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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

FINANCIAL SUMMARY

<i>RMB'000</i>	For the year ended 31 December 2021	For the year ended 31 December 2020	Change (%)
Revenue	1,183,473	1,175,947	+1%
Profit from operations	40,625	125,385	-68%
Profit attributable to equity shareholders of the Company	37,078	87,213	-57%
Earnings per share			
— Basic and Diluted	8.0 RMB cents	18.1 RMB cents	-56%
Proposed final dividend per share	4.0 HKD cents	9.0 HKD cents	-56%

REVENUE

<i>RMB'000</i>	For the year ended 31 December 2021	For the year ended 31 December 2020	Change (%)
TV media resources management	904,416	941,995	-4%
Content operations and Other integrated communication services	123,457	99,990	+23%
Digital marketing and Internet media	99,044	78,252	+27%
Rental income	65,401	64,938	+1%
Sales taxes and surcharges	(8,845)	(9,228)	-4%
	1,183,473	1,175,947	

The Board of directors (the “**Board**”) of SinoMedia Holding Limited (“**SinoMedia**” or the “**Company**”) announces the results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021, with comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue		1,183,473	1,175,947
Cost of services		(1,034,176)	(959,757)
Gross profit		149,297	216,190
Other (loss)/income	4	(6,880)	72,634
Selling and marketing expenses		(33,060)	(44,176)
General and administrative expenses		(68,732)	(119,263)
Profit from operations		40,625	125,385
Finance income	5(a)	14,356	14,283
Finance costs	5(a)	(185)	(101)
Net finance income		14,171	14,182
Share of profits less losses of associates and joint ventures		(216)	—
Profit before taxation	5	54,580	139,567
Income tax	6	(18,305)	(52,259)
Profit for the year		36,275	87,308
Attributable to:			
Equity shareholders of the Company		37,078	87,213
Non-controlling interests		(803)	95
Profit for the year		36,275	87,308
Earnings per share			
Basic and diluted (RMB cents)	7	8.0	18.1

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit for the year	<u>36,275</u>	<u>87,308</u>
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items 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	—
Items that may be reclassified subsequently to profit or loss:		
Exchange translation differences	(10,055)	<u>(12,352)</u>
Total comprehensive income for the year	<u>76,934</u>	<u>74,956</u>
Attributable to:		
Equity shareholders of the Company	77,737	74,861
Non-controlling interests	(803)	<u>95</u>
Total comprehensive income for the year	<u>76,934</u>	<u>74,956</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	9	211,162	219,620
Investment property	9	547,007	562,511
Intangible assets		4,194	5,654
Other non-current financial assets	10	213,753	203,425
		976,116	991,210
Current assets			
Trade and other receivables	11	203,614	240,685
Inventories		7,765	—
Restricted bank deposits		—	882
Time deposits with original maturity over three months		—	53,023
Cash and cash equivalents		849,648	788,084
		1,061,027	1,082,674
Current liabilities			
Trade and other payables	12	99,321	92,189
Contract liabilities	13	246,794	300,190
Lease liabilities		1,224	1,132
Current taxation		17,985	41,210
		365,324	434,721
Net current assets		695,703	647,953
Total assets less current liabilities		1,671,819	1,639,163

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current liabilities		
Lease liabilities	1,191	2,448
Deferred tax liabilities	<u>13,105</u>	14,934
NET ASSETS	<u>1,657,523</u>	<u>1,621,781</u>
CAPITAL AND RESERVES		
Share capital	510,981	510,981
Reserves	<u>1,154,513</u>	1,117,368
Total equity attributable to equity shareholders of the Company	<u>1,665,494</u>	1,628,349
Non-controlling interests	<u>(7,971)</u>	(6,568)
TOTAL EQUITY	<u>1,657,523</u>	<u>1,621,781</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2021 and 2020 included in this document does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (the "**Companies Ordinance**") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2021 in due course.

The Company's auditor has reported on the consolidated financial statements for both years. The auditor's reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the requirements of the 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 ("HKASs") 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 measurement basis used in the preparation of the financial statements is the historical cost basis except for derivative financial instruments and investments in equity securities which are stated at their fair value.

