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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 2023

FINANCIAL HIGHLIGHTS

| | Six months ended 30 June 2023 RMB'000 (Unaudited) | Six months ended 30 June 2022 RMB'000 (Unaudited) |
|------------------------------------|--|--|
| Revenue | 158,321 | 170,654 |
| Loss for the period | (21,554) | (12,938) |
| Loss per share – Basic and diluted | RMB(0.0465) | RMB(0.0458) |

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (2022: 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 2023 (the “**Interim Period**”) together with comparative figures for the corresponding period in 2022. 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 2023

| | <i>Notes</i> | Six months ended 30 June | |
|------------------------------------|--------------|---------------------------------|--------------------|
| | | 2023 | 2022 |
| | | RMB’000 | RMB’000 |
| | | (Unaudited) | (Unaudited) |
| Revenue | 4 | 158,321 | 170,654 |
| Cost of sales | | <u>(97,377)</u> | <u>(97,378)</u> |
| Gross profit | | 60,944 | 73,276 |
| Other income | 5 | 1,577 | 598 |
| Other (losses)/gains - net | 6 | (711) | 394 |
| Distribution expenses | | (31,864) | (24,937) |
| Administrative expenses | | <u>(44,388)</u> | <u>(58,442)</u> |
| Loss from operations | | (14,442) | (9,111) |
| Finance expenses | 7 | (5,548) | (3,827) |
| Share of losses of a joint venture | | <u>(513)</u> | <u>–</u> |
| Loss before income tax | 8 | (20,503) | (12,938) |
| Income tax expense | 9 | <u>(1,051)</u> | <u>–</u> |
| Loss for the period | | <u>(21,554)</u> | <u>(12,938)</u> |

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Other comprehensive income | | |
| <i>Items that will not be subsequently reclassified to profit or loss</i> | | |
| Revaluation surplus upon transfer from property, plant and equipment to investment properties | 30,486 | – |
| Tax effect relating to revaluation surplus upon transfer from property, plant and equipment to investment properties | (7,622) | – |
| | 22,864 | – |
| <i>Items that may be subsequently reclassified to profit or loss</i> | | |
| Exchange differences on translation of financial statements of overseas subsidiaries | 4,367 | 2,765 |
| Other comprehensive income for the period, net of tax | 27,231 | 2,765 |
| Total comprehensive income/(expenses) for the period | 5,677 | (10,173) |
| (Loss)/profit for the period attributable to: | | |
| Owners of the Company | (20,098) | (19,790) |
| Non-controlling interests | (1,456) | 6,852 |
| | (21,554) | (12,938) |

| | | Six months ended 30 June | |
|--|--------------|---------------------------------|---------------------------|
| | <i>Notes</i> | 2023 | 2022 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| | | (Unaudited) | (Unaudited) |
| Total comprehensive income/(expenses) for the period attributable to: | | | |
| Owners of the Company | | 7,407 | (18,453) |
| Non-controlling interests | | (1,730) | 8,280 |
| | | <u>5,677</u> | <u>(10,173)</u> |
| Loss per share | | | |
| | <i>10</i> | | |
| –Basic (<i>RMB per share</i>) | | <u>RMB(0.0465)</u> | <u>RMB(0.0458)</u> |
| –Diluted (<i>RMB per share</i>) | | <u>RMB(0.0465)</u> | <u>RMB(0.0458)</u> |

Condensed consolidated statement of financial position
as at 30 June 2023

| | <i>Notes</i> | As at 30 June 2023 RMB'000 (Unaudited) | As at 31 December 2022 RMB'000 (Audited) |
|--|--------------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | <i>11</i> | 127,620 | 144,245 |
| Right-of-use assets | | 58,629 | 66,146 |
| Investment properties | | 81,400 | 36,170 |
| Intangible assets | | 35,379 | 37,402 |
| Goodwill | <i>12</i> | 36,710 | 36,013 |
| Investment in a joint venture | | 4,030 | 4,316 |
| Software development in progress | | 52 | 52 |
| Prepayment for property, plant and equipment, and intangible assets | <i>13</i> | – | 832 |
| Deferred income tax assets | | 1,630 | 1,630 |
| | | 345,450 | 326,806 |
| Current assets | | | |
| Inventories | | 88,880 | 85,158 |
| Trade, bills and other receivables | <i>13</i> | 170,724 | 213,885 |
| Pledged bank deposits | | 50,000 | 50,000 |
| Cash and cash equivalents | | 51,508 | 40,831 |
| | | 361,112 | 389,874 |
| Current liabilities | | | |
| Trade and other payables | <i>14</i> | 95,428 | 121,940 |
| Contract liabilities | | 7,556 | 9,870 |
| Borrowings | <i>15</i> | 185,740 | 175,017 |
| Lease liabilities | | 12,774 | 12,775 |
| Current income tax liabilities | | 8,607 | 8,088 |
| | | 310,105 | 327,690 |
| Net current assets | | 51,007 | 62,184 |
| Total assets less current liabilities | | 396,457 | 388,990 |

