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SinoMedia[®]

SINOMEDIA HOLDING LIMITED

中視金橋國際傳媒控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00623)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

FINANCIAL SUMMARY

<i>RMB'000</i>	For the six months ended 30 June 2022	For the six months ended 30 June 2021	<i>Change (%)</i>
Revenue	352,731	603,029	-42%
(Loss)/Profit from operations	(30,747)	58,934	-152%
(Loss)/Profit attributable to equity shareholders of the Company	(22,441)	40,662	-155%
(Losses)/Earnings per share			
— Basic and diluted (<i>RMB</i>)	(0.048)	0.087	-155%

REVENUE

<i>RMB'000</i>	For the six months ended 30 June 2022	For the six months ended 30 June 2021	<i>Change (%)</i>
TV media resources management	214,252	468,515	-54%
Content operations and Other integrated communication services	51,669	41,430	+25%
Digital marketing and Internet media	59,575	65,023	-8%
Rental income	31,543	32,445	-3%
Sales taxes and surcharges	(4,308)	(4,384)	-2%
	<u>352,731</u>	<u>603,029</u>	

The board of directors (the “**Board**”) of SinoMedia Holding Limited (“**SinoMedia**” or the “**Company**”) announces the unaudited results and financial position of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2022, with comparative figures for previous period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Unaudited Six months ended 30 June 2022 RMB'000	Unaudited 2021 RMB'000
	<i>Note</i>		
Revenue		352,731	603,029
Cost of services		<u>(338,065)</u>	<u>(506,719)</u>
Gross profit		14,666	96,310
Other (loss)/income	4	(4,492)	5,054
Selling and marketing expenses		(13,630)	(15,543)
General and administrative expenses		<u>(27,291)</u>	<u>(26,887)</u>
(Loss)/Profit from operations		(30,747)	58,934
Finance income	5	6,052	7,388
Finance costs	5	<u>(73)</u>	<u>(104)</u>
Net finance income		5,979	7,284
Share of profits less losses of an associate and a joint venture		<u>—</u>	<u>(212)</u>
(Loss)/Profit before taxation	5	(24,768)	66,006
Income tax	6	<u>2,266</u>	<u>(25,183)</u>
(Loss)/Profit for the period		<u>(22,502)</u>	<u>40,823</u>
Attributable to:			
Equity shareholders of the Company		(22,441)	40,662
Non-controlling interests		<u>(61)</u>	<u>161</u>
		<u>(22,502)</u>	<u>40,823</u>
(Losses)/Earnings per share			
Basic and diluted (RMB)	7	(0.048)	0.087

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Unaudited Six months ended 30 June 2022 RMB'000	Unaudited 2021 RMB'000
(Loss)/Profit for the period	(22,502)	40,823
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income — net movement in fair value reserve (non-recycling)	—	50,714
Item that may be reclassified subsequently to profit or loss:		
Exchange translation differences	<u>16,475</u>	<u>(3,877)</u>
Other comprehensive income for the period	<u>16,475</u>	46,837
Total comprehensive (loss)/income for the period	<u>(6,027)</u>	<u>87,660</u>
Attributable to:		
Equity shareholders of the Company	(5,966)	87,499
Non-controlling interests	<u>(61)</u>	<u>161</u>
	<u>(6,027)</u>	<u>87,660</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		Unaudited At 30 June 2022 <i>RMB'000</i>	Audited At 31 December 2021 <i>RMB'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	8	208,796	211,162
Investment property	8	537,276	547,007
Intangible assets		3,768	4,194
Other non-current financial assets	9	219,060	213,753
		<u>968,900</u>	<u>976,116</u>
Current assets			
Inventories		6,180	7,765
Trade and other receivables	10	121,406	203,614
Cash and cash equivalents		841,710	849,648
		<u>969,296</u>	<u>1,061,027</u>
Current liabilities			
Trade and other payables	11	118,700	99,321
Contract liabilities	12	168,993	246,794
Lease liabilities		1,279	1,224
Current taxation		520	17,985
		<u>289,492</u>	<u>365,324</u>
Net current assets		<u><u>679,804</u></u>	<u><u>695,703</u></u>
Total assets less current liabilities		<u><u>1,648,704</u></u>	<u><u>1,671,819</u></u>