2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IFRS/HKFRS 9, IAS/HKAS 39, IFRS/HKFRS 7, IFRS/HKFRS 4 and IFRS/HKFRS 16, *Interest Rate Benchmark Reform — Phase 2*
- Amendment to IFRS/HKFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021*

Other than the amendment to IFRS/HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Government grant	(i)	11,756	14,128
Unrealised (losses)/gains on financial assets	(ii)	(25,829)	41,698
Gains on disposal of financial asset	(iii)	4,484	16,078
Others		2,709	730
		(6,880)	72,634

- (i) It is the unconditional discretionary grants received from a local government authority in recognition of the Group's contribution to the development of the local economy.
- (ii) The unrealised (losses)/gains were from investment in China Feihe Limited.
- (iii) The Group conducted on-market transactions to dispose of an aggregate of 1,284,000 shares of China Feihe Limited on 12 January 2021 (representing approximately 0.014% of the number of total issued shares in China Feihe Limited as at 12 January 2021) at an average price of HKD22.45 per share. The Group recognised gains of approximately RMB4,484 thousand from the disposal.

5 PROFIT BEFORE TAXATION

(a) Finance income and costs

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest income on bank deposits	14,073	14,268
Net foreign exchange gain	283	15
 Finance income	 14,356	 14,283
 Interest on lease liabilities	 (148)	 (59)
Others	 (37)	 (42)
 Finance costs	 (185)	 (101)
 Net finance income	 14,171	 14,182

(b) Staff cost

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries, wages and other benefits	57,227	58,810
Contributions to defined contribution plan	4,140	535
Equity-settled share-based payment expenses	226	872
 	 61,593	 60,217

(c) Other items

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amortization	1,460	3,652
Depreciation	24,356	25,230
Impairment losses	16,735	59,460
Auditors' remuneration	2,650	2,650
Professional fee	918	2,221
Research and development costs	2,444	597

6 INCOME TAX

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
Provision for Hong Kong profit tax for the current year	—	2,510
Provision for PRC income tax for the current year	24,588	45,238
(Over-provision)/Under-provision in respect of prior years	(4,642)	26
Effect of change in tax rate	—	(5,234)
	19,946	42,540
Deferred tax		
Origination and reversal of temporary differences	(1,641)	9,719
	18,305	52,259

The provision for Hong Kong profits 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 is taxed at half of the current tax rate (i.e. 8.25%) whilst the remaining profits will continue to be taxed at 16.5%.

The Company obtained the certificate of resident of the Hong Kong Special Administrative Region under the “Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect of Taxes on Income”. This certification can be used between calendar year 2019 and 2021 and the with-holding tax rate would be 5%.

No provision has been made for Hong Kong profits tax and Singapore income tax as the Company’s subsidiary in Hong Kong and Singapore had unutilised tax losses brought forward from prior years which was sufficient to set-off against taxable income of 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**”), Beijing Laite Laide Management Consultancy Company Limited (“**Laite Laide**”), Hangzhou Sanji Media Company Limited (“**Hangzhou Sanji**”), Hangzhou Dalei Internet Technology Company Limited (“**Hangzhou Dalei**”) Golden Bridge Wisdom Technology (Beijing) Company Limited (“**Golden Bridge Wisdom**”) and Pinmu Ronghe Business Management (Shanghai) Company Limited (“**Pinmu Ronghe**”) 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, Laite Laide, Hangzhou Sanji, Hangzhou Dalei, Golden Bridge Wisdom and Pinmu Ronghe, applicable income tax rate of other Group entities in the PRC is the statutory tax rate of 25%.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB37,078 thousand (2020: RMB87,213 thousand) and the weighted average of 463,629,296 ordinary shares (2020: 481,766,082 shares) in issue during the year, calculated as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit attributable to ordinary equity shareholders	37,078	87,213
Weighted average number of ordinary shares	2021 '000	2020 '000
Issued ordinary shares at 1 January	468,567	490,712
Effect of shares repurchased	(4,938)	(8,946)
Weighted average number of ordinary shares at 31 December	463,629	481,766