| | <i>Notes</i> | As at 30 June 2023 RMB'000 (Unaudited) | As at 31 December 2022 RMB'000 (Audited) |
|--|--------------|---|--|
| Non-current liabilities | | | |
| Amount due to a non-controlling shareholder of a subsidiary | | 4,572 | 4,197 |
| Lease liabilities | | 51,921 | 58,231 |
| Deferred income tax liabilities | | 17,688 | 9,963 |
| | | <u>74,181</u> | <u>72,391</u> |
| Net assets | | <u>322,276</u> | <u>316,599</u> |
| Equity | | | |
| Share capital | 16 | 3,853 | 3,853 |
| Reserves | 16 | 237,938 | 233,529 |
| Equity attributable to owners of the Company | | | |
| Non-controlling interests | | 241,791 | 237,382 |
| | | <u>80,485</u> | <u>79,217</u> |
| Total equity | | <u>322,276</u> | <u>316,599</u> |

Notes to the condensed consolidated financial statements for the six months ended 30 June 2023

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 Act (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, Third 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 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 2023 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 28 August 2023.

The Interim Financial Information are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000), unless otherwise stated.

The Interim Financial Information has 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 2022 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 2022.

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 2023. 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 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 earnings before interest, taxes, depreciation, and amortization (the "EBITDA") without allocation of depreciation, amortisation, finance expenses, change in fair value of investment properties, impairment loss on goodwill, impairment loss on intangible assets, share of losses of a joint venture, 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 condensed consolidated financial statements. These assets are allocated based on the operations of segment. Investment properties, deferred income tax assets, certain other receivables, investment in a joint venture, pledged bank deposits, 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 (30 June 2022: 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 profit/loss 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: 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.

(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 | |
|--|---------------------------------|-----------------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Reportable segment: | | |
| – Art platform | 96,238 | 94,804 |
| – Digital platform | 62,603 | 76,799 |
| | 158,841 | 171,603 |
| Revenue derived from other operations | 233 | 270 |
| Less: sales taxes and other surcharges | (753) | (1,219) |
| | 158,321 | 170,654 |
| Types of goods or services: | | |
| – Advertising income | 82,923 | 110,548 |
| – Production, event and service income | 70,282 | 47,788 |
| – Circulation and subscription income | 4,088 | 11,282 |
| – Revenue from restaurant operation | 1,028 | 1,036 |
| | 158,321 | 170,654 |
| Timing of revenue recognition under IFRS 15: | | |
| – At a point in time | 1,028 | 1,036 |
| – Over time | 157,293 | 169,618 |
| | 158,321 | 170,654 |

(b) Adjusted EBITDA

The adjusted EBITDA of the Group for the six months ended 30 June 2023 and 2022 were set out as follows:

| | Six months ended 30 June | |
|--|--------------------------|----------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Reportable segment: | | |
| – Art platform | (9,953) | (10,694) |
| – Digital platform | 13,203 | 29,147 |
| | 3,250 | 18,453 |
| Revenue derived from other operations | 233 | 270 |
| Depreciation | (13,153) | (15,220) |
| Amortisation | (2,864) | (4,149) |
| Finance expenses | (5,548) | (3,827) |
| Impairment loss on intangible assets | – | (1,648) |
| Share of losses of a joint venture | (513) | – |
| Unallocated head office and corporate expenses | (1,908) | (6,817) |
| Loss before income tax | (20,503) | (12,938) |

| | Depreciation | Amortisation | Finance expenses |
|--------------------------------------|----------------|----------------|------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) | (Unaudited) |
| Six months ended 30 June 2023 | | | |
| Reportable segment: | | | |
| – Art platform | 7,957 | 1,733 | 3,365 |
| – Digital platform | 5,176 | 1,127 | 2,183 |
| | 13,133 | 2,860 | 5,548 |

| | Depreciation <i>RMB'000</i> (Unaudited) | Amortisation <i>RMB'000</i> (Unaudited) | Finance expenses <i>RMB'000</i> (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> |

(c) **Total assets**

| | As at 30 June 2023 <i>RMB'000</i> (Unaudited) | As at 31 December 2022 <i>RMB'000</i> (Audited) |
|----------------------------------|---|---|
| Reportable segment: | | |
| – Art platform | 272,746 | 318,874 |
| – Digital platform | 206,042 | 229,576 |
| | 478,788 | 548,450 |
| Corporate and unallocated assets | 9,220 | 8,933 |
| Investment properties | 81,400 | 36,170 |
| Deferred income tax assets | 1,630 | 1,630 |
| Other receivables | 29,986 | 26,350 |
| Investment in a joint venture | 4,030 | 4,316 |
| Pledged bank deposits | 50,000 | 50,000 |
| Cash and cash equivalents | 51,508 | 40,831 |
| Total assets | 706,562 | 716,680 |

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

| | Six months ended 30 June | |
|---------------------|---------------------------------|-----------------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Reportable segment: | | |
| – Art platform | 240 | 2,996 |
| – Digital platform | 355 | 43 |
| | <u>595</u> | <u>3,039</u> |

(d) Geographic information

The geographical location of the Group's property, plant and equipment, right-of-use assets, investment properties, intangible assets, goodwill, investment in a joint venture, software development in progress and prepayment for property, plant and equipment, and intangible assets are mainly in the PRC, Hong Kong and the United Kingdom (the "UK") as at 30 June 2023 and 31 December 2022.

