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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 2022**

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 2022, with comparative figures for the previous year.

FINANCIAL SUMMARY

<i>RMB'000</i>	For the year ended 31 December 2022	For the year ended 31 December 2021	Change (%)
Revenue	719,490	1,183,473	-39%
Profit from operations	49,046	40,625	+21%
Profit attributable to equity shareholders of the Company	41,350	37,078	+12%
Earnings per share			
— Basic and Diluted	9.0 RMB cents	8.0 RMB cents	+13%
Proposed final dividend per share	4.5 HKD cents	4.0 HKD cents	+13%

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	3	719,490	1,183,473
Cost of services		(577,124)	(1,034,176)
Gross profit		142,366	149,297
Other loss	4	(108)	(6,880)
Selling and marketing expenses		(29,948)	(33,060)
General and administrative expenses		(63,264)	(68,732)
Profit from operations		49,046	40,625
Finance income	5(a)	12,986	14,356
Finance costs	5(a)	(689)	(185)
Net finance income		12,297	14,171
Share of profits less losses of an associate and a joint venture		—	(216)
Profit before taxation	5	61,343	54,580
Income tax	6	(20,323)	(18,305)
Profit for the year		41,020	36,275
Attributable to:			
Equity shareholders of the Company		41,350	37,078
Non-controlling interests		(330)	(803)
Profit for the year		41,020	36,275
Earnings per share			
Basic and diluted (RMB cents)	7	9.0	8.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
Profit for the year	41,020	36,275
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)	(105,973)	50,714
Exchange differences on translation of financial statements of the Company	32,861	—
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the overseas subsidiaries	(299)	(10,055)
Other comprehensive income for the year	(73,411)	40,659
Total comprehensive income for the year	(32,391)	76,934
Attributable to:		
Equity shareholders of the Company	(32,061)	77,737
Non-controlling interests	(330)	(803)
Total comprehensive income for the year	(32,391)	76,934

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

		2022	2021
	Note	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	8	172,380	211,162
Investment property	8	561,259	547,007
Intangible assets		3,342	4,194
Other non-current financial assets	9	105,880	213,753
		<u>842,861</u>	<u>976,116</u>
Current assets			
Inventories		494	7,765
Other financial assets		4,545	—
Prepayments, trade and other receivables	10	129,394	203,614
Bank deposits		142,923	—
Cash and cash equivalents		704,635	849,648
		<u>981,991</u>	<u>1,061,027</u>
Current liabilities			
Trade and other payables	11	92,726	99,321
Contract liabilities	12	86,294	246,794
Lease liabilities		1,586	1,224
Current taxation		19,915	17,985
		<u>200,521</u>	<u>365,324</u>
Net current assets		<u>781,470</u>	<u>695,703</u>
Total assets less current liabilities		<u>1,624,331</u>	<u>1,671,819</u>

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Non-current liabilities		
Lease liabilities	—	1,191
Deferred tax liabilities	<u>15,107</u>	<u>13,105</u>
	<u>15,107</u>	<u>14,296</u>
NET ASSETS	<u>1,609,224</u>	<u>1,657,523</u>
CAPITAL AND RESERVES		
Share capital	510,981	510,981
Reserves	<u>1,106,664</u>	<u>1,154,513</u>
Total equity attributable to equity shareholders of the Company	1,617,645	1,665,494
Non-controlling interests	<u>(8,421)</u>	<u>(7,971)</u>
TOTAL EQUITY	<u>1,609,224</u>	<u>1,657,523</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2022 and 2021 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 2021 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 2022 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.

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**"). 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 and the requirements of the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for investments in equity securities and non-equity investments which are stated at their fair value.

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*
- Amendment to IAS/HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in TV advertising, creative content production and digital marketing services.

(a) *Disaggregation of revenue*

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS/ HKFRS 15		
TV media resources management	438,058	903,013
Content operations, other integrated communication services and others	143,576	123,266
Digital marketing and internet media	84,337	98,890
	<u>665,971</u>	<u>1,125,169</u>
Revenue from other sources		
Rental income	53,519	58,304
	<u><u>719,490</u></u>	<u><u>1,183,473</u></u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Point in time	60,401	32,052
Over time	605,570	1,093,117
	665,971	1,125,169

(b) Segment information

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.

For the year ended 31 December 2022, there are RMB4,484 thousand of revenue generated from outside Mainland China (2021: RMB3,557 thousand). As at 31 December 2022 and 2021, the balances of non-current assets, which are based on the physical location of the assets located outside Mainland China, are amounting to RMB8 thousand.