	Unaudited	Audited
	At	At
	30 June	31 December
	2022	2021
<i>Note</i>	RMB'000	RMB'000
Non-current liabilities		
Lease liabilities	568	1,191
Deferred tax liabilities	12,428	13,105
	12,996	14,296
NET ASSETS	<u>1,635,708</u>	<u>1,657,523</u>
CAPITAL AND RESERVES		
Share capital	510,981	510,981
Reserves	1,132,759	1,154,513
Total equity attributable to equity shareholders of the Company	<u>1,643,740</u>	<u>1,665,494</u>
Non-controlling interests	<u>(8,032)</u>	<u>(7,971)</u>
TOTAL EQUITY	<u>1,635,708</u>	<u>1,657,523</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2022 of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”) and Interpretations issued by the International Accounting Standards Board (“IASB”) and the requirements of the Hong Kong Companies Ordinance. As Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong, are derived from and consistent with IFRSs, these financial statements also comply with HKFRSs. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements.

2 Changes in accounting policies

The Group has applied the following amendments to IAS/HKAS issued by the IASB/HKICPA to these financial statements for the current accounting period:

- Amendment to IAS/HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS/HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

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

3 Segment reporting

In a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resources allocation and performance assessment, the Group has determined and presented a single reportable segment to disclose information as a whole about its services, geographical areas, and major customers.

4 Other (loss)/income

	Unaudited Six months ended 30 June 2022 <i>RMB'000</i>	Unaudited 2021 <i>RMB'000</i>
Unrealised losses on other financial assets	(4,870)	(4,737)
Gains on disposal of other financial assets	—	4,523
Government grant	282	4,616
Others	96	652
	<u>(4,492)</u>	<u>5,054</u>

5 (Loss)/Profit before taxation

	Unaudited Six months ended 30 June 2022 <i>RMB'000</i>	Unaudited 2021 <i>RMB'000</i>
(a) Finance income		
Interest income on bank deposits	5,223	7,293
Net foreign exchange gain	829	95
	<u>6,052</u>	<u>7,388</u>
(b) Finance costs		
Interest on lease liabilities	(53)	(81)
Others	(20)	(23)
	<u>(73)</u>	<u>(104)</u>
(c) Other items		
Amortisation	426	426
Depreciation	12,150	12,165
Impairment losses for doubtful debts	2,191	2,317
Inventory write-down	2,016	—
Research and development costs	1,458	1,215

6 Income tax

	Unaudited Six months ended 30 June 2022 RMB'000	Unaudited 2021 RMB'000
Current tax — PRC income tax	(1,463)	15,995
Current tax — Hong Kong profits tax	—	2,384
Deferred taxation	(803)	6,804
	<u>(2,266)</u>	<u>25,183</u>

The provision for profits tax and deferred tax of the Company is based on the applicable rates on the estimated assessable profits in accordance with the relevant income tax rules and regulations of the Hong Kong. Hong Kong implements two-tiered profits tax rate. The first HKD2 million of assessable profits earned by a corporation will be taxed at half of the current tax rate (i.e. 8.25%) whilst the remaining profits will continue to be taxed at 16.5%.

No provision has been made for Hong Kong profits tax and Singapore income tax as the Company's subsidiaries in Hong Kong and Singapore had unutilised tax losses brought forward from prior years which was sufficient to set-off against assessable profit generated during the six months ended 30 June 2022 and 2021.

