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MODERN MEDIA HOLDINGS LIMITED

現代傳播控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 72)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Restated) (Unaudited)
Revenue	182,275	110,704
Loss for the period	(10,585)	(74,392)
Loss per share – Basic and diluted	RMB(0.0405)	RMB(0.1580)

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021 (2020: nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Modern Media Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”, “**We**” or “**our**”) for the six months ended 30 June 2021 (the “**Interim Period**”) together with comparative figures for the corresponding period in 2020. The interim results had been reviewed by the Company’s audit committee and the Company’s auditor, ZHONGHUI ANDA CPA Limited.

Condensed consolidated statement of profit or loss and other comprehensive income
for the six months ended 30 June 2021

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		RMB’000	RMB’000
		(Unaudited)	(Restated) (Unaudited)
Revenue	5	182,275	110,704
Cost of sales		<u>(111,115)</u>	<u>(95,618)</u>
Gross profit		71,160	15,086
Other income	6	2,705	416
Other (losses)/gains - net	7	(62)	394
Distribution expenses		(31,734)	(32,230)
Administrative expenses		<u>(50,081)</u>	<u>(52,544)</u>
Loss from operations		(8,012)	(68,878)
Finance expenses	8	(2,573)	(4,278)
Share of post-tax losses of associates		<u>–</u>	<u>(1,236)</u>
Loss before income tax	9	(10,585)	(74,392)
Income tax expense	10	<u>–</u>	<u>–</u>
Loss for the period		<u>(10,585)</u>	<u>(74,392)</u>

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		RMB'000	<i>RMB'000</i>
			(Restated)
		(Unaudited)	(Unaudited)
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>1,671</u>	<u>4,674</u>
Other comprehensive income for the period, net of tax		<u>1,671</u>	<u>4,674</u>
Total comprehensive expenses for the period		<u><u>(8,914)</u></u>	<u><u>(69,718)</u></u>
(Loss)/profit for the period attributable to:			
Owners of the Company		(17,490)	(68,239)
Non-controlling interests		<u>6,905</u>	<u>(6,153)</u>
		<u><u>(10,585)</u></u>	<u><u>(74,392)</u></u>
Total comprehensive expenses/(income) for the period attributable to:			
Owners of the Company		(15,565)	(64,701)
Non-controlling interests		<u>6,651</u>	<u>(5,017)</u>
		<u><u>(8,914)</u></u>	<u><u>(69,718)</u></u>
Loss per share	<i>11</i>		
–Basic (<i>RMB per share</i>)		<u><u>RMB(0.0405)</u></u>	<u><u>RMB(0.1580)</u></u>
–Diluted (<i>RMB per share</i>)		<u><u>RMB(0.0405)</u></u>	<u><u>RMB(0.1580)</u></u>

Condensed consolidated statement of financial position
as at 30 June 2021

	<i>Notes</i>	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment	12	149,747	148,115
Right-of-use assets		16,241	22,745
Investment properties		37,700	37,700
Intangible assets		46,972	52,593
Goodwill	13	43,772	43,725
Software development in progress		2,052	2,104
Interests in associates		–	–
Interest in a joint venture		–	–
Equity investments at fair value through other comprehensive income		–	–
Prepayment for property, plant and equipment	14	2,378	9,015
		<u>298,862</u>	<u>315,997</u>
Current assets			
Inventories		58,489	54,722
Trade and other receivables	14	203,522	205,442
Investments at fair value through profit or loss		41,730	25,307
Cash and cash equivalents		23,110	36,087
		<u>326,851</u>	<u>321,558</u>
Current liabilities			
Trade and other payables	15	86,256	106,771
Contract liabilities		7,730	4,375
Borrowings	16	124,276	103,301
Lease liabilities		12,984	13,489
Current income tax liabilities		8,018	8,029
		<u>239,264</u>	<u>235,965</u>
Net current assets		<u>87,587</u>	<u>85,593</u>
Total assets less current liabilities		<u>386,449</u>	<u>401,590</u>

	<i>Notes</i>	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Non-current liabilities			
Amount due to a non-controlling shareholder of a subsidiary		4,471	4,445
Lease liabilities		3,967	10,227
Deferred income tax liabilities		<u>10,423</u>	<u>10,416</u>
		<u>18,861</u>	<u>25,088</u>
Net assets		<u>367,588</u>	<u>376,502</u>
Capital and reserves			
Share capital	17	3,853	3,853
Reserves	17	<u>291,989</u>	<u>307,554</u>
Equity attributable to owners of the Company			
		<u>295,842</u>	311,407
Non-controlling interests		<u>71,746</u>	<u>65,095</u>
Total equity		<u>367,588</u>	<u>376,502</u>

Notes to the condensed consolidated financial statements for the six months ended 30 June 2021

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 March 2007 and registered as an exempted company with limited liability under the Companies Law (as revised), Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its principal places of business in the People's Republic of China (the "PRC") and Hong Kong are at Units 213, 2/F, Block 2, Exhibition Centre, No. 1 Software Park Road, Zhuhai City, Guangdong Province, the PRC and 7/F, Global Trade Square, No. 21 Wong Chuk Hang Road, Aberdeen, Hong Kong, respectively. Its registered office is at Tricor Services (Cayman Islands) Limited, Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 9 September 2009.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") is principally engaged in the provision of multi-media advertising services, printing and distribution of magazines, provision of advertising-related services, artwork trading and related services and restaurant operation.