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB37,078 thousand (2020: RMB87,213 thousand) and the weighted average number of ordinary shares of 463,629,296 shares (2020: 481,766,082 shares) after adjusting for the effect of share options in issue, calculated as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit attributable to ordinary equity shareholders (basic and diluted)	37,078	87,213
Weighted average number of ordinary shares (diluted)	2021 '000	2020 '000
Weighted average number of ordinary shares (basic)	463,629	481,766
Effect of share options in issue	—	—
Weighted average number of ordinary shares (diluted) at 31 December	463,629	481,766

8 DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of HKD4.00 cents (approximately RMB3.23 cents) (2020: HKD9.00 cents, approximately RMB7.55 cents) per ordinary share	14,911	35,216

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period as it had not been approved by shareholders.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Dividends approved and paid to equity shareholders of the Company during the year	34,787	10,702

9 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

	Buildings <i>RMB'000</i>	Fixtures, fittings and computer equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Investment property <i>RMB'000</i>	Total <i>RMB'000</i>
Original cost						
Balance at 1 January 2020	274,578	12,628	15,239	302,445	691,217	993,662
Additions	4,291	393	—	4,684	—	4,684
Disposals	(3,127)	(1,518)	(1,058)	(5,703)	—	(5,703)
Balance at 31 December 2020	275,742	11,503	14,181	301,426	691,217	992,643
Balance at 1 January 2021	275,742	11,503	14,181	301,426	691,217	992,643
Additions	—	84	352	436	—	436
Disposals	(50)	(425)	(282)	(757)	—	(757)
Balance at 31 December 2021	275,692	11,162	14,251	301,105	691,217	992,322
Depreciation						
Balance at 1 January 2020	53,125	11,648	12,728	77,501	110,358	187,859
Charge for the year	8,901	459	377	9,737	15,493	25,230
Disposals	(3,127)	(1,320)	(985)	(5,432)	—	(5,432)
Balance at 31 December 2020	58,899	10,787	12,120	81,806	125,851	207,657
Balance at 1 January 2021	58,899	10,787	12,120	81,806	125,851	207,657
Charge for the year	8,126	314	412	8,852	15,504	24,356
Disposals	(43)	(404)	(268)	(715)	—	(715)
Balance at 31 December 2021	66,982	10,697	12,264	89,943	141,355	231,298
Impairment loss						
Balance at 1 January 2021	—	—	—	—	2,855	2,855
Charge for the year	—	—	—	—	—	—
Balance at 31 December 2021	—	—	—	—	2,855	2,855
Net book value						
At 31 December 2021	208,710	465	1,987	211,162	547,007	758,169
At 31 December 2020	216,843	716	2,061	219,620	562,511	782,131

10 OTHER NON-CURRENT FINANCIAL ASSETS

	<i>Note</i>	2021 RMB'000	2020 RMB'000
Financial assets measured at FVPL			
— Equity securities listed in Hong Kong	(i)	34,579	81,425
Equity securities measured at FVOCI			
— Equity securities not held for trading	(ii)	179,174	122,000
		213,753	203,425

- (i) As at 31 December 2021, the Group holds approximately 0.045% shares of China Feihe Limited (stock code: 6186) and designated the investment at fair value through profit or loss (“**FVPL**”). Dividends received on this investment were HKD1,843 thousand (approximately RMB1,529 thousand) during the year ended 31 December 2021.
- (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 its investment in Shanghai Bloks Technology Group Co., Ltd. at fair value through other comprehensive income (“**FVOCI**”) (non-recycling), as the investment is held for strategic purposes.

11 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2021 RMB'000	2020 RMB'000
Current assets			
Trade debtors and bills receivable, net of loss allowance	(i)	117,588	82,697
Prepayments and deposits to media suppliers		80,010	148,690
Advances to employees		2,962	3,047
Other debtors and prepayments, net of loss allowance		3,054	6,251
		203,614	240,685

- (i) As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	78,689	58,444
3 months to 6 months	30,181	16,486
6 months to 12 months	8,496	7,620
Over 12 months	222	147
	117,588	82,697

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.

