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Meta Media Holdings Limited

超媒體控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 72)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2022 RMB'000 (Unaudited)	Six months ended 30 June 2021 RMB'000 (Unaudited)
Revenue	170,654	182,275
Loss for the period	(12,938)	(10,585)
Loss per share – Basic and diluted	RMB(0.0458)	RMB(0.0405)

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (2021: nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Meta 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 2022 (the “**Interim Period**”) together with comparative figures for the corresponding period in 2021. The interim results had been reviewed by the Company’s audit committee (the “**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 2022

	<i>Notes</i>	Six months ended 30 June	
		2022	2021
		RMB’000	RMB’000
		(Unaudited)	(Unaudited)
Revenue	4	170,654	182,275
Cost of sales		<u>(97,378)</u>	<u>(111,115)</u>
Gross profit		73,276	71,160
Other income	5	598	2,705
Other gains/(losses) - net	6	394	(62)
Distribution expenses		(24,937)	(31,734)
Administrative expenses		<u>(58,442)</u>	<u>(50,081)</u>
Loss from operations		(9,111)	(8,012)
Finance expenses	7	<u>(3,827)</u>	<u>(2,573)</u>
Loss before income tax	8	(12,938)	(10,585)
Income tax expense	9	<u>—</u>	<u>—</u>
Loss for the period		<u>(12,938)</u>	<u>(10,585)</u>

	<i>Note</i>	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(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>2,765</u>	<u>1,671</u>
Other comprehensive income for the period, net of tax		<u>2,765</u>	<u>1,671</u>
Total comprehensive expenses for the period		<u><u>(10,173)</u></u>	<u><u>(8,914)</u></u>
(Loss)/profit for the period attributable to:			
Owners of the Company		(19,790)	(17,490)
Non-controlling interests		<u>6,852</u>	<u>6,905</u>
		<u><u>(12,938)</u></u>	<u><u>(10,585)</u></u>
Total comprehensive (expenses)/income for the period attributable to:			
Owners of the Company		(18,453)	(15,565)
Non-controlling interests		<u>8,280</u>	<u>6,651</u>
		<u><u>(10,173)</u></u>	<u><u>(8,914)</u></u>
Loss per share	<i>10</i>		
–Basic (<i>RMB per share</i>)		<u><u>RMB(0.0458)</u></u>	<u><u>RMB(0.0405)</u></u>
–Diluted (<i>RMB per share</i>)		<u><u>RMB(0.0458)</u></u>	<u><u>RMB(0.0405)</u></u>

Condensed consolidated statement of financial position
as at 30 June 2022

	<i>Notes</i>	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	<i>11</i>	147,309	142,633
Right-of-use assets		51,419	60,830
Investment properties		37,700	37,700
Intangible assets		39,720	45,570
Goodwill	<i>12</i>	39,403	39,841
Software development in progress		52	52
Prepayment for property, plant and equipment	<i>13</i>	–	3,285
Deferred income tax assets		2,870	2,870
		318,473	332,781
Current assets			
Inventories		64,983	61,609
Trade and other receivables	<i>13</i>	232,036	238,007
Pledged bank deposits		25,000	25,231
Cash and cash equivalents		45,011	47,479
		367,030	372,326
Current liabilities			
Trade and other payables	<i>14</i>	82,011	84,425
Contract liabilities		8,476	8,316
Borrowings	<i>15</i>	148,524	146,953
Lease liabilities		9,747	15,579
Current income tax liabilities		8,550	8,485
		257,308	263,758
Net current assets		109,722	108,568
Total assets less current liabilities		428,195	441,349

	<i>Notes</i>	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current liabilities			
Amount due to a non-controlling shareholder of a subsidiary		4,068	4,303
Lease liabilities		45,150	47,830
Deferred income tax liabilities		10,309	10,375
		<u>59,527</u>	<u>62,508</u>
Net assets		<u>368,668</u>	<u>378,841</u>
Capital and reserves			
Share capital	<i>16</i>	3,853	3,853
Reserves	<i>16</i>	277,289	295,742
Equity attributable to owners of the Company			
		281,142	299,595
Non-controlling interests		87,526	79,426
Total equity		<u>368,668</u>	<u>378,841</u>

Notes to the condensed consolidated financial statements for the six months ended 30 June 2022

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 2022 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 29 August 2022.

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 2021 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 2021.