5. OTHER INCOME

| | Six months ended 30 June | |
|--|---------------------------------|-----------------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| PRC government subsidy (<i>note</i>) | 369 | 145 |
| Bank interest income | 622 | 77 |
| Others | 586 | 376 |
| | <u>1,577</u> | <u>598</u> |

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

6. OTHER (LOSSES)/GAINS – NET

| | Six months ended 30 June | |
|--|--------------------------|----------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Net (loss)/gain on disposal of property, plant and equipment | (70) | 615 |
| Exchange differences | (641) | (221) |
| | <u>(711)</u> | <u>394</u> |

7. FINANCE EXPENSES

| | Six months ended 30 June | |
|--------------------------------------|--------------------------|----------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Interest expense on borrowings | 3,839 | 2,143 |
| Finance charges on lease liabilities | 1,709 | 1,684 |
| | <u>5,548</u> | <u>3,827</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 | |
|--|--------------------------|----------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Depreciation of property, plant and equipment and right-of-use assets | 13,153 | 15,220 |
| Amortisation of intangible assets | 2,864 | 4,149 |
| Reversal of expected credit loss (“ECL”) allowance on trade receivables | (964) | (624) |
| Short term leases charges on land and buildings | 423 | 546 |
| | <u>423</u> | <u>546</u> |

9. INCOME TAX EXPENSE

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2023. No provision for Hong Kong Profits Tax has been made since the Group has sufficient tax losses brought forward to set off against assessable profits or did not generate any assessable profits for the six months ended 30 June 2022. 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 2023 and 2022. 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 2023 and 2022. During the six months ended 30 June 2023, current income tax included a provision of approximately RMB584,000 (six months ended 30 June 2022: nil) in respect of withholding income tax on services income charged to the Group's PRC subsidiaries.

| | Six months ended 30 June | |
|---|---------------------------------|-----------------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Current income tax – Hong Kong Profits Tax, provision for the period | 467 | – |
| Current income tax – PRC Corporate Income Tax, provision for the period | 584 | – |
| | 1,051 | – |

10. LOSS PER SHARE

Basic loss per share

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

| | Six months ended 30 June | |
|---|--------------------------|-----------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Loss attributable to owners of the Company | <u>(20,098)</u> | <u>(19,790)</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 2023 and 2022.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment with a cost of approximately RMB1,427,000 (six months ended 30 June 2022: approximately RMB7,724,000). Certain property, plant and equipment with a net book value of approximately RMB210,000 (six months ended 30 June 2022: RMB589,000) were disposed of by the Group during the six months ended 30 June 2023, resulting in a net loss on disposals of approximately RMB70,000 (six months ended 30 June 2022: net gain of approximately RMB615,000). A building held for own use was reclassified to an investment property upon the management of the subsidiaries decided to cease to occupy the building for own use and started leasing out the building on 30 June 2023, resulting in a net book value of approximately RMB14,744,000 revaluing to approximately RMB45,230,000 and transferring to investment properties (six months ended 30 June 2022: nil).

12. GOODWILL

| | As at 30 June 2023 <i>RMB'000</i> (Unaudited) | As at 31 December 2022 <i>RMB'000</i> (Audited) |
|--|---|---|
| At the beginning of the reporting period | 36,013 | 39,841 |
| Impairment loss | – | (3,630) |
| Currency translation differences | 697 | (198) |
| | <u>36,710</u> | <u>36,013</u> |
| At the end of the reporting period | <u>36,710</u> | <u>36,013</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 2023 <i>RMB'000</i> (Unaudited) | As at 31 December 2022 <i>RMB'000</i> (Audited) |
|----------------------------|---|---|
| Digital platform – the PRC | 28,203 | 28,203 |
| Digital platform – the UK | 8,507 | 7,810 |
| | <u>36,710</u> | <u>36,013</u> |
| | <u>36,710</u> | <u>36,013</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 as at 30 June 2023, consistent with the methods used as at 31 December 2022.