The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of the Group entities in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. Beijing Lotour Huicheng Internet Technology Company Limited (“**Lotour Huicheng**”), Pinmu Ronghe Business Management (Shanghai) Company Limited (“**Pinmu Ronghe**”), Beijing Laite Laide Management Consultancy Company Limited (“**Laite Laide**”), Hangzhou Sanji Media Company Limited (“**Hangzhou Sanji**”), Hangzhou Dalei Internet Technology Company Limited (“**Hangzhou Dalei**”) and Golden Bridge Wisdom Technology (Beijing) Company Limited (“**Golden Bridge Wisdom**”) are at a preferential rate of 20% as a small meager-profit enterprise. Except for the Company and its subsidiaries in Hong Kong and Singapore, Lotour Huicheng, Pinmu Ronghe, Laite Laide, Hangzhou Sanji, Hangzhou Dalei and Golden Bridge Wisdom, applicable income tax rate of other Group entities in the PRC is the statutory tax rate of 25%.

7 (Losses)/Earnings per share

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June 2022	Unaudited 2021
(Loss)/Profit attributable to equity shareholders of the Company (RMB'000)	(22,441)	40,662
Weighted average number of ordinary shares in issue ('000 shares)	463,629	465,404
(Losses)/Earnings per share (RMB)	(0.048)	0.087

There were no potential dilutive shares for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

8 Property, plant and equipment and Investment property

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of RMB16 thousand (six months ended 30 June 2021: RMB396 thousand) and did not acquire any items of investment property (six months ended 30 June 2021: nil). No items of property, plant and equipment were disposed during the six months ended 30 June 2022. Items of property, plant and equipment with a net book value of RMB29 thousand were disposed of during the six months ended 30 June 2021, resulting in a gain on disposal RMB4 thousand.

9 Other non-current financial assets

	Note	Unaudited At 30 June 2022 RMB'000	Audited At 31 December 2021 RMB'000
Financial assets measured at fair value through profit or loss (FVPL)			
— Equity securities listed in Hong Kong	(i)	31,190	34,579
Equity securities designated at fair value through other comprehensive income (FVOCI)			
— Equity securities not held for trading	(ii)	187,870	179,174
		<u>219,060</u>	<u>213,753</u>

- (i) As at 30 June 2022, the Group holds approximately 0.045% shares of China Feihe Limited (stock code: 6186) and designated the investment at FVPL. No dividend was received on this investment during the six months ended 30 June 2022 (six months ended 30 June 2021: HKD641 thousand (equivalent to RMB536 thousand)).
- (ii) The unlisted equity securities are mainly shares in Shanghai Bloks Technology Group Co., Ltd. (formerly known as Shanghai Putao Technology Co., Ltd.). The Group designated these investments at FVOCI (non-recycling), as the investments are held for strategic purposes.

10 Trade and other receivables

	Unaudited	Audited
	At 30 June	At 31 December
	2022	2021
	RMB'000	RMB'000
Within 3 months	38,690	78,689
3 months to 6 months	34,747	30,181
6 months to 12 months	7,635	8,496
Over 12 months	1,134	222
	<hr/>	<hr/>
Trade and bills receivable, net of loss allowance	82,206	117,588
Prepayments and deposits to media suppliers	29,678	80,010
Advances to employees	3,047	2,962
Other debtors and prepayments, net of loss allowance	6,475	3,054
	<hr/>	<hr/>
	121,406	203,614
	<hr/> <hr/>	<hr/> <hr/>

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

11 Trade and other payables

	Unaudited At 30 June 2022 <i>RMB'000</i>	Audited At 31 December 2021 <i>RMB'000</i>
Within 3 months	38,934	18,180
3 months to 6 months	12,838	5,685
6 months to 12 months	6,776	2,980
Over 12 months	2,285	2,285
	<hr/>	<hr/>
Total trade payables	60,833	29,130
Payroll and welfare expenses payables	2,975	8,535
Other tax payables	8,153	14,476
Other payables and accrued charges	45,664	46,580
Dividends payable	1,075	600
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	118,700	99,321
	<hr/> <hr/>	<hr/> <hr/>

12 Contract Liabilities

	Unaudited At 30 June 2022 <i>RMB'000</i>	Audited At 31 December 2021 <i>RMB'000</i>
Media services contracts	155,067	232,269
Rental contracts	13,926	14,525
	<hr/>	<hr/>
	168,993	246,794
	<hr/> <hr/>	<hr/> <hr/>

Contract liabilities primarily arises from relates to the considerations received from customers before the Group satisfying performance obligations. It would be recognised as revenue upon the rendering of services.