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 2022. 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. 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, impairment loss on intangible assets 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 two 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:

- Art platform (previously known as print media and art platform): this segment engages in the sale of advertising space on the publication of and the distribution of the Group's magazines and periodicals; and 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.

Certain comparative figures on segment information have been reclassified to confirm to the current period's presentation. The new classification on segment information was considered to provide a more appropriate presentation.

(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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reportable segment:		
– Art platform	76,799	100,936
– Digital platform	94,804	80,069
	171,603	181,005
Revenue derived from other operations	270	2,361
Less: sales taxes and other surcharges	(1,219)	(1,091)
	170,654	182,275
	<u>170,654</u>	<u>182,275</u>
Types of goods or services:		
– Advertising income	110,548	138,536
– Production, event and service income	47,788	33,260
– Circulation and subscription income	11,282	9,251
– Revenue from restaurant operation	1,036	1,228
	170,654	182,275
	<u>170,654</u>	<u>182,275</u>
Timing of revenue recognition under IFRS 15:		
– At a point in time	1,036	1,228
– Over time	169,618	181,047
	170,654	182,275
	<u>170,654</u>	<u>182,275</u>

(b) Adjusted EBITDA

The adjusted EBITDA of the Group for the six months ended 30 June 2022 and 2021 were set out as follows:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Reportable segment:		
– Art platform	(10,694)	(12,674)
– Digital platform	29,147	26,107
	<u>18,453</u>	<u>13,433</u>
Revenue derived from other operations	270	2,360
Depreciation	(15,220)	(11,466)
Amortisation	(4,149)	(5,501)
Finance expenses	(3,827)	(2,573)
Impairment loss on intangible assets	(1,648)	–
Unallocated head office and corporate expenses	(6,817)	(6,838)
	<u>(12,938)</u>	<u>(10,585)</u>

	Depreciation	Amortisation	Finance expenses
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30 June 2022			
Reportable segment:			
– Art platform	8,281	2,257	2,143
– Digital platform	6,698	1,826	1,684
	<u>14,979</u>	<u>4,083</u>	<u>3,827</u>

	Depreciation <i>RMB'000</i> (Unaudited)	Amortisation <i>RMB'000</i> (Unaudited)	Finance expenses <i>RMB'000</i> (Unaudited)
Six months ended 30 June 2021			
Reportable segment:			
– Art platform	6,393	3,067	1,435
– Digital platform	5,073	2,434	1,138
	<u>11,466</u>	<u>5,501</u>	<u>2,573</u>

(c) **Total assets**

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Reportable segment:		
– Art platform	290,519	294,328
– Digital platform	229,680	243,970
	520,199	538,298
Corporate and unallocated assets	9,873	8,176
Investment properties	37,700	37,700
Deferred income tax assets	2,870	2,870
Other receivables	44,850	45,353
Pledged bank deposits	25,000	25,231
Cash and cash equivalents	45,011	47,479
Total assets	685,503	705,107

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

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Reportable segment:		
– Art platform	2,996	–
– Digital platform	43	313
	<u>3,039</u>	<u>313</u>

(d) Geographic information

The geographical location of the Group’s property, plant and equipment, right-of-use assets, investment properties, intangible assets, goodwill, software development in progress and prepayment for property, plant and equipment were mainly in the PRC, Hong Kong and the United Kingdom (the “UK”) as at 30 June 2022 and 31 December 2021.

5. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
PRC government subsidy (<i>note</i>)	145	2,344
Interest income from investments at fair value through profit and loss	–	255
Bank interest income	77	73
Others	376	33
	<u>598</u>	<u>2,705</u>

Note: PRC government subsidy represented subsidies received from local governmental authorities by several subsidiaries of the Group.

6. OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net gain/(loss) on disposal of property, plant and equipment	615	(38)
Exchange differences	(221)	(24)
	<u>394</u>	<u>(62)</u>

7. FINANCE EXPENSES

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest expense on borrowings	2,143	2,036
Finance charges on lease liabilities	1,684	537
	<u>3,827</u>	<u>2,573</u>

8. LOSS BEFORE INCOME TAX

The Group's loss before income tax is stated after (crediting)/charging the following:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment and right-of-use assets	15,220	11,706
Amortisation of intangible assets	4,149	5,501
Expected credit loss (“ECL”) allowance on trade receivables (reversed)/recognised	(624)	817
Short term leases charges an land and buildings	546	416
	<u>546</u>	<u>416</u>

9. 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 2022 and 2021. 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 2022 and 2021. 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 2022 and 2021.