13. TRADE, BILLS AND OTHER RECEIVABLES

| | As at 30 June 2023 <i>RMB'000</i> (Unaudited) | As at 31 December 2022 <i>RMB'000</i> (Audited) |
|--|---|---|
| Trade receivables | 128,875 | 176,950 |
| Less: ECL allowance of trade receivables | <u>(4,385)</u> | <u>(5,662)</u> |
| Trade receivables, net | 124,490 | 171,288 |
| Bills receivable | 3,813 | – |
| Other receivables: | | |
| Value-added tax recoverable | 11,406 | 11,195 |
| Prepayments | 10,062 | 9,743 |
| Printing deposits | 12,220 | 11,933 |
| Rental, utility and other deposits | 4,736 | 5,883 |
| Advances and loans to employees (<i>note</i>) | 883 | 2,483 |
| Amount due from a senior management (<i>note</i>) | 722 | 103 |
| Tax recoverable | – | 497 |
| Others | <u>2,392</u> | <u>1,592</u> |
| | 170,724 | 214,717 |
| Less: non-current portion: | | |
| Prepayment for property, plant and equipment, and intangible assets | <u>–</u> | <u>(832)</u> |
| Current portion | <u><u>170,724</u></u> | <u><u>213,885</u></u> |

Note: The amount 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 2023 <i>RMB'000</i> (Unaudited) | As at 31 December 2022 <i>RMB'000</i> (Audited) |
|----------------------------------|---|---|
| <u>Trade receivables, gross</u> | | |
| Within 30 days | 54,348 | 57,898 |
| Over 30 days and within 90 days | 12,950 | 43,885 |
| Over 90 days and within 180 days | 19,668 | 29,193 |
| Over 180 days and within 1 year | 32,608 | 37,918 |
| Over 1 year and within 2 years | 4,047 | 5,935 |
| Over 2 years and within 3 years | 3,551 | 878 |
| Over 3 years | 1,703 | 1,243 |
| | <u>128,875</u> | <u>176,950</u> |

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 2023 <i>RMB'000</i> (Unaudited) | As at 31 December 2022 <i>RMB'000</i> (Audited) |
|--------------------------------------|---|---|
| At the beginning of reporting period | 5,662 | 8,818 |
| Change in ECL allowance | (964) | (1,921) |
| Written off | (352) | (1,250) |
| Exchange difference | 39 | 15 |
| | <u>4,385</u> | <u>5,662</u> |
| At the end of the reporting period | <u>4,385</u> | <u>5,662</u> |

14. TRADE AND OTHER PAYABLES

| | As at 30 June 2023 <i>RMB'000</i> (Unaudited) | As at 31 December 2022 <i>RMB'000</i> (Audited) |
|---|---|---|
| Trade payables | 60,030 | 77,035 |
| Other payables: | | |
| Accrued taxes other than income tax (<i>note a</i>) | 6,170 | 8,247 |
| Other payables (<i>note b</i>) | 20,064 | 21,434 |
| Salaries, wages, bonus and benefits payable | 4,307 | 4,744 |
| Amount due to a joint venture (<i>note c</i>) | – | 5,400 |
| Amount due to a director (<i>note c</i>) | 1,661 | 946 |
| Other liabilities | 3,196 | 4,134 |
| | <u>95,428</u> | <u>121,940</u> |

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

| | As at 30 June 2023 <i>RMB'000</i> (Unaudited) | As at 31 December 2022 <i>RMB'000</i> (Audited) |
|----------------------------------|---|---|
| Within 30 days | 24,163 | 42,560 |
| Over 30 days and within 90 days | 15,185 | 17,327 |
| Over 90 days and within 180 days | 12,505 | 6,191 |
| Over 180 days | 8,177 | 10,957 |
| | <u>60,030</u> | <u>77,035</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: Other payables mainly represents advertising production expenses, office expenses and marketing and promotion expenses.

Note c: Amount due to a director and a joint venture were unsecured, interest-free and repayable on demand.

15. BORROWINGS

| | As at 30 June 2023 <i>RMB'000</i> (Unaudited) | As at 31 December 2022 <i>RMB'000</i> (Audited) |
|---|---|---|
| Secured bank borrowings (<i>note</i>) | <u>185,740</u> | <u>175,017</u> |

Note: As at 30 June 2023, bank borrowings were secured by certain properties of the Group with aggregate carrying amount of approximately RMB160,228,000 (including in investment properties of approximately RMB81,400,000 and property, plant and equipment of approximately RMB78,828,000) (as at 31 December 2022: approximately RMB128,835,000 (including in investment property of approximately RMB36,170,000 and property, plant and equipment of approximately RMB92,665,000)) 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 RMB50,000,000 (as at 31 December 2022: approximately RMB 50,000,000) as at 30 June 2023.

During the six months ended 30 June 2023, the Group has violated a covenant attached to the interest-bearing borrowings. Breaches in meeting the covenant would permit the bank to immediately call borrowings.

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 2023 (unaudited) and 31 December 2022 (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 2023 (unaudited) and 31 December 2022 (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 2023 and 2022.