12 TRADE AND OTHER PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Note		
Trade payables	(i)	16,306
Payroll and welfare expenses payables	8,535	17,997
Other tax payables	14,476	8,153
Other payables and accrued charges	46,580	48,473
Dividends payable due to non-controlling interests	600	1,260
	99,321	92,189

- (i) The ageing analysis of trade payables is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	18,180	12,049
3 months to 6 months	5,685	2,660
6 months to 12 months	2,980	79
Over 12 months	2,285	1,518
	29,130	16,306

13 CONTRACT LIABILITIES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Media services contracts	232,269	283,503
Rental contracts	14,525	16,687
	<u>246,794</u>	<u>300,190</u>

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.

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT THE GROUP

Both the global economic and business activities have been affected, and the advertising market has been hit hard since the outbreak of COVID-19 pandemic in early 2020. The macroeconomic environment in Mainland China showed recovery and continued picking up in the first half of 2021 as the number of confirmed cases continued to decrease with the vaccination and the implementation of various economic recovery measures. The Group's business revenue in the first half of 2021 recovered gradually from the outbreak.

However, the emergence of multiple variants of the virus since the second half of 2021 and the increase in new infections led to more travel restrictions and embargoes, and affected macroeconomic growth and consumer sentiment. The overall environment of the advertising market turned volatile and advertisers became more cautious in their advertising spending, resulting in a slowdown in the Group's revenue in the second half of 2021. According to the market research report published by CTR Media Intelligence, TV advertising placement rose by 51.5% year on year in February 2021 and 0.5% year on year in June 2021, but declined by 9.0% year on year in December 2021. According to the data, the growth rate of TV advertising placement showed an oscillating slowdown, and the growth rate in the second half of the year was lower than that in the first half of the year. (Data source: CTR Media Intelligence, February 2022)

Trapped in a challenging and volatile market environment, the Group continued the strategy of progressive optimization and adjustment of business structure and took a combination of measures to effectively control expenses during the year under review, maintaining its consistent financial soundness over the years. Meanwhile, the Group explored the client market with innovative marketing strategies and media portfolios. By relying on its established strengths and core competitiveness, the Group was committed to the strategic direction with inter-screen creative communication services as the core, to offer clients quality and diversified creative products and communication services.

BUSINESS REVIEW

TV ADVERTISING AND CONTENT OPERATIONS

I. TV Media Resources Management

The Group kept strengthening its client development and service capabilities in TV advertising marketing, and constantly optimizing its marketing strategies and media product portfolios to enhance its competitiveness. During the year under review, the Group had the exclusive underwriting right for a total of 124,067 minutes of China Media Group advertising resources on “News 30” (新聞30分) on CCTV-1 (General)/CCTV-News, “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 news, politics, culture and children’s programs, and brought diversified communication channels to clients. During the year, facing the market pressure from the macroeconomic slowdown, the Group integrated its own strengths at the right time and optimized the media resources structure, to maintain the ability of client development and service in the TV advertisement marketing.

II. Content Operations

The Group provided clients with comprehensive and professional video production services. During the year under review, the Group successively served Shanxi province, Chengdu city, Anta Group, Sinopec EPEC, PICC, Agricultural Development Bank of China and other clients, providing services involving advertising video shooting, producing and editing, and graphic design.

The Group continued the development of content marketing business centering on video content R&D and production, customized creative video programs for clients, and realized the brand communication value of clients in the form of content marketing. During the year under review, the Group provided creative content communication services to clients such as Chimelong Group, Aptamil, Nutrilon, Dettol, Alpha Egg, Reecen, Country Garden and China Life around the marketing positioning of “parent-child companionship, growing together 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 by a slew of renowned clients for its professional and highly efficient communication services and caring client service philosophy. During the year under review, the Group provided brand information, advertising placement, promotion planning, public relation activities and other multidimensional brand integrated communication services to clients including China Feihe, Ping An, Agricultural Development Bank of China, Hubei Agricultural Products, China Welfare Lottery Management Center, Angel Water Dispenser, Panpan Foods, and Liven Appliances.