13 Dividends

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

No interim dividend for the six months ended 30 June 2022 has been declared by the Company (six months ended 30 June 2021: nil).

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

	Unaudited Six months ended 30 June 2022 <i>RMB'000</i>	Unaudited 2021 <i>RMB'000</i>
Final dividend approved in respect of the previous financial year of approximately RMB3.42 cents per share (six months ended 30 June 2021: RMB7.50 cents per share)	<u><u>15,788</u></u>	<u><u>34,787</u></u>
Final dividend in respect of previous financial year, paid during the interim period	<u><u>15,316</u></u>	<u><u>33,747</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of 2022, the rising risk of stagflation in economy and the significant growth slowdown in the world, and the repeated outbreaks of COVID-19 in China had a negative impact on the recovering economy and increased the downward pressure on the economy. The advertising market was severely hit in the first half of the year. Due to overall weak demand and the decline of consumer confidence, the advertisers became more cautious and reduced their advertising spending, which adversely affected the business operation of the Group. According to the market research report published by CTR Media Intelligence, the advertising market spending declined by 11.8% year on year in the first half of 2022 and 24.1% year on year in May 2022 only, representing a further decline of 5 percentage points from April 2022. (Sources: CTR Media Intelligence, August 2022)

Facing the pandemic impact and the market pressure from economic slowdown, the Group optimized the media resources and adjusted the business structure in due course, and took a combination of measures to effectively control costs and expenses during the period under review. In addition, the Group was committed to the strategic direction with inter-screen creative communication services as the core, in order to offer clients with quality and diversified creative products and communication services.

BUSINESS REVIEW

TV Advertising and Content Operations

I. TV Media Resources Management

While striving to overcome market difficulties, the Group kept strengthening its client development and service capabilities in TV advertising marketing, and optimizing its marketing strategies and media product portfolios to enhance its competitiveness. During the period under review, the Group had the exclusive underwriting right for a total of 59,759 minutes of China Media Group advertising resources on “Focus Today” (今日關注) on CCTV-4 (Chinese International), CCTV-9 (Documentary Channel) and CCTV-14 (Children’s Channel). It covered the market of politics, culture and children, and brought diversified communication channels to clients. During the period, trapped in a challenging and volatile market environment, the Group optimized and adjusted the media resources and structure in due course to control the scale and cost.

II. Content Operations

The Group provided clients with comprehensive and professional video production services. During the period under review, the Group successively served China Feihe, Sinopec, PICC, Sunshine Insurance, Hong Kong Tourism Board and other clients, providing services involving advertising video shooting, producing and editing, and graphic design.

The Group continued to develop its content marketing business centered on the R&D and production of video program content, and provide tailor-made creative video programs for clients, to realize the brand communication value of clients by means of content marketing. During the period under review, the Group provided creative content communication services to clients such as Aptamil, Nutrilon, Anta, Reecen, Panpan Foods, Country Garden and Migu Video around the marketing positioning of “parent-child companionship and leading consumption”, and by various means such as live interactive, short video, content implantation, program planning, animation development and promotional activities.

III. Other Integrated Communication Services

The Group has gained recognition from a large number of renowned clients for its professional and efficient communication services and the philosophy of caring services. During the period under review, the Group provided brand information, advertising placement, promotion planning, public relation activities and other multi-dimensional brand integration communication services to clients including Tencent, China Feihe, Ping An, Huaxia Bank, China Duty Free Group, Gansu Agricultural Products, Bamboo Leaf Green Tea, Gani Marble Tiles, Yangyuan Six Walnuts and Panpan Foods.