The condensed consolidated statement of financial position as at 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes of equity and the condensed consolidated statement of cash flows for six-month period then ended, and other explanatory notes (collectively defined as the "Interim Financial Information") of the Group have been approved by the Board on 27 August 2021.

The Interim Financial Information are presented in Renminbi ("RMB"), unless otherwise stated.

This Interim Financial Information have been reviewed, not audited.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

These condensed consolidated financial statements should be read in conjunction with the 2020 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2020.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

During the Interim Period, the Group has adopted all the new and revised International Financial Reporting Standards (“**IFRSs**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. IFRSs comprise International Financial Reporting Standards (“**IFRS**”), International Accounting Standards (“**IAS**”), and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the Interim Period and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

4. PRIOR PERIOD ADJUSTMENT

Consolidation and business combination

Based on full facts and circumstances available to the management of the Company (the “**Management**”) in February 2021, they considered that the acquisition of Art Review Ltd. (“**Art Review**”), a 85%-owned subsidiary of the Company and a company incorporated in the United Kingdom (the “**UK**”), should have been completed in June 2019.

During the preparation for the consolidated financial statements for the year ended 31 December 2020, the Management has reassessed the acquisition progress of Art Review. After reviewing all relevant acquisition completion documents, the Management considered that the Group has been able to exercise control over Art Review in accordance with IFRS 10 Consolidated Financial Statements upon the completion of acquisition in June 2019. As a result, the Management has made a restatement in the comparative figures to effect the business combination from June 2019 in accordance with IFRS 3 (Revised) Business Combinations. The fair value of assets acquired, liabilities assumed and the non-controlling interest at the date of completion of Art Review is presented in note 36(b) to the audited financial statements for the year ended 31 December 2020.

The following tables disclose the restatement that has been made in order to reflect the above correction to each of the consequential line items in the condensed consolidated statement of profit or loss and other comprehensive income as previously reported for six-month period ended 30 June 2020 as previously reported:

Condensed consolidated statement of profit or loss and other comprehensive income for six-month period ended 30 June 2020

	As previously reported <i>RMB'000</i>	Effect of prior period's adjustment <i>RMB'000</i>	As restated <i>RMB'000</i>
Revenue	107,809	2,895	110,704
Cost of sales	<u>(93,807)</u>	<u>(1,811)</u>	<u>(95,618)</u>
Gross profit	14,002	1,084	15,086
Other income	397	19	416
Other gains – net	394	–	394
Distribution expenses	(32,230)	–	(32,230)
Administrative expenses	<u>(48,639)</u>	<u>(3,905)</u>	<u>(52,544)</u>
Loss from operations	(66,076)	(2,802)	(68,878)
Finance expenses	(4,278)	–	(4,278)
Share of post-tax losses of associates	<u>(1,236)</u>	<u>–</u>	<u>(1,236)</u>
Loss before income tax	(71,590)	(2,802)	(74,392)
Income tax expenses	<u>–</u>	<u>–</u>	<u>–</u>
Loss for the period	<u>(71,590)</u>	<u>(2,802)</u>	<u>(74,392)</u>

Condensed consolidated statement of profit or loss and other comprehensive income for six-month period ended 30 June 2020 (continued)

	As previously reported RMB'000	Effect of prior period's adjustment RMB'000	As restated RMB'000
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of overseas subsidiaries	4,440	234	4,674
Other comprehensive income for the period, net of tax	<u>4,440</u>	<u>234</u>	<u>4,674</u>
Total comprehensive expenses for the period	<u>(67,150)</u>	<u>(2,568)</u>	<u>(69,718)</u>
Loss for the period attributable to:			
Owners of the Company	(65,857)	(2,382)	(68,239)
Non-controlling interests	(5,733)	(420)	(6,153)
	<u>(71,590)</u>	<u>(2,802)</u>	<u>(74,392)</u>
Total comprehensive expenses for the period attributable to:			
Owners of the Company	(62,518)	(2,183)	(64,701)
Non-controlling interests	(4,632)	(385)	(5,017)
	<u>(67,150)</u>	<u>(2,568)</u>	<u>(69,718)</u>
Loss per share			
– Basic (RMB per share)	<u>RMB(0.1524)</u>	<u>RMB(0.0056)</u>	<u>RMB(0.1580)</u>
– Diluted (RMB per share)	<u>RMB(0.1524)</u>	<u>RMB(0.0056)</u>	<u>RMB(0.1580)</u>

5. REVENUE AND SEGMENT REPORTING

The chief operating decision-makers mainly include the senior executive management of the Company. They review the Group's internal reports in order to determine the operating segments, assess performance and allocate resources based on these reports.

Senior executive management considers the business from a business perspective, and assesses the performance of the business segment based on revenue and adjusted EBITDA without allocation of depreciation, amortisation, finance expenses, share of post-tax losses of associates, disposal of a subsidiary and other unallocated head office and corporate expenses.

The amount provided to senior executive management with respect to total assets is measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of segment. Investment properties, certain other receivables and prepayments, investments at fair value through profit or loss, cash and cash equivalents and corporate and unallocated assets are not considered to be segment assets but rather are managed by the treasury function.

Information about segment liabilities are not regularly reviewed by chief operating decision-makers. Accordingly, segment liabilities information is not presented.