In respect of the international business, the Group actively offered Chinese market promotion, media propaganda, creative planning and other services to overseas clients. The main clients during the year under review included Tourism Toronto, Tourism Nova Scotia, Tourism Ottawa, Go Turkey Tourism, Washington Tourism Board, Thailand Convention & Exhibition Bureau, and YTL Hotels.

DIGITAL MARKETING AND INTERNET MEDIA

I. Digital Marketing

The Group followed the development trend of the internet media and advertisers' placement demand, and upgraded and updated iBCP, its self-developed intelligent programming advertising placement platform. The Group optimized the effect of precise advertising placement through big data and improved the marketing efficiency of advertising placement. Meanwhile, the Group continued enhancing its internet integration service capabilities and strengthened its core competency in digital marketing, to provide clients with one-stop digital marketing solutions. During the year under review, the Group successively served China Feihe, BlueRiver Sheep Milk, China CITIC Bank, GOME, So-Young International Inc., Langjiu, Empereur Tea, Dazhong Electronics, and China Southern Fund, receiving a high degree of recognition and praise therefrom.

II. Internet Media

Staying focused on the operation of video content in the field of healthy life, www.boosj.com (播視網) integrates user groups with the strategy of “online video + offline activities” and provide them with high-quality content products, while realizing the value of creative communication for users.

Among them, the channel “Boosj Children’s Fun” features parent-child companionship through original short videos, to blossom into a content, activity and service system for kids’ talent. The channel “Boosj Square Dancing” continues launching premium original square dance video programs to meet the fitness and entertainment needs of the middle-aged and elderly, upgrade online teaching content, and enhance user activeness with community operation. Its active users now cover more than 90% of the county-level administrative regions in China. During the year under review, www.boosj.com successively provided video creative and internet communication services to Yangtze River Pharm, Long Feng Tang, GOME, Hong Qi, Dongfeng Motor and other brands.

www.wugu.com.cn (吾谷網) continues giving play to the feature agricultural information aggregation in agricultural internet information services, and establishes a self-media content distribution matrix, with the focus on offering creative planning, media communication and public relation services to the public brands in the agricultural areas. The website works to open up the supply and demand channels between agricultural products and consumers through professional brand marketing planning and platform-based information dissemination.

FINANCIAL REVIEW

REVENUE AND PROFIT ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY

For the year ended 31 December 2021, the Group recorded revenue of RMB1,183,473 thousand, basically flat as compared to RMB1,175,947 thousand last year.

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

- (I) Revenue from TV media resources management amounted to RMB904,416 thousand, representing a year-on-year decrease of 4% over RMB941,995 thousand for the last year. With the slowdown in macroeconomic growth, the domestic advertising market has been growing sluggishly, and the lack of market consumption demand has affected the willingness and confidence of certain advertisers in TV advertising. Among which, the decrease in the amount of advertising placement for tourism clients was more pronounced. Confronting operating pressure and challenges, the Group strove to maintain stable business development by consolidating existing quality clients, exploring client opportunities in new consumption fields and improving incentives for marketing personnel.

- (II) Revenue from content operations and other integrated communication services amounted to RMB123,457 thousand in aggregate, representing a year-on-year increase of 23% over RMB99,900 thousand for the last year. Among them:

Revenue from content operations amounted to RMB79,641 thousand, representing a year-on-year increase of 153% over RMB31,419 thousand for the last year. Revenue in this business was mainly generated from creative content marketing and commercial advertising video production. During the year under review, the Group integrated diversified resources of parent-child brands and provided clients with creative content communication services such as product placement, image IP R&D and design, live streaming interactive program, short video and micro-recording, and recorded a significant increase in revenue from the last year.

Revenue from other integrated communication services amounted to RMB43,816 thousand, representing a year-on-year decrease of 36% over RMB68,571 thousand for the last year. Revenue in this business was mainly generated from the commission revenue received from media suppliers where the Group acts as an agent to procure media resources for clients. Affected by the commission settlement cycle of media suppliers, commission revenue of the year decreased as compared with the last year.