4 OTHER LOSS

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Government grants	(i)	12,526	11,756
Unrealised losses on financial assets	(ii)	(13,168)	(25,829)
Gains on disposal of financial assets		—	4,484
Others		534	2,709
		(108)	(6,880)

- (i) It is the unconditional discretionary grants received from the local government authorities in recognition of the Group's contribution to the development of the local economy.
- (ii) The unrealised losses were from the investment in China Feihe Limited.

5 PROFIT BEFORE TAXATION

(a) Finance income and costs

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest income on bank deposits	12,986	14,073
Net foreign exchange gain	—	283
	<u>12,986</u>	<u>14,356</u>
Finance income		
Net foreign exchange loss	(564)	—
Interest on lease liabilities	(94)	(148)
Others	(31)	(37)
	<u>(689)</u>	<u>(185)</u>
Finance costs		
Net finance income	<u><u>12,297</u></u>	<u><u>14,171</u></u>

(b) Staff cost

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Salaries, wages and other benefits	52,194	57,227
Contributions to defined contribution plan	3,868	4,140
Equity-settled share-based payment expenses	—	226
	<u>56,062</u>	<u>61,593</u>

(c) Other items

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Amortization	852	1,460
Depreciation	24,554	24,356
Impairment losses	5,996	16,735
Auditors' remuneration	2,650	2,650
Professional fee	803	918
Research and development costs	6,795	2,444

6 INCOME TAX

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax		
Provision for PRC income tax for the current year	20,389	24,588
Over-provision in respect of prior years	<u>(1,874)</u>	<u>(4,642)</u>
	<u>18,515</u>	<u>19,946</u>
Deferred tax		
Origination and reversal of temporary differences	<u>1,808</u>	<u>(1,641)</u>
	<u><u>20,323</u></u>	<u><u>18,305</u></u>

The provision for Hong Kong profits tax of the Company and its subsidiary incorporated in Hong Kong is based on the applicable rates on the estimated assessable profits in accordance with the relevant income tax rules and regulations of Hong Kong. For the years ended 31 December 2022 and 2021, the Company and its subsidiary in Hong Kong are under the two-tiered profits tax regime. 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 and its subsidiary incorporated in Hong Kong did not have assessable profits subject to Hong Kong profits tax for the year ended 31 December 2022 (2021: Nil).

The corporate income tax rate of the Company's subsidiary in Singapore is 17% (2021: 17%). No provision has been made for Singapore income tax as the Company's subsidiary in Singapore did not have assessable profits for the year ended 31 December 2022 (2021: Nil).

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.

For the year ended 31 December 2022 and 2021, certain Group entities established in the PRC are at a preferential rate of 20% as small meager-profit enterprises. Other Group entities established in the PRC are subject to PRC corporate income 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 RMB41,350 thousand (2021: RMB37,078 thousand) and the weighted average of 461,635,370 ordinary shares (2021: 463,629,296 shares) in issue during the year, calculated as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit attributable to ordinary equity shareholders	<u>41,350</u>	<u>37,078</u>
Weighted average number of ordinary shares	<u>'000</u>	<u>'000</u>
Issued ordinary shares at 1 January	461,635	468,567
Effect of shares repurchased	<u>—</u>	<u>(4,938)</u>
Weighted average number of ordinary shares at 31 December	<u>461,635</u>	<u>463,629</u>

(b) *Diluted earnings per share*

There were no dilutive potential ordinary shares outstanding for the years ended 31 December 2022 and 2021. The effect of the deemed issue of shares under the Company's share option scheme was not included in the calculation of diluted earnings per share as they are anti-dilutive the years ended 31 December 2022 and 2021.