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 |
|--------------------------------------|-------------------------------------|---|--------------------------|
| 2023 | | | |
| Revenue from reportable segment | 96,238 | 62,603 | 158,841 |
| (Loss)/profit for reportable segment | (23,227) | 4,717 | (18,510) |
| Segment EBITDA | (9,953) | 13,203 | 3,250 |
| 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 |

In the first half of 2023, the global economy has not yet fully recovered from the huge impact of the COVID-19 pandemic in the past three years, which still had an adverse impact on the Group's business and operations. In view of the economic situation in the first half of 2023, some of the Group's customers were relatively conservative in their business development expectations and advertising expenses, and therefore, revenue for the Interim Period decreased by approximately 7.2% as compared with the corresponding period of 2022 to approximately RMB158,321,000 (first half of 2022: RMB170,654,000). During the Interim Period, the Group recorded a loss of approximately RMB21,554,000 (loss recorded in the first half of 2022: RMB12,938,000). The Group expects its future results to recover gradually with the steady recovery of the economy.

(A) BUSINESS REVIEW

The Group is always at the forefront of the times. After the success of print publication, digital platform, and art marketing, the Group formally changed its name from "Modern Media" to "Meta Media" in 2022, marked its beginning of a new era of development. The Group has been actively expanding its presence in the metaverse ecosystem, and has successively created China's first Meta ZiWU, and China's first metaverse city, Yuanbang.

In order to accelerate the pace of development of the metaverse businesses, the Group and 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**”) cooperated to establish Zhuhai Yuanbang Technology Co., Ltd.* (珠海元邦科技有限公司). 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.

“Yuanbang” APP (“**Yuanbang**”) is a metaverse city virtual reality interactive platform jointly established by the Company, Baidu XiRang and BV Baidu Ventures. As China’s first metaverse city with a feature of Cyber Yuppies, “Yuanbang” is a truly surreal virtual city that deeply integrates art, culture, design, fashion and technology. It is an immersive digital paradise that integrates idealism, futurism and romanticism. It is also the ultimate metaverse experience that will land in physical space and achieve virtual reality interaction. It is China’s first futuristic, international, fashionable, high-grade and society-centered metaverse city. At “Yuanbang”, the continuous ideological summits, art scenes and new species of the metaverse are becoming new landmarks for metaverse. Entering “Yuanbang” means “joining the digital new life”. As described by Mr. Shao, the founder and core concept architect of “Yuanbang”, “this is a land of fantasy and ideals, connecting the future with classics, and a place that can provide a new contemporary art experience.” The Group’s operational experience in traditional paper media and electronic media in the digital era, artists, and high-quality brand resources provide the Group with unique values and aesthetic values, which will provide a more diversified content application scenario and spatial operation paradigm for the metaverse city, “Yuanbang”, and will gradually become an indispensable revenue source and profit center for the Group in the future.

In order to better meet the general trend of the development of the brand new metaverse and artificial intelligence chatbot, on 16 February 2023, Dr. Cheng Chi Kong, Adrian (“**Dr. Cheng**”), the chief executive officer of New World Development Company Limited (a company listed on the Main Board of the Stock Exchange (stock code: 17)) and the founder of K11 brand, was appointed as the Co-Chairman of the Board and a non-executive Director. For further details, please refer to the announcement of the Company dated 16 February 2023. Further, Dr. Cheng was appointed as the honorary chairman of “NOWNESS”, the Group’s platform for creative lifestyle short videos, in April 2023. Together with Dr. Cheng’s keen insight into the integration of cultural business and digital technology, the Group will further energize the content business, leading the Group to better embrace the new digital development cycle. Dr. Cheng is also the honorary vice chairman and chief strategic adviser of the Group. Both Dr. Cheng and Mr. Shao share the same vision and are focusing on creative content, seeking an ideal relationship model among culture, art and social commerce, and engaging in dialogue and communication with readers in a way that keeps pace with the times. In the future, they will work with teams to open up a new and more international path in the digital space of fashion, brand, design and creative industries in China, the Asia Pacific region and (to the extent possible) across the globe.

In January 2023, Porsche held the first official press conference of the “911 Dreamer” digital collection in Shanghai, launching the first series of digital collections customized for Chinese users. At the same time, a special online live streaming activity was launched online on “Yuanbang” Meta City.

In February 2023, the Group reached an ecological partnership, becoming one of the first testers of ERNIE Bot, which is developed by Baidu Group. This move marks the first landing of conversational-style language model technology in the scene of “Yuanbang”.

In April 2023, “Digital Mangrove Wetland Preservation Park”, the first metaverse mangrove forest experience base in the world, was launched on “Yuanbang”, which, as an immersive digital paradise of idealism, futurism and romanticism, aims to fulfil the obligation of ecological conservation in the real world with a virtual response to Dreamy Utopia, and to enhance public awareness of ecological protection.