- (III) Revenue from digital marketing and internet media amounted to RMB99,044 thousand in aggregate, representing a year-on-year increase of 27% over RMB78,252 thousand for the last year. Among them: the Group's self-developed programming advertising placement platform operated steadily, and the advertising placement from existing high-quality clients increased during the year, leading to the increase in the revenue from digital marketing as compared with the same period last year; the revenue from internet media remained flat as compared to the last year.

- (IV) Revenue from rental amounted to RMB65,401 thousand, remaining flat as compared to RMB64,938 thousand for the last year.

The Group's overall operating revenue was basically the same as last year, but the cost of exclusive advertising agency for the TV media resources management business increased compared with last year; meanwhile, the Group's profit for the year decreased compared with last year is also due to the negative impact of the change in fair value of equity securities on profit. For the year ended 31 December 2021, the profit attributable to equity shareholders of the Company was RMB37,078 thousand, representing a decrease of approximately 57% over RMB87,213 thousand for the last year.

OPERATING EXPENSES

For the year ended 31 December 2021, the Group's operating expenses were RMB101,792 thousand in aggregate, representing a year-on-year decrease of 38% from RMB163,439 thousand for the last year, and accounted for 8.6% of the Group's revenue (2020: 13.9%). Confronting operating pressure and challenges, the Group implemented masses of cost reduction and efficiency enhancement measures to strengthen the control of operating expenses and improve operating efficiency.

Among them:

- (I) Selling and marketing expenses amounted to RMB33,060 thousand, representing a year-on-year decrease of approximately RMB11,116 thousand from RMB44,176 thousand for the last year, and accounted for 2.8% of the Group's revenue (2020: 3.8%). The decrease was because expenses such as travel expenses and publicity and marketing expenses decreased compared to last year.
- (II) General and administrative expenses amounted to RMB68,732 thousand, representing a year-on-year decrease of approximately RMB50,531 thousand from RMB119,263 thousand in the last year, and accounted for 5.8% of the Group's revenue (2020: 10.1%). The decrease of general and administrative expenses was mainly because: (1) the impairment loss of receivables decreased by approximately RMB38,870 thousand as compared to the last year; (2) amortization of intangible assets decreased by approximately RMB2,192 thousand as compared to the last year.

INVESTMENTS, ACQUISITIONS AND DISPOSALS

- (I) In July 2021, the Group entered into a capital increase agreement with Shanghai Jiusui Agricultural Technology Co., Ltd. (“**Jiusui Agricultural**”) and its shareholders to subscribe for a minority equity interest in Jiusui Agricultural at a price of RMB5 million. Jiusui Agricultural is a company mainly engaged in the research and development and sales of infant food. The investment enables the Group to further extend its business layout to the parent-kid family consumption market. As at 31 December 2021, the procedures of capital increase transaction had been fully completed.
- (II) In August 2021, the Group entered into a capital increase agreement with Lanzhou (Jiangsu) Technology Co., Ltd. (“**LanZhou**”) and its shareholders to subscribe for a minority equity interest in LanZhou at a price of RMB5 million. LanZhou is an innovative technology company with hardware and software systems, artificial intelligence robots, and intelligent education as its core. As at 31 December 2021, the Group had made partial disbursement of the capital increase to LanZhou as scheduled, and the remaining amount of capital increase and the business change procedures are expected to be completed in 2022.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity was adequate with a stable financial position as a whole. As at 31 December 2021, cash and bank balances amounted to RMB849,648 thousand (2020: RMB788,084 thousand). The Group had no bank time deposits with maturity over three months (2020: RMB53,023 thousand).

During the year, details of the Group's cash flow status were as follows:

- (I) Net cash inflow from operating activities was RMB42,472 thousand (2020: RMB290,129 thousand), which was mainly attributable to: (1) the increase in the balance of trade debtors and bills receivable by approximately RMB34,891 thousand as compared to the end of last year; (2) the decrease in the balance of advertising fees received in advance from clients by approximately RMB51,234 thousand as compared to the end of last year; (3) the decrease in prepayment of advertising agency costs to media suppliers by approximately RMB68,680 thousand as compared to the end of last year; (4) the payment of income tax of approximately RMB43,106 thousand.
- (II) Net cash inflow from investing activities was RMB71,203 thousand (2020: net cash outflow of RMB45,211 thousand), which was mainly attributable to: (1) the time deposits with maturity over three months of approximately RMB53,023 thousand was due; (2) the proceeds from disposal of equity securities of approximately RMB23,900 thousand; (3) payment of equity investments of approximately RMB21,310 thousand.
- (III) Net cash outflow from financing activities was RMB43,391 thousand (2020: RMB30,770 thousand), which was mainly attributable to the funds used for the buyback of the Company's shares of approximately RMB6,031 thousand, and the payment of the 2020 final dividend of approximately RMB36,047 thousand.