In respect of international business, the Group offered overseas clients with services including market promotion, media propaganda and creative planning in China. During the period under review, clients mainly included Washington Tourism Board, Tourism Toronto, Tourism Ottawa, Go Turkey Tourism and YTL Hotels.

Digital Marketing and Internet Media

I. Digital Marketing

The Group enhanced its internet integrated service capability through big data and precision placement technologies, to offer clients with one-stop digital marketing solutions covering IP customization, identity authorization, publicity and promotion. Following the tendency of integrated media interaction, the Group integrated high-quality media resources to strengthen the core competitiveness of digital marketing, and achieve the synergistic effect of large screen by grasping the smart TV watching habits of audience during the pandemic and accelerating the trend of returning to the large screen at home. During the period under review, the Group successively served China Feihe, China CITIC Bank, PICC, Tianyancha.com, GOME, Dazhong Electronics, So-Young International Inc., and other clients, and was highly recognized and praised by the clients.

II. Internet Media

www.boosj.com (播視網) of the Group focused on the video content operation in healthy life field. www.boosj.com maintained stable video content output in two vertical fields, namely parent-child talent training and healthy life of the middle-aged and elderly, providing clients with high-quality content products. In addition, it integrated the user base following the operation strategy of “online communication + offline activities” and achieved the communication value for brand clients through the combination of “video content + marketing products”. During the period under review, www.boosj.com provided creative video and internet communication services to Aiben high-end infant formula, Gome.com.cn, Xiaohutuxian, Yangtze River Pharm and other brands.

www.wugu.com.cn (吾谷網) of the Group continued to focus on practical information of agricultural entrepreneurship and wealth creation, play the role of agricultural information aggregation, and provide efficient services for players in the agricultural industry chain through the integration and precise distribution of contents. While streamlining operation and reducing costs, the Group still focused on the key directions, and helped open up the supply and demand channels between agricultural products and consumers through professional creative brand marketing and platform-based information communication services, based on the agricultural regional public brand communication needs in the general trend of rural revitalization.

FINANCIAL REVIEW

Revenue and Profit attributable to Equity Shareholders of the Company

For the six months ended 30 June 2022, the Group recorded revenue of RMB352,731 thousand, representing a year-on-year decline of 42 % from RMB603,029 thousand for the same period last year.

Details of revenue for the period under review are as follows:

- (i) Revenue from TV media resources management amounted to RMB214,252 thousand, representing a year-on-year decline of 54% from RMB468,515 thousand for the same period last year. To deal with the economic slowdown and balance the risks and opportunities facing the advertising market, the Group optimized and adjusted its media resources, appropriately controlled the scale and cost, and ceased to be the exclusive agent of the advertising resources of “News 30” (新聞30分) on CCTV-1 (General)/CCTV-News since the beginning of the year. In addition, due to the pandemic impact and weak consumption demand, some clients reduced the advertising spending or suspended the advertising placement plan. The advertising placement of clients in consumer goods and tourism declined significantly compared with the same period last year. Facing the operation pressure and challenges, the Group will strive to develop new clients and stop the decline in sales revenue in the second half of the year.
- (ii) Revenue from content operations and other integrated communication services amounted to RMB51,669 thousand, representing a year-on-year increase of 25% over RMB41,430 thousand for the same period last year. Among which: (1) Revenue from content operations amounted to RMB15,164 thousand, representing a year-on-year decline of 42% from RMB26,167 thousand for the same period last year. Revenue in this business was mainly generated from content creative marketing and commercial advertising video production. During the period under review, the business income declined compared to the same period last year, due to the extended filming and acceptance closing cycles caused by the pandemic. (2) Revenue from other integrated communication services amounted to RMB36,505 thousand, representing a year-on-year increase of 139% over RMB15,263 thousand for the same period last year. Revenue from this business mainly comes from the commission income obtained from media suppliers by the Group as an agent to procure media resources for clients. Affected by the commission settlement cycle of media suppliers, the commission income during the period under review increased compared with the same period last year.