In April 2023, Meta Art Academy, the metaverse art academy jointly built by the Group and China Academy of Art, was officially established. As a mixed reality interface of immersive experience, Meta Art Academy is a virtual art school with ultra-immersive course-based theme world, super audio-visual sympathetic theater and hyper-dimensional mixed reality gateway, boasting one diversified metaverse customized for one person and one theme world for one course. The Group, as a forerunner of art education in the era of metaverse, pursues the integration of art and technology together with the China Academy of Art, being one of the most reputable art schools in the China.

Digital platform

The revenue of digital platform segment of the Group is primarily generated from its mature mobile applications and online platforms, such as “iWeekly”, “InStyle iLady”, “Bloomberg Businessweek” and “NOWNESS”, among which, “NOWNESS”, winning the favour of global luxury brands with creativity and quality, delivered the best performance. Profit for the first half of 2023 in “NOWNESS” rose by 56% as compared with the corresponding period of last year, and it is expected that there will be great development potential in the future and the profit will maintain steady growth.

In addition, “NOWNESS” promoted new business development strategies respectively in the European and American region and other areas of the Asian region after the pandemic, set plans to invest more resources to strengthen brand influence and further utilised its ample customer resources, with the aim of achieving sustainable growth.

Having built a diversified and multi-dimensional digital matrix, the Group attained good reputation and brand image, solid customer base of fashion and luxury brands and high market recognition as it remained devoted to further developing the aforesaid applications and other digital media products and vigorously advancing the digital media business.

“NOWNESS” has become a place for inspiration and influence with its unique programme planning. Its contents cover art, design, fashion, beauty, music, food and travel. As at the end of the Interim Period, the cumulative number of downloads was approximately over 5,000,000. As a platform for the development of short films in the global arena and the ongoing discovery of new directors, “NOWNESS” has long been an important innovation base for young artists. Since 2019, four sessions of NOWNESS Short Film Talent Awards have been successfully held. This programme aims to discover outstanding Chinese new-generation filmmakers, stimulate their creativity, and display their video works with international platform resources. The Group has discovered a group of creative and talented young film creators and created a series of short videos with the characteristics of the times. They are like flames, expressing different ideas of this era, and redefining the perception of this era.

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 walked out of the traditional paper and digital media framework to eye 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.

The first solo exhibition of the artist Christopher Doyle in China, *Hommage à cinema, Maggie et al*, was presented in ZiWU the Bridge in Shanghai in April 2023, which revealed Christopher Doyle's 50-year filming career and displayed his prominent cinematography, portrait photography and collage uniqueness, unfolding Shanghai's beauty via the perception of the generation of Hong Kong filmmakers and highlighting Shanghai's long-lasting and profound influence as a semi-transparent picture to the photographing practice of Asia. The exhibition attracted about 10,000 visitors, which significantly strengthened ZiWU's influence in Shanghai.

The Group has continuously released POWER 100, which is an authoritative ranking of the most influential people in the international contemporary art world published by the London-based magazine, ArtReview. The list of ranking is determined by ArtReview together with a 20-member committee comprising writers, artists, curators and critics. They select information and make decisions from global media, including the BBC, Figaro, Die Welt, Guardian, The Times, Financial Times, Wall Street Journal, Los Angeles Times, Moscow Times and Art News, as well as art and cultural blogs around the world.

Metaverse business

The metaverse is a “large-scale, interoperable scene network consisting of real-time rendered 3D virtual world” that will reshape the future of business. In the future, it is expected that the metaverse economy may account for 30% of the digital economy.

Metaverse+, 5 new models for reshaping the future of business are as follows:

- I. Metaverse + Education, from virtual to on-site learning scenes
- II. Metaverse + Life, a comprehensive subversion of our lifestyle
- III. Metaverse + Entertainment, virtual production allows us to imagine and experience entertainment in a new way
- IV. Metaverse + Advertising, a blue ocean opportunity of seizing new growth
- V. Metaverse + Industry, to open up the future of intelligent manufacturing

The best way to predict the future is by achieving our goals. No matter how the metaverse arrives, it will only be of real value if it makes people’s real life better.

The official launch of the pioneering “Yuanbang” Meta City at the end of 2022, marks a new milestone for Baidu XiRang and the Group after the creation of Meta ZiWU.

Creativity and content production are undoubtedly the core competitiveness of “Yuanbang”. “Yuanbang” will create a metaverse spirit field full of art, culture and fashion genes, attract creators from the fields of art, design and creativity, and vigorously support the creator economy, jointly present splendid art exhibitions, fashion shows, exciting concerts and the most popular expositions.

In terms of education and ideological dissemination, “Yuanbang” will greatly stimulate the storage and production of knowledge systems, and establish a sound metaverse teaching system comprising metaverse universities, professional colleges, museums and libraries. Various forums and seminars will be held regularly at “Yuanbang” to boost communication of various ideas and cultures, ignite the flame of knowledge transmission, turn knowledge into economy, and make innovation into productivity.