As at 31 December 2021, the Group's total assets amounted to RMB2,037,143 thousand, which consisted of the equity attributable to equity shareholders of the Company of RMB1,665,494 thousand, and non-controlling interests of RMB-7,971 thousand.

As at 31 December 2021, the Group had no interest-bearing debts, and the gearing ratio of the Group was nil (31 December 2020: nil). The gearing ratio was calculated by dividing the sum of the year-end interest-bearing bank borrowings and other borrowings by the year-end total equity, and multiplying 100%.

As at 31 December 2021, 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 31 December 2021, the Group had 198 employees in total, slightly less than that at the beginning of the year. During the year under review, despite the hard-hit main business caused by the pandemic, the Group, by adhering to the policy of keeping the employee team stable, controlled the number of positions in loss-making business segments, while increasing the number of positions in the content marketing, R&D and planning segments. In addition, the Group raised the performance bonus for professional positions in sales and marketing, and implemented dynamic performance-related remuneration policies for all employees, so as to intensify the relevance of working results to personal income. In employee training, the Group undertook regular professional training on media promotion planning, marketing skills, case studies, occupational qualities and others, such as the professional sharing session of "Documentary Marketing Value" in cooperation with universities and the "Seminar on Excellent Chinese Traditional Culture" in cooperation with clients, to enrich the employees' professional knowledge and improve their practical capabilities in an all-round way. In addition to guaranteeing the mandated benefits, the Group continued providing festival gift money to the elderly parents of employees, and held staff welfare activities such as parent-child gathering on Children's Day. 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 year totaled 17,392,000 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 January 2022, the Purchasing Manager Index (PMI) of China's manufacturing industry was 50.1%, a decrease of 0.2 percentage point compared with the previous month; the business activity index of non-manufacturing industry was 51.1%, lower than that of the previous month by 1.6 percentage points; the business activity index of the service industry was 50.3%, 1.7 percentage points lower than that of the previous month; the comprehensive PMI output index was 51.0%, down 1.2 percentage points from the previous month. Data shows that the trend of economic downturn continued since the second quarter of 2021, and although domestic enterprises were expanding the scope of production and business activities, the degree of activity declined. (Source: National Bureau of Statistics, January 2022.)

Due to the uncertainty of economic growth rate caused by the pandemic, the skyrocketing risk worldwide and the mounting inflationary pressure, the business operation development in 2022 will remain challenging and stressful. Facing the complex and severe market environment, the Group will integrate its strengths, accelerate the adjustment and optimization of its business structure, and strengthen its core competencies in creative communications and brand strategies. Meanwhile, the Group will actively review market trends and understand clients' needs, and respond in time and strategically to various changes in the business environment.

Specifically, in the TV advertising business, the Group will adhere to the client-oriented product and service strategy, continue optimizing media resources and moderate scale costs, and enhance the brand value of clients by providing them with one-stop solutions in brand positioning, visual creation, communication strategy, media execution and effect evaluation. In respect to content operation, the Group will leverage its experience and capabilities in video content creation and brand communication, to further develop the content marketing business centering on 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 terms of digital marketing and internet media, the Group will follow the development trend of the industry, try new forms of communication resources for the application of media convergence technology, and enhance clients' placing effect and brand influence on the internet by the professional capacity of precision communication. www.boosj.com will keep focusing on the development of vertical areas of children's talents and the healthy life of the middle-aged and elderly. It will continue to improve the marketing and operating capabilities by enriching content products, expanding distribution channels, and integrating online video content with offline activity resources.