The Group has three reportable segments as described below, which are the Group's strategic business units. The chief operating decision-makers assess the performance of the operating segments mainly based on segment revenue and profits/losses of each operating segment. Segment information below is presented in a manner consistent with the way in which information is reported internally for the purposes of resource allocation and performance assessment. The following describes the operations in each of the Group's reportable segments:

- Print media platform: this segment engages in the sale of advertising space in the publication of and the distribution of the Group's magazines and periodicals.
- Art platform: this segment engages in the advertising revenue from art magazines, artwork trading and auction, art exhibition and education, and revenue from restaurant operation.
- Digital platform: this segment is a digital platform in which the Group publishes multiple digital media products and sells advertising spaces; and engages in the production of customised contents for brand advertisers.

(a) **Revenue**

The Group derives revenue from the transfer of goods and services over time and at a point in time from external customers in the following major product lines:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Restated)
	(Unaudited)	(Unaudited)
Reportable segment:		
– Print media platform	88,646	61,166
– Digital platform	80,069	40,169
– Art platform	12,290	7,353
	181,005	108,688
Revenue derived from other operations	2,361	2,186
Less: sales taxes and other surcharges	(1,091)	(170)
	182,275	110,704
Types of goods or services:		
– Advertising income	138,536	84,818
– Circulation and subscription income	9,251	5,641
– Production, event and service income	33,260	16,831
– Sales of artworks and goods	–	37
– Revenue from restaurant operation	1,228	2,274
– Rental income	–	1,103
	182,275	110,704
Timing of revenue recognition under IFRS 15:		
– At a point in time	1,228	2,311
– Over time	181,047	107,290
	182,275	109,601
Rental income	–	1,103
	182,275	110,704

(b) **Adjusted EBITDA**

The adjusted EBITDA of the Group for the six months ended 30 June 2021 and 2020 were set out as follows:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
	(Unaudited)	(Unaudited)
Reportable segment:		
– Print media platform	(17,781)	(42,468)
– Digital platform	26,107	198
– Art platform	5,107	770
	13,433	(41,500)
Revenue derived from other operations	2,360	2,186
Depreciation	(11,466)	(16,406)
Amortisation	(5,501)	(6,387)
Finance expenses	(2,573)	(4,278)
Share of post-tax losses of associates	–	(1,236)
Disposal of a subsidiary	–	(2,951)
Unallocated head office and corporate expenses	(6,838)	(3,820)
Loss before income tax	(10,585)	(74,392)

	Depreciation	Amortisation	Finance expenses
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30 June 2021			
Reportable segment:			
– Print media platform	5,615	2,694	1,260
– Digital platform	5,073	2,434	1,138
– Art platform	778	373	175
	11,466	5,501	2,573

	Depreciation <i>RMB'000</i> (Unaudited)	Amortisation <i>RMB'000</i> (Unaudited)	Finance expenses <i>RMB'000</i> (Unaudited)
Six months ended 30 June 2020 (Restated)			
Reportable segment:			
– Print media platform	9,233	3,594	2,408
– Digital platform	6,063	2,361	1,581
– Art platform	1,110	432	289
	<u>16,406</u>	<u>6,387</u>	<u>4,278</u>

(c) **Total assets**

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Reportable segment:		
– Print media platform	121,226	118,047
– Digital platform	222,731	267,135
– Art platform	113,175	94,102
	457,132	479,284
Corporate and unallocated assets	8,321	8,417
Investment properties	37,700	37,700
Other receivables and prepayments	57,720	50,760
Investments at fair value through profit and loss	41,730	25,307
Cash and cash equivalents	23,110	36,087
Total assets	625,713	637,555

Additions to non-current segment assets during the period are as follows:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Reportable segment:		
– Print media platform	–	2,449
– Digital platform	313	4,751
– Art platform	–	826
	<u>–</u>	<u>826</u>
	313	8,026
	<u>313</u>	<u>8,026</u>

(d) Geographic information

The geographic location of the Group’s property, plant and equipment, right-of-use assets, investment properties, intangible assets, goodwill, software development in progress, interests in associates and a joint venture, equity investments at fair value through other comprehensive income and prepayment for property, plant and equipment (“**specified non-current assets**”) were mainly in the PRC, Hong Kong and the UK as at 30 June 2021 and 31 December 2020.

6. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
PRC government subsidy (i)	2,344	79
Interest income from investments at fair value through profit and loss	255	–
Bank interest income	73	17
Others	33	320
	<u>33</u>	<u>320</u>
	2,705	416
	<u>2,705</u>	<u>416</u>

- (i) PRC government subsidy represented subsidies received from local governmental authorities by several subsidiaries of the Group.

7. OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net loss on disposal of property, plant and equipment	(38)	–
Exchange differences	(24)	394
	<u>(62)</u>	<u>394</u>

8. FINANCE EXPENSES

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest expense on borrowings	2,036	3,047
Finance charges on lease liabilities	537	1,231
	<u>2,573</u>	<u>4,278</u>

9. LOSS BEFORE INCOME TAX

The Group's loss for the period is stated after (crediting)/charging the following:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Restated) (Unaudited)
Depreciation of property, plant and equipment and right-of-use assets	11,706	17,129
Amortisation of intangible assets	5,501	6,387
Expected credit loss (“ECL”) allowance on trade receivables recognised/(reversed)	817	(386)
Short term leases charges an land and buildings	416	68
	<u>416</u>	<u>68</u>

10. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

No provision for Hong Kong Profits Tax has been made since the Group has sufficient tax losses brought forward to set off against current/prior period's assessable profits or did not generate any assessable profits for the six months ended 30 June 2021 and 2020. No provision for PRC Corporate Income Tax has been made since the Group has sufficient tax losses brought forward to set off against current/prior period's assessable profits or did not generate any assessable profits for the six months ended 30 June 2021 and 2020. No provision for UK Corporation Tax has been made since the Group did not generate any assessable profits for the six months ended 30 June 2021 and 2020.