“Yuanbang” proposed the six cultivations (6S) of metaverse talents: studying ability (Study), professional skills (Skill), personality style (Style), professional spirit (Spirit), master soul (Soul), and share and donation (Share). “Yuanbang” hopes to establish a big family with a sharing spirit, which is highly inclusive and represents the trend and the spirit of the new era. The metaverse no longer stays in the imaginative space of science fiction movies and novels, instead, it actually enters our real life. This is the beginning of a new era, a digital twin era full of fantasy and rapid iteration.

(B) BUSINESS OUTLOOK

In July 2023, the Group launched “NOWReview”, a fashionable technological tool, to build a leading AI-enabled visual platform across the world. Positioning as a dream factory for Artificial Intelligence Generated Content (AIGC) art empowering technology, NOWReview provides professional and film-grade AI video production and distribution services by integrating “vision” and “art” and taking “AI + visual creation” as the carrier. Being the derivative of two international media platforms, “NOWNESS” and “ArtReview”, NOWReview fuses “artistic vision” with “artistic text”, positions itself as a dream factory for art empowering technology and becomes the genuine hypermedia of the Group.

Further, in July 2023, the Group through “NOWNESS” created the world’s leading super content IP of Professional Generated Content (PGC), User Generated Content (UGC) and Artificial Intelligence Generated Content (AIGC) for the new application Threads, an application of the Meta platform.

“Yuanbang” will work with Lang Lang to present his first virtual recital in November 2023. Through creating a digital twin of Lang Lang, it will incorporate leisure and social activities into the virtual space and introduce online UGC creation to offline communication for virtual marketing. The event will break the geographical limit, fuse virtuality with reality, promote online and offline interaction, break through the traditional pattern and display the creative integration of music and technology, offer an immersive experience that indulges everyone in live performance and real-time interaction and set the direction for music to develop in the future. Meanwhile, Lang Lang will attend the ceremony for the Group’s 30th anniversary, where he will perform classic songs with his digital twin on the stage of “Yuanbang” Virtual Concert. Visually, the performance will be a presentation of mixed virtuality and reality and the first piano duet Lang Lang plays with his “twin” in the metaverse, and will be a visual feast of music and scenes.

The world's first metaverse architecture biennale will be launched on "Yuanbang" in November 2023, which will invite nine renowned architects, contemporary artists and designers from home and abroad to design digital buildings on the virtual cities of "Yuanbang", to demonstrate their new perceptions of the meta space. These virtual buildings, which are open to visitors, are like hyperspace gateways that lead people to new dimensions of perception of the physical body, space, knowledge and time, exploring the "intermediate zone" between "virtuality" and "reality" which is full of ambiguity and possibility.

The Group is no longer satisfied with only reporting China's contemporary times in the Chinese world. Rather, the Group will widen its horizon to the international contemporary society. After the COVID-19 pandemic in Europe, the art world was rebuilt with various art activities and exhibitions. Taking this opportunity, the Group has despatched the Company's Chief Operating Officer to be based in Paris to create new distribution channels, actively explore the European market, and further increase the influence of "ArtReview", "NOWNESS" and other products of the Group in the European region.

In order to better integrate art and technology, the Group integrated resources such as ArtReview, the world's most historical and influential art review magazine, Power 100, and ArtReview Asia, the only Asian contemporary art review magazine, to create MArt+, being one of the most international contemporary art media platforms in China. Through MArt+ and the online and offline new scene art space ZiWU, which integrates art, fashion and culture, the Group has established long-term and good cooperative relationships with the world's important art galleries, art institutions and art fairs, and has become a sponsor of the V&A Museum Photography Center, which has been named with Meta Media Gallery. In celebration of the Group's 30th anniversary, the Group will introduce the sensational photo exhibition of V&A Museum, the retrospective exhibition of Horst P. Horst, a German-born American fashion photographer considered as a legend of 20th Century, to Shanghai in September 2023. Moreover, Artketing, a platform under MArt+, relies on the rich media resources of the Group to become a platform for interaction between enterprises and society through culture and art, empowering brands through art and creativity.

Looking ahead, the management of the Group believes that by further implementing the strategy of expanding the new media platform and innovating business models, taking the metaverse as the direction of transition from hypermedia to a new digital life platform will bring new opportunities and growth momentum to the Group. Aiming to become a world's leading content empowerment company, the Group will reshape the future of business with art and technology. We believe that as a high-profile media group with a history of 30 years in China and one of the most influential, well-known and high-end media groups with a leading position in areas such as fashion, culture, art, commerce and metaverse in the Chinese market, which is the world's second largest economy, we will always take the Company's core values of attitude, belief, ideas and vision as the driving force, always aim at high standards, quality and efficiency, and create more outstanding achievements with passion.

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 (2022: nil). The Directors will consider the payment of final dividend after evaluating the full-year financial performance of 2023.

LIQUIDITY AND FINANCIAL RESOURCES

Net cash flows

During the Interim Period, the Group recorded a net cash inflow in operating activities of RMB13,678,000 (corresponding period of 2022: RMB11,898,000). During the Interim Period after the Group's performance improved, the Group recorded a net cash inflow in investment activities of RMB167,000 (corresponding period of 2022: net cash outflow RMB1,848,000).