10. 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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company	<u>(19,790)</u>	<u>(17,490)</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 2022 and 2021.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of approximately RMB7,724,000 (six months ended 30 June 2021: approximately RMB313,000). Certain property, plant and equipment with a net book value of approximately RMB589,000 (six months ended 30 June 2021: RMB611,000) were disposed of by the Group during the six months ended 30 June 2022, resulting in a net loss on disposals of approximately RMB615,000 (six months ended 30 June 2021: RMB38,000).

12. GOODWILL

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
At 1 January	39,841	43,725
Impairment loss	–	(3,620)
Currency translation differences	(438)	(264)
	<u>39,403</u>	<u>39,841</u>

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Digital platform – the PRC	28,203	28,203
Digital platform – the UK	7,570	8,008
Art platform – the PRC	3,630	3,630
	<u>39,403</u>	<u>39,841</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 2021.

13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables	182,497	190,297
Less: ECL allowance of trade receivables	<u>(8,181)</u>	<u>(8,818)</u>
Trade receivables, net	174,316	181,479
Other receivables:		
Value-added tax recoverable	11,221	13,137
Prepayments	13,425	14,668
Printing deposits	11,646	11,176
Rental, utility and other deposits	7,758	7,811
Advances and loans to employees (<i>note</i>)	6,197	5,736
Amount due from a senior management (<i>note</i>)	1,242	1,239
Others	<u>6,231</u>	<u>6,046</u>
	232,036	241,292
Less: non-current portion:		
Prepayment for property, plant and equipment	<u>–</u>	<u>(3,285)</u>
Current portion	<u><u>232,036</u></u>	<u><u>238,007</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 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables, gross		
Within 30 days	77,813	50,037
Over 30 days and within 90 days	14,319	53,399
Over 90 days and within 180 days	34,933	40,443
Over 180 days and within 1 year	34,201	21,982
Over 1 year and within 2 years	15,105	17,473
Over 2 years and within 3 years	1,375	3,096
Over 3 years	4,751	3,867
	182,497	190,297

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 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
At 1 January	8,818	7,703
ECL allowance (reversed)/recognised	(624)	1,125
Exchange difference	(13)	(10)
	8,181	8,818

14. TRADE AND OTHER PAYABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade payables	46,527	50,817
Other payables:		
Accrued taxes other than income tax (<i>note a</i>)	7,246	6,551
Accrued expenses (<i>note b</i>)	17,840	15,400
Salaries, wages, bonus and benefits payable	3,119	4,317
Amount due to a director (<i>note c</i>)	3,612	3,523
Other liabilities	3,667	3,817
	<u>82,011</u>	<u>84,425</u>

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

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 30 days	12,907	19,773
Over 30 days and within 90 days	4,458	10,404
Over 90 days and within 180 days	6,889	5,536
Over 180 days	22,273	15,104
	<u>46,527</u>	<u>50,817</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.

15. BORROWINGS

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Secured bank borrowings (<i>note</i>)	<u>148,524</u>	<u>146,953</u>

Note: As at 30 June 2022, bank borrowings were secured by certain properties of the Group with aggregate carrying amount of approximately RMB127,495,000 (including in investment properties of approximately RMB37,700,000 and property, plant and equipment of approximately RMB89,795,000) (as at 31 December 2021 (audited): approximately RMB125,951,000 (including in investment properties of approximately RMB37,700,000 and property, plant and equipment of approximately RMB88,251,000)) and/or was guaranteed by Mr. Shao Zhong (“**Mr. Shao**”)/Mr. Shao’s spouse/the Company/the subsidiaries of the Company. Bank borrowings were also secured by pledged bank deposits of approximately RMB25,000,000 (as at 31 December 2021 (audited): approximately RMB25,231,000) as at 30 June 2022.