11. LOSS PER SHARE

Basic loss per share

Basic loss per share was computed by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the respective periods.

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company	<u>(17,490)</u>	<u>(68,239)</u>
	<i>'000</i>	<i>'000</i>
Issued ordinary shares as at 1 January and 30 June	438,353	438,353
Weighted average number of treasury shares hold	<u>(6,359)</u>	<u>(6,359)</u>
Weighted average number of ordinary shares in issue	<u>431,994</u>	<u>431,994</u>

Diluted loss per share were same as the basic loss per share as there was no dilutive event existed during six months ended 30 June 2021 and 2020.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment with a cost of approximately RMB313,000 (six months ended 30 June 2020: approximately RMB1,888,000). Certain property, plant and equipment with a net book value of approximately RMB611,000 (six months ended 30 June 2020: Nil) were disposed of by the Group during the six months ended 30 June 2021, resulting in a net loss on disposals of approximately RMB38,000 (six months ended 30 June 2020: Nil).

13. GOODWILL

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
At 1 January	43,725	51,637
Disposal of a subsidiary	–	(1,829)
Impairment loss	–	(5,809)
Currency translation differences	47	(274)
	<u>43,772</u>	<u>43,725</u>

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to country of operation and operating segment. A segment level summary of goodwill is presented below:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Digital platform – the PRC	28,203	28,203
Digital platform – the UK	8,319	8,272
Art platform – the PRC	7,250	7,250
	<u>43,772</u>	<u>43,725</u>

The recoverable amounts of goodwill relating to the digital platform and art platform in the PRC and UK were determined based on value-in-use calculations, consistent with the methods used as at 31 December 2020.

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade receivables	142,770	151,217
Less: ECL allowance of trade receivables	<u>(8,287)</u>	<u>(7,703)</u>
Trade receivables, net	134,483	143,514
Other receivables:		
Value-added tax recoverable	16,161	16,620
Prepayments	23,120	21,125
Printing deposits	11,321	11,416
Rental, utility and other deposits	5,605	6,064
Advances and loans to employees (<i>note</i>)	6,767	7,519
Amount due from a senior management (<i>note</i>)	1,192	1,236
Tax recoverable	24	24
Others	<u>7,227</u>	<u>6,939</u>
	205,900	214,457
Less: non-current portion:		
Prepayment for property, plant and equipment	<u>(2,378)</u>	<u>(9,015)</u>
Current portion	<u><u>203,522</u></u>	<u><u>205,442</u></u>

Note: The amounts due from a senior management and advances and loans to employees are unsecured, interest-free and repayable on demand.

The ageing analysis of trade receivables, based on invoice dates, before ECL allowance, was as follows:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
<u>Trade receivables, gross</u>		
Within 30 days	53,074	43,813
Over 30 days and within 90 days	23,644	44,837
Over 90 days and within 180 days	29,279	25,840
Over 180 days and within 1 year	14,015	12,193
Over 1 year and within 2 years	16,536	19,779
Over 2 years and within 3 years	2,257	1,724
Over 3 years	3,965	3,031
	142,770	151,217

The credit period granted to advertising and circulation customers is between 30 to 180 days (with a certain limited number of customers granted a credit period of 270 days). No interest is charged on the outstanding trade receivables.

All of the trade receivables are expected to be recovered within one year.

The Group applies simplified approach to estimate ECL prescribed in IFRS 9. Movements in ECL allowance of trade receivables were as follows:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
At 1 January	7,703	7,045
ECL allowance recognised	817	1,445
Written off	(233)	(787)
	8,287	7,703

15. TRADE AND OTHER PAYABLES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade payables	46,679	56,451
Other payables:		
Accrued taxes other than income tax (<i>note a</i>)	8,155	6,151
Accrued expenses (<i>note b</i>)	11,328	12,834
Salaries, wages, bonus and benefits payable	10,456	16,330
Consideration payable for acquisition of a subsidiary	6,019	6,088
Amount due to a director (<i>note c</i>)	–	3,485
Amount due to a related company (<i>note d</i>)	1,520	1,511
Other liabilities	2,099	3,921
	<u>86,256</u>	<u>106,771</u>

The ageing analysis of the trade payables of the Group, based on the invoice dates, is as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 30 days	16,652	19,097
Over 30 days and within 90 days	11,386	12,083
Over 90 days and within 180 days	9,885	14,702
Over 180 days	8,756	10,569
	<u>46,679</u>	<u>56,451</u>

Note a:

Accrued taxes other than income tax mainly consist of value-added tax payables, surtax payables and related surcharges, and individual income tax payables.

Note b:

Accrued expenses mainly represents accrued advertising production expenses, accrued license fee, accrued office expenses and accrued marketing and promotion expenses.

Note c:

Amount due to a director is unsecured, interest-free and repayable on demand.

Note d:

The related company is owned by and controlled by Mr. Shao Zhong (“**Mr. Shao**”).