Gearing ratio

The gearing ratio of the Group as at 30 June 2023 was 31.6% (as at 31 December 2022: 32.9%). 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 RMB1,427,000 (corresponding period of 2022: approximately RMB7,724,000).

CAPITAL STRUCTURE

During the Interim Period, there has been no change in capital structure of the Company. The capital of the Group comprises ordinary shares and capital reserves. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings.

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 2023, the Group did not have any material contingent liabilities or guarantees other than those disclosed below.

As at 30 June 2023, bank borrowings were secured by certain properties of the Group with aggregate carrying amount of approximately RMB160,228,000 (including investment properties of approximately RMB81,400,000 and property, plant and equipment of approximately RMB78,828,000) (as at 31 December 2022: approximately RMB128,835,000 (including investment property of approximately RMB36,170,000 and property, plant and equipment of approximately RMB92,665,000)) 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 RMB50,000,000 (as at 31 December 2022: approximately RMB50,000,000) as at 30 June 2023.

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 2023, the Group did not have significant foreign currency risk from its operations.

EMPLOYEES

As at 30 June 2023, the Group had a total of 418 staff (as at 31 December 2022: 420 staff), whose remunerations and benefits are determined based on market rates, State policies and individual performance.

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

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

SIGNIFICANT EVENT AFTER THE INTERIM PERIOD

On 22 August 2023, e-Starship Limited (the “**Purchaser**”) (a direct wholly-owned subsidiary of the Company), Hong Kong Septwolves Invest-Holding Limited (香港七匹狼投資控股有限公司) (the “**Vendor**”), and the Company (as warrantor of the Purchaser) entered into the conditional sale and purchase agreement (the “**SP Agreement**”). Pursuant to the SP Agreement, the Purchaser has conditionally agreed to acquire (and the Vendor has conditionally agreed to sell) 100,000 shares in Modern Digital Holdings Limited (現代數碼控股有限公司) (the “**Targetco**”) (representing approximately 7% of Targetco's issued share capital) (the “**Acquisition**”) at the consideration of initially RMB24,492,600 to be paid in cash.

Subject to and upon completion of the Acquisition (which is subject to the fulfilment or waiver (where applicable) of the conditions precedent as set out in the SP Agreement), the Purchaser's interest in Targetco's issued share capital will increase from approximately 70% to 77%, and Targetco will become an approximately 77% owned subsidiary of the Company. The financial results of Targetco has been and will continue to be consolidated in the financial statements of the Group.

Details of the Acquisition have been set out in the Company's announcement dated 22 August 2023.

Save as disclosed above, there has been no other significant event affecting the Group since 30 June 2023 and up to the date of this announcement.

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 (“**CG 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 CG Code.

During the Interim Period, Mr. Shao served as the Chief Executive Officer of the Group. He was also the Chairman of the Board until 16 February 2023, when he was re-designated as the Co-Chairman of the Board. The Board believes that with the support of the management, the dual role of Mr. Shao (being the founder of the Group) as Chairman (or Co-Chairman) and Chief Executive Officer can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. The Board therefore considers that this structure will not impair the balance of power and authority between the Board and the management of the Company.

The balance of power and authority is also ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. There is a strong independent element in the composition of the Board. Among the eight Board members, three are independent non-executive Directors. The Board believes that such structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently and the interests of the shareholders of the Company will be adequately and fairly represented. The Board believes that the appointment of Mr. Shao as Chairman (or Co-Chairman) and the Chief Executive Officer is beneficial to the business prospects and management of the Company.

On 16 February 2023, Dr. Cheng was appointed as a non-executive Director and a Co-Chairman of the Board. The Company shall have more than one Chairman, and accordingly, Mr. Shao was re-designated from Chairman of the Board to a Co-Chairman of the Board on 16 February 2023, and continue to serve as an executive Director and the Chief Executive Officer of the Company. Following the re-designation, Mr. Shao as a Co-Chairman of the Board will jointly provide leadership to and oversee the management of the Board with Dr. Cheng.

Dr. Cheng possesses experience in the field of art, culture and commerce which would be beneficial to the Group in further developing into the digital world of fashion, branding, design and creative industries in China, the Asia-Pacific region and (to extent possible) across the globe. Having the distinctive background and ample experience of Mr. Shao and Dr. Cheng, by applying their insight and knowledge, they jointly oversee the overall management of the Group's business, general management and administration, and strategic planning, development and expansion of the Group's business.

In such connection, the Board considers that the Group can be benefited from the joint contribution and cooperation of both Co-chairmen in the Group's management and operation, rather than limiting their roles to particular functions.

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 2023 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 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 2023 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
Co-Chairman

Hong Kong, 28 August 2023

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 non-executive Director, Dr. CHENG Chi Kong, Adrian; and (c) 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*