16. 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 <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each:		
At 30 June 2022 (unaudited) and 31 December 2021 (audited)	<u>8,000,000</u>	<u>80,000</u>

	Number of shares '000	Share capital <i>RMB'000</i>
Ordinary shares, issued and fully paid:		
At 30 June 2022 (unaudited) and 31 December 2021 (audited)	<u>438,353</u>	<u>3,853</u>

(b) Dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2022 and 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS SUMMARY

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

	Art platform RMB'000	Digital platform RMB'000	Total RMB'000
2022			
Revenue from reportable segment	94,804	76,799	171,603
(Loss)/profit for reportable segment	(23,375)	17,291	(6,084)
Segment EBITDA	(10,694)	29,147	18,453
2021			
Revenue from reportable segment	100,936	80,069	181,005
(Loss)/profit for reportable segment	(23,569)	17,462	(6,107)
Segment EBITDA	(12,674)	26,107	13,433

(A) BUSINESS REVIEW

In the first half of 2022, domestic outbreaks of the COVID-19 pandemic have been frequent, and the pandemic situation was severe, which had a serious impact on the social and economic development, and the economic growth was obviously slowed down. However, the Group started to explore the metaverse development model and innovatively expanded the field of metaverse in early 2022, and maintained growth during the outbreak of the pandemic in China. The EBITDA increased by 37% to RMB18,453,000 from RMB13,433,000 in the same period of last year.

In the early 2022, the English name of the Company was changed from “Modern Media Holdings Limited” to “Meta Media Holdings Limited” and the Chinese name of the Company was changed from “現代傳播控股有限公司” to “超媒體控股有限公司”. The new name “Meta Media” is a name with a great sense of future and a symbol of the spirit of the times, representing the Group’s transformation from “Modern” to “Ultra Modern”. For details of the change of the Company’s name, please refer to the announcement of the Company dated 10 February 2022.

After the success of print publication, digital platforms and art marketing, the Group has been leading the way into the worldwide latest popular market of metaverse. The Group’s first change of the Company’s name revealed its determination and confidence. This is the first time that a China’s magazine media group has advanced into the times of metaverse, and it also foreshadows

the next revolution in consumption hotspots and revenue models. Mr. Shao Zhong (“**Mr. Shao**”), the founder and chairman of the Group, said, “the future media form will be characterised by hyperdimensionality, and will transform from the current reality-oriented form to a virtual reality-oriented hypermedia form”. In order to develop the metaverse business, in April 2022, the Group entered into an investment agreement with Beijing Baidu Biwei Enterprise Management Center (Limited Partnership)* (北京百度畢威企業管理中心(有限合夥)) (the “**BV Baidu Ventures**”), pursuant to which the parties agreed to jointly contribute RMB10 million to the registered capital of Zhuhai Yuanbang Technology Co., Ltd.* (珠海元邦科技有限公司) (the “**JV Company**”, a subsidiary of the Company), and to jointly create “Yuanbang” Meta City, construct a city of consensus, sharing and empathy, create a new metropolitan structure, and look for a paradigm to achieve the “perfect combination of technology and humanity” for the real society, so as to build an international, fashionable and high-quality spiritual ideal residence. The capital injection and industrial and commercial registration process for the above transaction have been completed in July this year. The Group and BV Baidu Ventures contributed 60% and 40% to its registered capital, respectively, and such registered capital will be the seed incubation fund (種子孵化資金) for the JV Company to accelerate the development of metaverse. In the future cooperation planning, the Group will introduce a number of partners in specific fields (including architecture, design, fashion, culture, art, etc.), and the JV Company will design and complete the construction and operation planning of Meta City.

Meta ZiWU, as the first practice of the above cooperation, adheres to the goal of “high concept, high life and high technology” and is committed to building a utopian ideal home, integrating art into life, reconstructing society with science and technology, getting rid of the shackles of the real world and creating a new world outlook. As the fourth humanity ecological community of the Group, Meta ZiWU witnessed the development path of the Group from print magazine to mobile magazine, from space magazine to metaverse magazine. Thereafter, ZiWU will become a multi-dimensional hypermedia covering both offline physical space and online metaverse space. The online Meta ZiWU will lead viewers into an intellectual field co-created by artificial intelligence and human beings in the form of an immersive virtual space.

The successful cases of the three offline physical spaces provide a perfect realistic foundation for the construction of Meta ZiWU. The traditional paper media of the Group and the operation experience of electronic media in the digital age and the Group’s unique values and aesthetics provided by artists and high-standard brand resources will provide Meta ZiWU with more diversified content application scenarios and space operation paradigms, and Meta ZiWU will gradually become an indispensable source of income and the profit center of the Group.