16. BORROWINGS

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Secured bank borrowings (<i>Note a</i>)	124,276	98,244
Unsecured other borrowings (<i>Note b</i>)	—	5,057
	124,276	103,301

Note a: As at 30 June 2021, bank borrowings were secured by certain properties of the Group with aggregate carrying amount of approximately RMB128,269,000 (including in investment properties of approximately RMB37,700,000 and property, plant and equipment of approximately RMB90,569,000) (As at 31 December 2020 (audited): approximately RMB130,311,000 (including in investment properties of approximately RMB37,700,000 and property, plant and equipment of approximately RMB92,611,000)) and/or was guaranteed by Mr. Shao/Mr. Shao's spouse/the Company/the subsidiaries of the Company.

Note b: As at 31 December 2020, the other borrowings due to a director is unsecured, repayable within one year and bears interest at fixed rate of 5% per annum.

17. SHARE CAPITAL, DIVIDEND AND RESERVES

(a) Share capital

Details of the authorised and issued share capital of the Company were set out as follows:

	Number of shares '000	Share capital HK\$'000
Authorised: Ordinary shares of HK\$0.01 each: At 30 June 2021 (unaudited) and 31 December 2020 (audited)	<u>8,000,000</u>	<u>80,000</u>

	Number of shares '000	Share capital RMB'000
Ordinary shares, issued and fully paid: At 30 June 2021 (unaudited) and 31 December 2020 (audited) (<i>note i</i>)	<u>438,353</u>	<u>3,853</u>

Note i: The issued and fully paid share capital was approximately HK\$4,384,000.

(b) Dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2021 and 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT SUMMARY

During the Interim Period, the segment results are as follows:

	Print Media Platform RMB'000	Digital Platform RMB'000	Art Platform RMB'000	Total RMB'000
2021				
Reportable segment revenue	88,646	80,069	12,290	181,005
Reportable segment (loss)/profit	(27,350)	17,462	3,781	(6,107)
Segment EBITDA	(17,781)	26,107	5,107	13,433
2020 (restated)				
Reportable segment revenue	61,166	40,169	7,353	108,688
Reportable segment loss	(61,890)	(9,807)	(1,061)	(72,758)
Segment EBITDA	(42,468)	198	770	(41,500)

In the first half of 2021, despite the business and operations of the Group were still under the continued impact of the COVID-19 pandemic (the “**Pandemic**”), the business of the Group has been growing well with its efforts. For the six months ended 30 June 2021, all segment revenues increased as compared with the corresponding period of last year. The Group’s revenue experienced an increase of approximately 66.5% to RMB181,005,000 as compared with the corresponding period in 2020 (corresponding period of 2020 (restated): RMB108,688,000).

In order to proactively respond to the impact of the Pandemic, since the second half of 2020, the Group has adopted a number of cost control measures, including strengthening budget management and optimizing organizational structure, in particular, to Group achieved significant development and innovation in the digital platform and art platform, in terms of major breakthroughs in cost control and business innovation.

As a result of various measures adopted by the Group, the performance of each segment of the Group significantly improved in the first half of this year. During the Interim Period, revenue from print media platform increased from RMB61,166,000 in the corresponding period in 2020 to RMB88,646,000, representing an increase of 44.9%; revenue from digital platform increased from RMB40,169,000 in the corresponding period in 2020 to RMB80,069,000, representing an increase of 99.3%; and development of art platform also flourished, with its revenue increased from RMB7,353,000 in the corresponding period in 2020 to RMB12,290,000, representing an increase of 67.1%. The overall EBITDA of the three segments of the Group turned losses into profits, from a loss of RMB41,500,000 in the corresponding period in 2020 to a profit of RMB13,433,000 for the Interim Period.

(A) BUSINESS REVIEW

Print media sector

During the Interim Period, the revenue growth of print media platform was 44.9%, increasing from RMB61,166,000 in the corresponding period in 2020 to RMB88,646,000.

The Group mainly publishes weekly/bi-weekly and monthly/bi-monthly magazines in the PRC and Hong Kong. The contents included areas such as lifestyle, news, finance, culture, art and health.

In July 2021, the Annual Idol Awards Ceremony of INSTYLE was grandly held in Shanghai, bringing together Generation Z leaders in various fields including actors, sportsmen, singers and artists. “INSTYLE” aims to create a broad platform for these young and future forces, not only to commend the leaders of Generation Z, but also to celebrate the beauty of confidence in the new generation of women in all fields, so that everyone can see the exclusive female power of Generation Z. “INSTYLE” maintains an irreplaceable position in print media brand advertisers.

“Bloomberg Businessweek” (Chinese edition), our flagship business magazine, was among the best in terms of the advertising revenue in all categories by comparing with 40 other business and financial magazines, according to the market research conducted by Admango. It had gained a wide range of recognition amongst business elites and attracted high-end brands to place advertising orders. Moreover, “Bloomberg Businessweek” (Chinese edition) had successfully organized several finance marketing events and forums in Hong Kong in the past few years and those events enhanced the market recognition among the readers and most of the financial institutions. It is expected that “Bloomberg Businessweek” (Chinese edition) will host more marketing activities in the coming year to increase its reputation and income sources.

Digital platform sector

During the Interim Period, the revenue growth of the digital platform reached 99.3%, increasing from RMB40,169,000 in the corresponding period in 2020 to RMB80,069,000.

At the end of the Interim Period, the “iWeekly” had accumulated approximately 14,974,990 users on smartphone and tablet PC. “iWeekly” continuously upgrades its content by incorporating the selected contents from multiple famous international media brands, which enriched its globalised contents and further enlarged the reader base and increased their adherence. “iWeekly” continued to be recognized as one of the most successful media applications in Chinese by

Apple and Android platforms. “iWeekly” was also incorporated with an enhanced “daily news radio broadcast” function, the improvement is expected to enhance user frequency and to develop reader loyalty to the App.