- (iii) Revenue from digital marketing and internet media amounted to RMB59,575 thousand, representing a year-on-year decline of 8% from RMB65,023 thousand for the same period last year. Due to the weak demand in the market and the reduction of advertising placement in the first half of the year, the Group's revenue from digital marketing and internet media declined compared with the same period last year.
- (iv) Revenue from rental amounted to RMB31,543 thousand, basically flat with RMB32,445 thousand for the same period last year.

For the six months ended 30 June 2022, the loss attributable to equity shareholders of the Company of RMB22,441 thousand, while the profit attributable to equity shareholders of the Company was RMB40,662 thousand in the same period last year.

Operating Expenses

For the six months ended 30 June 2022, the Group's operating expenses were RMB40,921 thousand in aggregate, representing a year-on-year decrease of 4% from RMB42,430 thousand for the same period last year, and accounted for 11.6% of the Group's revenue (the same period last year: 7.0%). The Group continuously strengthened and improved the comprehensive budget management for operating expenses, reduced the non-essential expenditures, and implemented the measures for cost reduction and efficiency improvement, so as to enhance operating efficiency.

Among which:

- (i) Selling and marketing expenses amounted to RMB13,630 thousand, representing a year-on-year decrease of approximately RMB1,913 thousand from RMB15,543 thousand for the same period last year, and accounted for 3.9% of the Group's revenue (the same period last year: 2.6%). The decline of selling and marketing expenses was mainly due to lower spending on marketing and travel activities and lower operating revenue, which resulted in decrease in performance incentives for marketing staff.
- (ii) General and administrative expenses amounted to RMB27,291 thousand, basically flat with RMB26,887 thousand for the same period last year, and accounted for 7.7% of the Group's revenue (the same period last year: 4.4%).

INVESTMENTS, ACQUISITIONS AND DISPOSALS

In April 2022, the Group signed a capital increase subscription agreement with Jinan Jiyuan Biological Technology Co., Ltd. (“**Jiyuan Biological**”) to subscribe for a minority stake in Jiyuan Biological through capital increase in cash of RMB8,696 thousand. Jiyuan Biological is a professional comprehensive application developer of Antarctic krill resources in China, focusing on the research and development of unique active formula and efficient production and utilization of Antarctic krill oil. At present, it owns such brands as Antarctic Haibao, Lanbao Doctor and Shenhaiji. As of 30 June 2022, the transaction procedures have been completed.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had a stable financial position as a whole. As at 30 June 2022, cash and bank balances amounted to RMB841,710 thousand (31 December 2021: RMB849,648 thousand), of which approximately 60% was denominated in RMB, 40% in HKD and other currencies. As at 30 June 2022, the Group had no bank time deposits with maturity over three months (31 December 2021: nil).

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

- (i) Net cash outflow from operating activities was RMB3,824 thousand (the same period last year: net cash inflow of RMB36,874 thousand), which was mainly because: (1) the balance of trade and bills receivable decreased by approximately RMB35,382 thousand compared with the end of last year; (2) the prepayment of media agency costs and deposits decreased by approximately RMB50,332 thousand compared with the end of last year, (3) the media agency cost payable increased by approximately RMB31,703 thousand compared with the end of last year, (4) the balance of advertising fee received in advance from clients decreased by approximately RMB77,202 thousand compared with the end of last year, and (5) income tax, sales taxes and surcharges totaling approximately RMB22,212 thousand were paid.
- (ii) Net cash outflow from investing activities was RMB3,489 thousand (the same period last year: net cash inflow of RMB68,426 thousand), which was mainly attributable to (1) bank deposit interest received of approximately RMB5,223 thousand; and (2) payment of investment fund of approximately RMB8,696 thousand.
- (iii) Net cash outflow from financing activities was RMB15,937 thousand (the same period last year: RMB38,445 thousand), which was mainly attributable to the payment of the 2021 final dividend of approximately RMB15,316 thousand.