In addition, the Group will stay focused on the industry chain of parent-kid family consumption and explore the acceleration of market layout and business expansion into the consumer sector through our brand investment management business, to further optimize the Group's business structure and enhance corporate value.

Despite the severe challenges ahead, we remain upbeat about the medium to long-term prosperity of the domestic market and consumer upgrading, and are optimistic about the Group's core business prospect of empowering brands through creative communications. The Group will push on with the implementation of strategies in this direction, further refine its business structure, and adapt to changes and seize opportunities. With these efforts, the Group seeks to achieve sound development through innovation and create long-term value and satisfactory returns for our shareholders.

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

During the year under review, the Company completed the buy-back of 6,764,000 ordinary shares on the Stock Exchange of Hong Kong Limited at an aggregate price of HKD7,172,190. The bought-back shares had been cancelled subsequently in 2021. The details of the bought-back shares are as follows:

Date (dd/mm/yyyy)	Number of shares bought-back	Highest Price HKD	Lowest Price HKD	Total paid HKD
19/01/2021	582,000	0.92	0.91	532,220
20/01/2021	70,000	0.92	0.92	64,400
21/01/2021	312,000	0.93	0.92	290,140
22/01/2021	1,000,000	0.95	0.95	950,000
01/04/2021	430,000	1.07	1.06	459,600
07/04/2021	927,000	1.09	1.07	1,006,860
08/04/2021	237,000	1.10	1.09	259,830
16/04/2021	582,000	1.10	1.09	639,200
20/04/2021	64,000	1.10	1.10	70,400
21/04/2021	85,000	1.10	1.10	93,500
22/04/2021	35,000	1.10	1.10	38,500
23/04/2021	394,000	1.10	1.10	433,400
25/05/2021	10,000	1.10	1.10	11,000
09/07/2021	500,000	1.10	1.10	550,000
22/07/2021	240,000	1.15	1.14	275,980
23/07/2021	242,000	1.15	1.15	278,300
27/07/2021	600,000	1.16	1.16	696,000
28/07/2021	25,000	1.16	1.16	29,000
29/07/2021	429,000	1.16	1.15	493,860
<hr/>		<hr/> 6,764,000 <hr/>		<hr/> 7,172,190 <hr/>

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company listed securities during the year under review.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2021, the Company has fully complied with all code provisions of the Corporate Governance Code and Corporate Government Report as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (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 made specific enquiries, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2021.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Audit Committee was set up by the Board for the purpose of reviewing and providing supervision over the Group’s financial reporting process, risk management system and internal control system. It currently comprises three Independent Non-executive Directors of the Company.

The Audit Committee has reviewed the consolidated financial statements, the annual results for the year ended 31 December 2021 of the Group and the accounting principles and practices adopted by the Group, together with the management.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Wednesday, 8 June 2022 (“**AGM**”). Notice of the AGM together with the Company’s annual report for the year ended 31 December 2021 will be dispatched to shareholders in due course.

FINAL DIVIDEND

The Board recommended a final dividend of HKD4.00 cents for the year ended 31 December 2021 (2020: HKD9.00 cents) per share to shareholders whose names appear on the register of members of the Company on Friday, 17 June 2022. The final dividend will be paid in Hong Kong dollars on or about Friday, 8 July 2022 subject to the approval of shareholders at the forthcoming AGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 2 June 2022 to Wednesday, 8 June 2022 (both dates inclusive), for the purposes of determining the entitlements of the members of the Company to attend and vote at the AGM. No transfer of shares may be registered during the said period. In order to qualify to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, by no later than 4:30 p.m. on Wednesday, 1 June 2022.

The register of members of the Company will also be closed from Wednesday, 15 June 2022 to Friday, 17 June 2022 (both dates inclusive), for the purposes of determining the entitlements of the members of the Company to the proposed final dividend upon the passing of the relevant resolution. No transfer of shares may be registered during the said period. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, by no later than 4:30 p.m. on Tuesday, 14 June 2022.

On behalf of the Board
SinoMedia Holding Limited
CHEN Xin
Chairman

Hong Kong, 29 March 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.