“INSTYLE iLady” continued to be a comprehensive and informative platform for elite women. It has already accumulated more than approximately 7,314,000 users as at the end of the Interim Period. By offering the “Ready-to-Buy” digital media experience to users, “INSTYLE iLady” was well-accepted by both the users and brand advertisers. Moreover, the “fashion”, “beauty” and “life” channels within the App are able to provide comprehensive solutions for targeted customers on behalf of brand clients. As the App could effectively bring traffic to some advertiser’s shopping platform or their official websites, “INSTYLE iLady” has increased in popularity amongst the brand advertisers and is becoming one of the main revenue streams of our digital business. In the future, “INSTYLE iLady” will continue to utilize the influence of social media to create more interactions with users and continuously enhance its recognition and popularity in the market.

At the end of the Interim Period, as an International Business Weekly tailored for Chinese business elites, “Bloomberg Businessweek” also successfully raised the number of its smartphone and tablet PC users to approximately 13,365,800 people, and was dedicated to providing readers with in-depth reporting and analysis from a global perspective. The iPhone version of “Bloomberg Businessweek” is among the best-selling newspapers on App Store newspapers and magazines and has been at the top since 2015. The team of “Bloomberg Businessweek” has also produced a large-scale commercial exploration documentary series, namely the first, second and third seasons of “Business Geography”, which was broadcasted on Tencent Video from 2018 to the end of 2020 and amassed a cumulative click-through rate of 14,703,000 by the end of the Interim Period. The success of this brand-new attempt has given management greater confidence in exploring diversified business opportunities in new areas. On 18 April 2020, Future City Forum, jointly organized by “Bloomberg Businessweek” (Chinese edition) and Xintiandi Brand, was successfully held in Shanghai, aiming to create an internationally influential City creativity card. Young entrepreneurs, Internet entrepreneurs, artists, city builders and renowned guests gathered at the forum to share the stories of cities and communities. On the same day, “Businessweek” (Chinese edition) launched “CITYLAB”, a new media brand dedicated to telling stories about the world’s cities and communities. From the nine dimensions, namely economy, transportation, housing, design, lifestyle, business, technology, culture and environment, we explore the way we work, the challenges and needs we face, so as to come up with solutions so as to better understand how cities around the world have addressed the greatest challenges of our time.

The Group hired a professional team to operate the “Nowness” video platform in the PRC. In April 2019, the Group successfully launched the “Nowness” App, the world’s leading platform for creative lifestyle short videos in the App Store. With its unique programming, it has become a place for gathering inspiration and influence, covering art, design, fashion, beauty, music, food and travel, which reached approximately 4,508,000 cumulative downloads by the end of the Interim Period. In 2021, “Dance all the Dances: Entropy” and “Mode” directed by the Nowness China Team, won the best director short video and best production short video in the 24th Shanghai International Film Festival.

From “iWeekly”, which is approaching 15,000,000 users, to “INSTYLE iLady”, to “Bloomberg Businessweek”, one of the best domestic Apps, to “Nowness”, the global short film website platform which wins the favor of global luxury brands with creativity and quality. The Group has forged a diversified and multi-dimensional digital matrix. We are confident that the digital business will further generate considerable revenue in the future and achieve significant business growth.

Art platform sector

During the Interim Period, the development of art platform flourished with a revenue growth of 67.1%, increasing from RMB7,353,000 in the corresponding period in 2020 to RMB12,290,000.

The contributed revenue of the art platform includes advertising revenue from art magazines, sales of artworks, income generated from arts related events organized by the Group and the income received from the Group’s base of modern art of cultural and creative space (which includes galleries, art kitchens, studios, book stores, photography studios and retail spaces).

A review on the Group’s development path in the art platform sector shows no signs of stopping. The Group is no longer satisfied with covering only Chinese contemporary art in the Chinese world, in which the publication of the new edition of “LEAP” in both English and Chinese in 2010 has shifted our focuses from Chinese contemporary art to broader Chinese cultural themes. At the same time, we set our gaze into the international contemporary art scene and has become an important driving force for bringing Chinese contemporary art into the international art world; in 2013, the Group co-founded “Art Newspaper/Chinese Edition” with Umberto Allemandi & Co., which brings together international and domestic art-related information and professional opinions, and the digital version of “iArt” was updated daily to present to us the all-round artistic ecology from museums to the art markets, and from creation to reviews, as well as the connections and trends in art, society, culture and business; in 2014, the Group co-founded “PHOTOFAIRS Shanghai” with a joint venture set up by World Photography Organization and Angus Montgomery Arts, which greatly promoted the development of video art; in 2018, the Group co-founded “THE CULTIVIST” with an international art club, which provides members with personalized services and customized artistic experiences with world-class professional arts

resources, and allows them to travel around the world museums, galleries and art fairs; participate in international art social events and customized art tours. In the same year, Modern Media has established a strategic partnership with the world-renowned art and design museum, Victoria & Albert Museum, for its V&A studio opened in London, which has also set up the Modern Media Gallery in the V&A Image Centre.

