committee and an Independent Non-executive Director of the Company, was not present at the annual general meeting held on 12 June 2023. However, the other two members of the Remuneration Committee, Dr. Zhang Hua and Mr. Chen Xin, were present at the said annual general meeting to ensure effective communication with the shareholders thereat.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having been made specific enquiry, the directors of the Company confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2023.

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 2023, including the accounting principles and practices adopted by the Group.