The Meta ZiWU virtual building was inaugurated with the presentation of the first metaverse exhibition, “Post-Sinofuturism”, which revived the video essay “Post-Sinofuturism (1839-2046AD)” created and completed by artist, Lawrence Lek, in 2016 in a local context, and re-examined the act of remembering inherited from “manifesto”, “programming”, “replication” and “game” in the metaverse for Chinese audience. At the same time, artist, Chen Yujun, was specifically invited to support this exhibition with his selected work, “The Endogenous Scenery”, displayed in his physical exhibition in ZiWU Beijing. When the deconstruction and reconstruction of the landscape take place in the metaverse in a virtual form, the reflection on the ecological conditions, cultural environment and social trends of human beings in the present are also escalated simultaneously. As we search for answers between nomadism and exile, we should have realised that tracing our own natural and humanistic genes is the start of awakening our mission to embrace a wider universe.

On 28 April 2022, the Group and Dior collaborated to create a new metaverse exhibition – “ON THE ROAD” – at the Meta ZiWU. The exhibition aims to create an interactive experience for the young generation, based on the spirit of Dior Men’s Fall 2022 Collection and with the cutting-edge metaverse technology, to witness the unrestrained fashion attitude and the creativity towards the future.

In the first half of 2022, the Group established Zhuhai Chaojie Technology Co., Ltd.* (珠海超界科技有限公司) and Meta Eye department to invest in the metaverse ecosystem field for VR and AR products. We intend to conduct research and development on the existing basis to create a metaverse innovation model, and replicate a wider range of innovative business models by producing media application products such as AR and VR glasses and the reality-enhanced scene experience base of Meta ZiWU, so as to cooperate with the strategic deployment of flat three-dimensional paintings and 3D live-action videos with metaverse fashion shows. The Group’s various publications, including “iWeekly”, “INSTYLE”, “Bloomberg Businessweek (Chinese and Traditional Chinese Edition)”, “Life”, “IDEAT”, “LEAP”, “Numéro”, “Arbiter” and “City Magazine” will be connected in the Meta Eye. Readers can read printed contents, or immerse themselves in the charm of fashion and art by wearing AR glasses. A new business model that combines graphics, digital and spatial experience to create an integrated media platform that connects online and offline strives to bring new opportunities and growth points to the Group.

In April 2022, the Group collaborated with BV Baidu Ventures, The Digital Alliance Institute for Digital Finance Research and China Academy of Art School of Design & Innovation to launch Meta Lab, an entrepreneurial incubator of metaverse, which covers four modules including basic infrastructure, resource docking, connection and communication and public relations dissemination, forming an effective closed loop. With metaverse as the core, Meta Lab will focus on providing entrepreneurial services, sharing resources, empowering metaverse entrepreneurs, and in-depth exploration on related industries, changes, opportunities and trends, facilitating the opening of new development space in the metaverse field.

Art platform

With continuous development and upgrade of modern consumption, the spiritual and material pursuits of consumer groups have continuously 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 brand's taste and spiritual values, cultivates potential consumers and improves the competitiveness of enterprises. A review on the Group's development path in the art platform sector shows no signs of stopping.

Digital platform

During the Interim Period, the business of digital platform of the Group continues to develop. Under the impact of pandemic, EBITDA of digital platform still achieved a 12% increase. From "iWeekly" (which has more than 15,000,000 users), to "INSTYLE iLady" (with growing advertising revenue), to "Bloomberg Businessweek" (one of the best domestic Apps), to "Nowness" (the global short film website platform which wins the favour of global luxury brands with creativity and quality), the Group has forged a diversified and multidimensional digital matrix. We are confident that the digital business will further generate considerable revenue in the future and achieve significant business growth.

(B) BUSINESS OUTLOOK

There are four paths to the metaverse. They are flat three-dimensional paintings, metaverse fashion shows, 3D live-action videos, and digital buildings and objects. As of the date of this announcement, the Group continued to achieve promising results in metaverse business.

In July 2022, the “Shallow-Chen Danqing Prints” organised by Meta ZiWU was officially launched for the first time at the Meta ZiWU auction. It was the first auction of Chen Danqing’s prints in the metaverse. There were more than 120,000 people entered the showroom with more than 100 bids. Six prints were sold with a transaction rate of 100%.