With continuous development and upgrading of modern consumption, the spiritual and material pursuits of consumer groups have been diversified. While traditional media focuses on the digital channels, the Group has hopped out from the traditional paper and digital media framework to focus on the development of the art platform. Through the use of art marketing, along with the combination of brand and art, the Group locates the contact points between brands and high-end consumers, and at the same time enhances the brands' taste and spiritual values, cultivates potential consumers and improves the competitiveness of enterprises. In 2019, the Group endeavored to create a multi-dimensional shared lifestyle platform "ZiWU", designed a new form of space magazine and formed a three-dimensional matrix to satisfy the diversified consumer demand. The space magazine included titles such as ZiWU Shanghai, Modern Art Base, Modern Studio, Modern Workshop, Modern Art Kitchen and others, which continues to introduce high-quality themed exhibitions and events on art, design, fashion, music and food and attracted a great number of visitors including luxury brand designers and senior executives, international gallery owners and artists, as well as film and television stars. Meanwhile, in 2021, ZiWU Beijing space was officially open, which would combine long-term exhibitions of famous artists' works at home and abroad with regular art and design exhibitions and exchange activities, to continue to build a sustainable and diversified cultural and art field for the city, and provide a place of creativity and inspiration for the public. On the whole, ZiWU restructured the value chain and transformed resource integration into a platform through curatorial forms, and has envisioned a three-dimensional, experiential, mobile, interactive and online form of magazine. In addition, the Group acquired in 2019 a majority of shareholdings of "ArtReview" and "ArtReview Asia", which are international authoritative platforms with 70 years of history, in order to lay the foundation for the Group's development in the art platform sector including the Group's integration of forum, exhibitions and other art events, as well as cross-regional and inter-disciplinary collaboration. The management believes that the art platform sector will become an indispensable source of revenue and a profit center in the future.

At the same time, as NFT (Non-Fungible Tokens), an encrypted asset based on blockchain technology, has gradually been accepted by the market in the field of digital and art in recent years, the Group has been discussing with relevant experts to explore the development potential for the emerging market of NFT as artwork since the beginning of this year, the Group is proactively exploring new ways for development of its businesses, and it is planning to collaborate with artists and business partners from different fields to expand the NFT market in China in the second half of the year.

(B) BUSINESS OUTLOOK

In the second half of 2021, the Group will continue to actively expand its customer base and identify potential investment opportunities and other business opportunities, expand innovative business models, further expand and improve the transformation and upgrade from print media sector to digital platform sector and to art platform sector. The Group keeps pace with the times through the integration and reorganization of resources to further expand the development of innovative business, and strives to build a new business model that integrates online and offline media platforms by combining print, digital and spatial experience, thereby bringing new opportunities and growth points to the Group.

The digital platform continues to be the growth engine of our business. By actively producing videos with refined and distinctive contents through “Nowness” website and applications, the Group aims at attracting and raising the number of downloads in the Greater China and South East Asia, which will definitely attract significant growth in brand advertising in the coming years. Moreover, the Group will continue to utilize the brand of “Nowness” to develop a series of extended businesses, including opening brand experience stores, launching derived products, establishing theme restaurants, organizing recording-related courses and so on, in order to explore different sources of income. The Group will also explore the practicability of adding a function in the website so that customers can immediately purchase after preview, and will gradually develop assisted purchase on e-commerce. The Group expects the digital platform to achieve satisfactory performance in the second half of 2021 and the coming years.

Businesses of the art platform sector will gradually develop in other first-tier cities in the PRC such as Beijing, Guangzhou and Shenzhen, and becomes an important source of power for the Group’s future profit growth. Art platform sector businesses will be extended to the operation of art exhibition, high-tech art club, art education, art travel, art derivatives, etc.

The Group supports the innovation and development of “ArtReview” and “ArtReview Asia”, especially in the expansion of their art platform sector, and will also jointly engage in forums and exhibitions in the art fields, as well as cross-regional and interdisciplinary collaborations. The Power 100 (藝術力量百人榜), organized by “ArtReview”, is an authoritative ranking of the most influential figures in the international contemporary art world. It has been successfully held for 19 sessions so far, and the Group will continue to support the release of this year’s list.

The Group continues to focus on the development of innovative businesses and is committed to creating a new media business model by integrating print media platform with digital platform and art platform to create a new integrated platform integrating online and offline platforms. The businesses of ZiWU Shanghai and Beijing Space include artistic restaurant, artistic photography store, membership book store, art gallery and art education classes. It links the online subscribers and offline readers with an innovative membership service system, connects space and creative content with brand new retail categories like magazine-subject derivative products, artistic photography products, designer cross-over products and the new profit mode developed from art consumer goods, which creates a new paradise “Nest” for urban cultural omnivores. ZiWU is actually a conception of integrating print, online and space magazines, which is a three-dimensional, experiential, mobile, interactive and networked commercial practice of the magazine’s contents by curation. As the business of ZiWU art space gradually matures and had become highly recognisable by consumers, it became a replicable business model. To this end, the Group will establish another ZiWU art space in Shanghai in the second half of the year, and the Group further plans to expand such business of art space to Guangzhou in South China.

Looking ahead, the management believes that by deepening the implementation of the new media platform innovation business model strategy, it will bring new opportunities and growth momentum to the Group. In particular, the Group will proactively study specific business development plans for NFT, an important emerging field of art, in the second half of the year. As a high-profile media group with a history of 28 years in China, we are the most influential and well-known media group and gains a leading position in areas including fashion, culture, art, and commerce in the Chinese market, which is the world’s second largest economy. Therefore, we believe that we continue to work hard to overcome all kinds of difficulties, always with high standards, high quality, high efficiency requirements, keep up with the tide of the times, for modern communication to create more brilliant achievements.

