

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

**SinoMedia**<sup>®</sup>

**SINOMEDIA HOLDING LIMITED**

**中視金橋國際傳媒控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 00623)

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

**FINANCIAL SUMMARY**

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

**REVENUE**

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

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 2023, with comparative figures for previous period.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

		Unaudited Six months ended 30 June 2023 RMB'000	Unaudited Six months ended 30 June 2022 RMB'000
Revenue	3	373,097	352,731
Cost of services		<u>(331,988)</u>	<u>(338,065)</u>
<b>Gross profit</b>		<b>41,109</b>	14,666
Other income/(loss)	4	<b>66,710</b>	(4,492)
Selling and marketing expenses		<b>(16,072)</b>	(13,630)
General and administrative expenses		<u><b>(40,564)</b></u>	<u>(27,291)</u>
<b>Profit/(Loss) from operations</b>		<b>51,183</b>	(30,747)
Finance income	5(a)	<b>13,273</b>	6,052
Finance costs	5(a)	<u><b>(171)</b></u>	<u>(73)</u>
<b>Net finance income</b>		<u><b>13,102</b></u>	<u>5,979</u>
<b>Profit/(Loss) before taxation</b>	5	<b>64,285</b>	(24,768)
Income tax	6	<u><b>(21,726)</b></u>	<u>2,266</u>
<b>Profit/(Loss) for the period</b>		<u><b>42,559</b></u>	<u>(22,502)</u>
Attributable to:			
Equity shareholders of the Company		<b>42,470</b>	(22,441)
Non-controlling interests		<u><b>89</b></u>	<u>(61)</u>
		<u><b>42,559</b></u>	<u>(22,502)</u>
<b>Earnings/(Losses) per share</b>			
Basic and diluted (RMB)	7	<b>0.092</b>	(0.048)

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Unaudited Six months ended 30 June 2023 RMB'000	Unaudited 2022 RMB'000
<b>Profit/(Loss) for the period</b>	<b>42,559</b>	<b>(22,502)</b>
<b>Other comprehensive income</b>		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income — net movement in fair value reserve (non-recycling)	(8,696)	—
Exchange differences on translation of financial statements of the Company	15,412	—
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(156)	16,475
Other comprehensive income for the period	6,560	16,475
<b>Total comprehensive income for the period</b>	<b>49,119</b>	<b>(6,027)</b>
Attributable to:		
Equity shareholders of the Company	49,030	(5,966)
Non-controlling interests	89	(61)
	<b>49,119</b>	<b>(6,027)</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		Unaudited At 30 June 2023 <i>RMB'000</i>	Audited At 31 December 2022 <i>RMB'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	8	168,500	172,380
Investment property	8	529,933	561,259
Intangible assets		2,916	3,342
Other non-current financial assets	9	145,775	105,880
		<u>847,124</u>	<u>842,861</u>
<b>Current assets</b>			
Inventories		1,182	494
Other financial assets		—	4,545
Prepayments, trade and other receivables	10	148,689	129,394
Bank deposits	11	497,968	142,923
Cash and cash equivalents		459,607	704,635
		<u>1,107,446</u>	<u>981,991</u>
<b>Current liabilities</b>			
Trade and other payables	12	161,743	92,726
Contract liabilities	13	130,268	86,294
Lease liabilities		608	1,586
Current taxation		22,961	19,915
		<u>315,580</u>	<u>200,521</u>
<b>Net current assets</b>		<u><u>791,866</u></u>	<u><u>781,470</u></u>
<b>Total assets less current liabilities</b>		<u><u>1,638,990</u></u>	<u><u>1,624,331</u></u>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2023 of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”), International Accounting Standards (“**IAS**”) 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 (“**HKAS**”) 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 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements.

## 2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IAS/HKAS issued by the IASB/HKICPA to these financial statements 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*

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

### 3 REVENUE AND SEGMENT INFORMATION

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

#### (a) Disaggregation of revenue

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

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

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

	Unaudited Six months ended 30 June 2023 RMB'000	Unaudited 2022 RMB'000
Point in time	22,958	8,039
Over time	326,350	316,984
	<u>326,350</u>	<u>316,984</u>
	<u><u>349,308</u></u>	<u><u>325,023</u></u>

**(b) Segment information**

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 balance 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 OTHER INCOME/(LOSS)**

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

- (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, the Group recognised a gain on the 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.