On 20 July 2022, Guangzhou Arbitration Commission and the Group entered into an agreement to cooperate on building the Meta City Yuanbang Arbitration Commission. The first metaverse arbitration commission in the world entered Meta City to achieve integration of “internet + law”, to actively explore building the first virtual arbitration tribunal and virtual arbitration secretary, to promote virtual legislation at appropriate time, in order to help clean the internet space and protect network safety. This would necessarily promote digital transformation and upgrade of arbitration service, and provide more and better legal protection in the virtual world.

At the end of July 2022, Lawrence Lek’s “Post-Sinofuturism” metaverse mirror exhibition started at ZiWU Shanghai ZiWU the Bund. It continued the first specially invited exhibition in April this year and was the first artist exhibition held parallelly in metaverse and physical space in China. This represents the change in mode in post-tech era and explores the unlimited directions of creations of artists when building the virtual world.

In August 2022, Prada fall/winter 2022 menswear and womenswear fashion show metaverse live was held at Meta ZiWU with approximately 200,000 people entering the showroom. This first metaverse fashion show jointly held by Meta ZiWU and Prada brought the integration experience of reality and virtual space and created a moment of milestone in the fashion industry.

With the launch of the metaverse business, the Group had laid a foundation for its metaverse business in the future. In the future, we will continue to strengthen collaboration with different brands and explore more metaverse business, and at the same time collaborate with more artists to help promote excellent artworks. Looking ahead, the management of the Group believes that by further developing the metaverse business, it will bring new opportunities and growth momentum to the Group. As one of the most influential and well-known high-end media groups with a history of 28 years in China, we have achieved 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 will continue to work hard to overcome all kinds of difficulties in modern communications, always with high standards, high quality, high efficiency requirements, keep up with the tide of the times, and to create more outstanding 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 (2021: nil). The Directors will consider the final dividend after evaluating the full-year financial performance of 2022.

LIQUIDITY AND FINANCIAL RESOURCES

Net cash flows

During the Interim Period, the Group recorded a net cash inflow in operating activities of RMB11,898,000 (corresponding period of 2021: net cash outflow RMB11,913,000). The changes in cash flow from operating activities were mainly due to the fact that, during 2022, 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. During the Interim Period after the Group's performance improved, the Group recorded a net cash outflow in investment activities of RMB1,848,000 (corresponding period of 2021: net cash outflow RMB15,835,000).

Gearing ratio

The gearing ratio of the Group as at 30 June 2022 was 26.6% (as at 31 December 2021: 26.7%). The gearing ratio decreased mainly due to the decrease 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 RMB7,724,000 (corresponding period of 2021: including expenditures on property, plant and equipment of approximately RMB313,000).

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 2022, the Group did not have any material contingent liabilities or guarantees other than those disclosed below.

As at 30 June 2022, bank borrowings were secured by certain properties of the Group with aggregate carrying amount of approximately RMB127,495,000 (including investment properties of approximately RMB37,700,000 and property, plant and equipment of approximately RMB89,795,000) (as at 31 December 2021 (audited): approximately RMB125,951,000 (including investment properties of approximately RMB37,700,000 and property, plant and equipment of approximately RMB88,251,000)) and/or was guaranteed by Mr. Shao/Mr. Shao's spouse/the Company/the subsidiaries of the Company. Bank borrowings were also secured by pledged bank deposits of approximately RMB25,000,000 (as at 31 December 2021 (audited): approximately RMB25,231,000) as at 30 June 2022.

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, being the functional currency of the group entities to which the transactions relate. Currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. As at 30 June 2022, the Group did not have significant foreign currency risk from its operations.

EMPLOYEES

As at 30 June 2022, the Group had a total of 448 staff (as at 31 December 2021: 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 (the “**Corporate Governance Code**”) as set out in Part 2 of 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 C.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 three 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 ended 30 June 2022 with no disagreement with the accounting treatment adopted by the Company.

REMUNERATION COMMITTEE

The remuneration committee of the Board 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 of the Board 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 Company (www.metamediahldg.com) respectively. The 2022 interim report will be despatched 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
Meta Media Holdings Limited
Shao Zhong
Chairman

Hong Kong, 29 August 2022

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; and (b) as independent non-executive Directors, Mr. YICK Wing Fat Simon, Ms. WEI Wei and Mr. WAN Jie.

* *English translation or transliteration of Chinese name for identification purpose only*