DIVIDEND

To preserve more financial resources in response to the market stagnancy, the Directors do not recommend the payment of any interim dividend for the Interim Period (2020: nil). The Directors will consider the final dividend after evaluating the full-year financial performance of 2021.

LIQUIDITY AND FINANCIAL RESOURCES

Net cash flows

During the Interim Period, the Group recorded a net cash outflow in operating activities of RMB11.9 million (corresponding period of 2020 (restated): net cash inflow RMB15.9 million). The changes in cash flow from operating activities were mainly due to the fact that, during 2020, in response to the impact of the Pandemic, the Group implemented a strict working capital management policy to ensure the steady development of operating activities, which involved extending the settlement period of its payables within a reasonable range, and such payables were settled during the Interim Period after the Group's performance had improved. During the Interim Period after the Group's performance improved, the Group recorded a net cash outflow in investment activities of RMB15.8 million (corresponding period of 2020 (restated): net cash outflow RMB3.3 million).

Gearing ratio

The gearing ratio of the Group as at 30 June 2021 was 17.2% (as at 31 December 2020: 14.8%). The gearing ratio increased mainly due to the increase of net debt.

The gearing ratio is calculated based on net debts divided by total capitals at each reporting date. Total debts include borrowings and lease liabilities.

Capital expenditure and commitment

Capital expenditures of the Group for the Interim Period include expenditures on property, plant and equipment of approximately RMB313,000 (corresponding period of 2020 (restated): including expenditures on property, plant and equipment, software development in progress and prepayment for property, plant and equipment of approximately RMB3,283,000).

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

Save for the corporate guarantee given to banks and the Group's major printing suppliers to secure the banking facilities and printing credit line respectively, as at 30 June 2021, the Group did not have any material contingent liabilities or guarantees other than those disclosed below.

As at 30 June 2021, bank borrowings were secured by certain properties of the Group with aggregate carrying amount of approximately RMB128,269,000 (including investment properties of approximately RMB37,700,000 and property, plant and equipment of approximately RMB90,569,000) (As at 31 December 2020 (audited): approximately RMB130,311,000 (including investment properties of approximately RMB37,700,000 and property, plant and equipment of approximately RMB92,611,000)) and/or was guaranteed by Mr. Shao/Mr. Shao's spouse/the Company/the subsidiaries of the Company.

FOREIGN CURRENCY RISKS

The Group mainly operates in the PRC, Hong Kong and the UK and majority of the transactions are denominated and settled in RMB, HK\$ or Great British Pounds ("GBP"), being the functional currency of the group entities to which the transactions relate. Currency risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. As at 30 June 2021, the Group did not have significant foreign currency risk from its operations.

EMPLOYEES

As at 30 June 2021, the Group had a total of 415 staff (as at 31 December 2020: 414 staff), whose remunerations and benefits are determined based on market rates, State policies and individual performance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Interim Period.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews its corporate governance practices to meet the rising expectations of shareholders and to comply with increasingly stringent regulatory requirements. In the opinion of the Directors, the Company applied the principles and complied with the relevant code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the Interim Period with the exception that the roles of the chairman and the chief executive officer of the Company have not been segregated as required by code provision A.2.1 of the Corporate Governance Code. The Company is of the view that it is in the best interest of the Company to let Mr. Shao, the founder of the Group, act in the dual capacity as the chairman and chief executive officer of the Group given Mr. Shao's in-depth expertise and knowledge in business and the Group, which can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. In addition, the Board is also supervised by 3 independent non-executive Directors. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group as the Board assumes collective responsibility on the decision-making process of the Company's business strategies and operation. The Directors will meet regularly to consider major matters affecting the operations of the Group.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Yick Wing Fat Simon (Chairman), Ms. Wei Wei and Mr. Wan Jie. The Chairman of the Audit Committee possesses appropriate professional qualification and experience in financial matters.

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months period ended 30 June 2021 with no disagreement with the accounting treatment adopted by the Company.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three independent non-executive Directors, namely Mr. Yick Wing Fat Simon (Chairman), Ms. Wei Wei and Mr. Wan Jie. They are responsible for making recommendations to the Board on setting policy on the remuneration of the Directors and determine on behalf of the Board specific remuneration packages and conditions of employment for the Directors.

NOMINATION COMMITTEE

The Nomination Committee currently comprises three independent non-executive Directors, namely Ms. Wei Wei (Chairman), Mr. Wan Jie and Mr. Yick Wing Fat Simon. They are responsible for reviewing the structure, size and composition of the Board at least annually, making recommendation on any proposed changes to the Board and the appointment or re-appointment of Directors.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (as set out in Appendix 10 to the Listing Rules) (the “**Model Code**”) as its own code of conducts regarding directors’ securities transaction. In response to a specific enquiry by the Company, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the Interim Period.

PUBLICATION

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Group (www.modernmedia.com.cn) respectively. The 2021 interim report will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Modern Media Holdings Limited
Shao Zhong
Chairman

Hong Kong, 27 August 2021

As at the date of this announcement, the Board comprises the following members: (a) as executive Directors, Mr. SHAO Zhong, Ms. YANG Ying, Mr. LI Jian and Mr. DEROCHE Alain, Jean-Marie, Jacques; (b) as independent non-executive Directors, Mr. YICK Wing Fat Simon, Ms. WEI Wei and Mr. WAN Jie.