As at 30 June 2022, the Group's total assets amounted to RMB1,938,196 thousand, which consisted of equity attributable to equity shareholders of the Company of RMB1,643,740 thousand, and non-controlling interests of RMB-8,032 thousand.

As at 30 June 2022, the Group had no interest-bearing debts, and the gearing ratio of the Group was nil (31 December 2021: nil). The gearing ratio was calculated by dividing the sum of the period-end interest-bearing bank borrowings and other borrowings by the period-end total equity, and multiplying 100%.

As at 30 June 2022, the Group had no material contingent liabilities.

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

HUMAN RESOURCES

As at 30 June 2022, the Group had 185 employees in total, basically flat with that at the beginning of the year. During the period under review, the Group continued to optimize the business structure, and implemented dynamic performance related remuneration policies for all employees, so as to intensify the relevance between working results and personal interests. In the first half of the year, due to the cluster outbreaks of the pandemic in many places in China, the Group developed and organized targeted training strategies and programs, provided online and offline professional training sessions on media and brand communication, with an aim to comprehensively improve the employees' professional knowledge and practical capabilities. In addition to providing the mandated benefits, the Group continued to provide festival gift money to the elderly parents of employees, and held parent-child fun puzzle activities for employees. In order to align the personal interests of employees with those of shareholders, the Company granted share options to employees under share option schemes. Share options that were granted and remained unexercised as of the end of the period totaled 16,692,000 units.

INDUSTRY AND GROUP OUTLOOK

According to the Purchasing Managers Index released by the Department of Service Statistics of NBS and China Federation of Logistics and Purchasing, in July 2022, the Purchasing Manager Index (PMI) of China's manufacturing industry was 49%, a decrease of 1.2 percentage point compared with last month, below the critical point. The business activity index of non-manufacturing industry was 53.8%, slightly lower than that of the previous month by 0.9 percentage point, but still in the expansion range and representing a recovery growth for two consecutive months. The business activity index of the service industry was 52.8%, 1.5 percentage points lower than that of the previous month; the new order index of the service industry was 49.5%, down 4.2 percentage points from the previous month. It shows that the economic prosperity in China declined, and the economic recovery was still on shaky ground. (Source: National Bureau of Statistics, July 2022)

According to the PMI report for Chinese service industry in July issued by Caixin, the service companies' confidence in the business outlook for the coming year improved, with optimism rising from its lows, but still below the historical average of the index.

As a leading comprehensive media operation group in China, the Group will integrate its strengths, strengthen the core competitiveness of creative communication and brand strategy, and enhance synergies between business segments to cope with the pressure from market downturn impact and business challenges brought by the repeated outbreaks of COVID-19. In respect to TV advertising, the Group will continue upholding the client-oriented product and service strategies, optimizing media resources, appropriately control the scale and cost, and enhancing the brand value of clients by providing one-stop solutions such as brand positioning, visual creativity, communication strategy, media execution and effect evaluation. In respect to content operation, the Group will continue leveraging its experience and capabilities in video content creation and brand communication to further develop content marketing business centering video content R&D and production, customize creative video programs for clients and promote the in-depth combination of brand communication and creative content.

In respect to the digital marketing and internet media, the Group will, following the industry trend and tide and combining the integrated media interaction resources, enhance the online placement efficiency and brand influence with the expertise in precision communication. In addition, the Group will continue to focus on the industrial chain of parent-child family consumption, accelerate the market expansion to the consumption sector through brand investment and brand operation management business, actively promote the optimization of business structure, constantly cultivate future growth points and improve the overall anti-risk ability, in order to further accumulate the long-term value of the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022.

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

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2022, the Company had fully complied with all code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having been made specific enquiry, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2022.

REVIEW OF FINANCIAL INFORMATION

The audit committee, together with the management of the Company, has reviewed the unaudited consolidated financial statements and the interim report for the six months ended 30 June 2022 of the Group, and the accounting principles and practices adopted by the Group.

By order of the Board
SinoMedia Holding Limited
CHEN Xin
Chairman

Hong Kong, 29 August 2022

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