8 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

	Buildings held for own use carried at cost	Fixtures, fittings and computer equipment	Motor vehicles	Sub-total	Investment property	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Original cost						
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	<u>275,692</u>	<u>11,162</u>	<u>14,251</u>	<u>301,105</u>	<u>691,217</u>	<u>992,322</u>
Balance at 1 January 2022	275,692	11,162	14,251	301,105	691,217	992,322
Additions	—	51	—	51	—	51
Disposals	—	(3)	(542)	(545)	—	(545)
Reclassification	(38,508)	—	—	(38,508)	38,508	—
Balance at 31 December 2022	<u>237,184</u>	<u>11,210</u>	<u>13,709</u>	<u>262,103</u>	<u>729,725</u>	<u>991,828</u>
Depreciation						
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	<u>66,982</u>	<u>10,697</u>	<u>12,264</u>	<u>89,943</u>	<u>141,355</u>	<u>231,298</u>
Balance at 1 January 2022	66,982	10,697	12,264	89,943	141,355	231,298
Charge for the year	6,950	316	349	7,615	16,939	24,554
Disposals	—	(3)	(515)	(518)	—	(518)
Reclassification	(7,317)	—	—	(7,317)	7,317	—
Balance at 31 December 2022	<u>66,615</u>	<u>11,010</u>	<u>12,098</u>	<u>89,723</u>	<u>165,611</u>	<u>255,334</u>
Impairment loss						
Balance at 1 January 2021, 31 December 2021 and 31 December 2022	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,855</u>	<u>2,855</u>
Net book value						
At 31 December 2022	<u>170,569</u>	<u>200</u>	<u>1,611</u>	<u>172,380</u>	<u>561,259</u>	<u>733,639</u>
At 31 December 2021	<u>208,710</u>	<u>465</u>	<u>1,987</u>	<u>211,162</u>	<u>547,007</u>	<u>758,169</u>

9 OTHER NON-CURRENT FINANCIAL ASSETS

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Financial assets measured at FVPL			
— Equity securities listed in Hong Kong	(i)	23,983	34,579
Equity securities measured at FVOCI			
— Investments in unlisted equity securities	(ii)	81,897	179,174
		105,880	213,753

- (i) As at 31 December 2022, 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 HKD1,158 thousand (approximately RMB991 thousand) during the year ended 31 December 2022 (2021: approximately RMB1,529 thousand).
- (ii) Investments in unlisted equity securities mainly represent shares in Bloks Group Limited. The Group designated its investment in unlisted equity securities at fair value through other comprehensive income (“FVOCI”) (non-recycling), as the investments are held for strategic purposes. No dividends were received on these investments during the year ended 31 December 2022 (2021: Nil).

10 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade debtors and bills receivable, net of loss allowance	(i)	70,494	117,588
Deposits to media suppliers		8,707	6,414
Advances to employees		2,743	1,813
Other debtors, net of loss allowance		4,464	1,094
Financial assets measured at amortised cost		86,408	126,909
Prepayments to media suppliers		38,279	70,614
Others prepayments		2,193	2,251
Input VAT to be deducted		2,514	3,840
		42,986	76,705
Prepayments, trade and other receivables, net of loss allowance		129,394	203,614

- (i) As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the date of revenue recognition and net of loss allowance, is as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	52,746	78,689
3 months to 6 months	12,859	30,181
6 months to 12 months	2,556	8,496
Over 12 months	2,333	222
	<u>70,494</u>	<u>117,588</u>

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

	<i>Note</i>	2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	(i)	23,102	29,130
Payroll and welfare expenses payables		12,528	8,535
Other tax payables		5,082	14,476
Other payables and accrued charges		51,294	46,580
Dividends payable due to non-controlling interests		720	600
		<u>92,726</u>	<u>99,321</u>
Financial liabilities measured at amortised cost			

- (i) As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	15,217	18,180
3 months to 6 months	2,451	5,685
6 months to 12 months	2,301	2,980
Over 12 months	3,133	2,285
	<u>23,102</u>	<u>29,130</u>

12 CONTRACT LIABILITIES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Media services contracts	73,648	232,269
Rental contracts	<u>12,646</u>	<u>14,525</u>
	<u><u>86,294</u></u>	<u><u>246,794</u></u>

Contract liabilities primarily arises from the advance payments made by customers while the underlying services are yet to be provided. Contract liabilities would be recognised as revenue upon the rendering of services.

13 DIVIDENDS

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of HKD4.50 cents (equivalent to approximately RMB3.96 cents) (2021: HKD4.00 cents, (equivalent to approximately RMB3.23 cents)) per ordinary share	<u>18,274</u>	<u>14,911</u>

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.

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Dividends approved and paid to equity shareholders of the Company during the year	<u>15,788</u>	<u>34,787</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In 2022, due to multiple unexpected challenges such as the repeated outbreaks of COVID-19 in China and the complex and severe market environment, the macroeconomic environment experienced sharp fluctuations and market expectations continued to weaken, and residents' consumer confidence turned sluggish. The advertising market was severely impacted. Advertisers became more cautious and reduced their advertising spending, resulting in a significant drop in overall placement demand, which had a negative impact on 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 2022. (Sources: CTR Media Intelligence, February 2023). From the perspective of monthly performance, the advertising market spending continued to decline in the first half of the year. Although there were signs of recovery in the second half of the year, some cities were severely affected by the pandemic, which greatly affected the placement willingness of advertisers. The shrinking marketing budget continued to plague the market.