## 5 PROFIT/(LOSS) BEFORE TAXATION

### (a) Finance income and costs

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

### (b) Other items

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

	Unaudited Six months ended 30 June 2023 <i>RMB'000</i>	Unaudited 2022 <i>RMB'000</i>
Amortisation	426	426
Depreciation	12,143	12,150
Impairment losses for doubtful debts	10,170	2,191
Impairment losses for inventories	—	2,016
Auditors' remuneration	1,325	1,325
Research and development costs	3,082	1,458

## 6 INCOME TAX

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

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).

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).

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%.

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".

## 7 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.

## 8 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) and did not acquire any items of investment property (six months ended 30 June 2022: nil).

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).

## 9 OTHER NON-CURRENT FINANCIAL ASSETS

		Unaudited At 30 June 2023 RMB'000	Audited At 31 December 2022 RMB'000
Financial assets measured at fair value through profit or loss (FVPL)			
— Equity securities listed in Hong Kong	(i)	16,254	23,983
Equity securities measured at fair value through other comprehensive income (FVOCI)			
— Investments in unlisted equity securities	(ii)	<u>129,521</u>	<u>81,897</u>
		<u><b>145,775</b></u>	<u><b>105,880</b></u>

(i) As at 30 June 2023, the Group holds approximately 0.045% shares of China Feihe Limited (stock code: 06186) and designated the investment at 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 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).

## 10 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	Unaudited At 30 June 2023 <i>RMB'000</i>	Audited At 31 December 2022 <i>RMB'000</i>
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 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
	<b>148,689</b>	<b>129,394</b>

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 BANK DEPOSITS

	Unaudited At 30 June 2023 <i>RMB'000</i>	Audited At 31 December 2022 <i>RMB'000</i>
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, the annual interest rate ranges from 3.808% to 5.237%.

## 12 TRADE AND OTHER PAYABLES

	Unaudited At 30 June 2023 <i>RMB'000</i>	Audited At 31 December 2022 <i>RMB'000</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
Total trade payables	<u>74,875</u>	<u>23,102</u>
Payroll and welfare expense payables	9,154	12,528
Other tax payables	8,703	5,082
Other payables and accrued charges	48,838	51,294
Dividends payable	20,173	720
Financial liabilities measured at amortised cost	<u><u>161,743</u></u>	<u><u>92,726</u></u>

## 13 CONTRACT LIABILITIES

	Unaudited At 30 June 2023 <i>RMB'000</i>	Audited At 31 December 2022 <i>RMB'000</i>
Media services contracts	126,571	73,648
Rental contracts	3,697	12,646
	<u><u>130,268</u></u>	<u><u>86,294</u></u>

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.

## 14 DIVIDENDS

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

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

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

	<b>Unaudited Six months ended 30 June 2023 RMB'000</b>	<b>Unaudited Six months ended 30 June 2022 RMB'000</b>
Final dividend in respect of the 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)	<b><u>19,153</u></b>	<b><u>15,788</u></b>

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

## 15 EVENTS AFTER THE REPORTING PERIOD

As at the date that these interim condensed consolidated financial information were approved, there is no significant event after the reporting period which should be disclosed.

# 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 yoy 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, news, 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.

## **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 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

### Operating 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.

## **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 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 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; (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-time 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.

## **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.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023.

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

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.

## **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 2023.

## **REVIEW OF FINANCIAL INFORMATION**

The audit committee, together with the management of the Company, has reviewed the unaudited consolidated financial statements and the interim report for the six months ended 30 June 2023 of the Group, and the accounting principles and practices adopted by the Group.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement will be published on the websites of the Company ([www.sinomedia.com.hk](http://www.sinomedia.com.hk)) and of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report of the Company for the six months ended 30 June 2023 will be dispatched to shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 28 August 2023

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