Facing the pandemic impact and the pressure and challenges from economic slowdown, the Group continued the strategy of progressive optimization of business structure and took a combination of measures to effectively control business costs and expenses during the year under review. 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 current media forms are diverse and fragmented, however, the core position of TV media at the consumer audience level is still solid, and the brand value shaping ability of TV advertising is widely recognized by advertisers. 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 121,283 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 year, 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 effectively.

II. Content Operations

The Group provided clients with comprehensive and professional video production services. During the year under review, the Group successively served China Feihe, Ping An, Sinopec, PICC, Sunshine Insurance, Hong Kong Tourism Board, Skechers, Qatar Airways 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 China Life, China Mobile, SK Group, Huaqiang Fantawild, Country Garden, Anta Group, Aptamil, Nutrilon, Panpan Foods and Reecen 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 year 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, CITIC Group, Ping An, Huaxia Bank, China Duty Free Group, Gansu Agricultural Products, Bamboo Leaf Green Tea, Gani Marble Tiles, Yangyuan Six Walnuts and Enshi Selenium Tea.

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 Yukon, Go Turkey Tourism, Washington Tourism Board, Saudi Tourism Authority, Thailand Convention & Exhibition Bureau, Pearl Hotel and YTL Hotels.

DIGITAL MARKETING AND INTERNET MEDIA

I. Digital Marketing

Relying on customer resources, media advantages, and data technology, the Group continued to strengthen its Internet integration service capabilities, improve advertising efficiency, and 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 focus on 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 year under review, the Group successively served China Feihe, China CITIC Bank, Huaxia Bank, PICC, Qualcomm, So-Young International Inc., GOME, Dazhong Electronics, SITIR, Tianyancha.com, and other clients, and was highly recognized and praised by the clients.

II. Internet Media

www.boosj.com (播視網) of the Group adhered to the concept of family-oriented comprehensive health, and focused on the video content operation in healthy life field. Based on its own platform, www.boosj.com formed a cross-platform short video self-media matrix in two vertical fields, namely parent-child talent training and healthy life of the middle-aged and elderly, outputting original video content continuously. 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 year under review, www.boosj.com of the Group provided creative video and internet communication services to Country Garden, Aiben infant formula, Gome.com.cn, Xiaohutuxian, Yangtze River Pharm and other brands.

www.wugu.com.cn (吾谷網) of the Group continued to play the role of agricultural information aggregation in agricultural internet information services, and provide efficient services for players in the agricultural industry chain with focus on creating practical information for rural entrepreneurship and brand communication of agricultural products through the integration and precipitation of agricultural industry information. During the year under review, www.wugu.com.cn helped open up the supply and demand channels between agricultural products and consumers through professional creative brand marketing and platform-based information communication services, with focus on the agricultural regional public brand communication needs in the general trend of rural revitalization.

FINANCIAL REVIEW

REVENUE AND PROFIT ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY

For the year ended 31 December 2022, the Group recorded revenue of RMB719,490 thousand, representing a year-on-year decrease of 39% over RMB1,183,473 thousand for the last year.

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

- I. Revenue from TV media resources management amounted to RMB438,058 thousand, representing a year-on-year decrease of approximately 51% over RMB903,013 thousand for the 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 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 multiple adverse effects such as the continued multiple outbreaks of the pandemic and the shrinking consumer demand in the advertising market, the Group’s new business development was limited, and some clients reduced the advertising placement budget or suspended the advertising placement plan. The advertising placement of clients in consumer goods and tourism declined significantly compared with the last year. Facing the operation pressure and challenges, the Group will strive to overcome market difficulties and maintain stable business development by optimizing marketing strategies, integrating marketing resources and improving incentive measures.
- II. Revenue from content operations and other integrated communication services amounted to RMB143,576 thousand in aggregate, representing a year-on-year increase of approximately 16% over RMB123,266 thousand for the last year. Among them:

Revenue from content operations amounted to RMB69,155 thousand, representing a year-on-year decrease of approximately 13% over RMB79,518 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 was unable to recognize revenue, and the business income declined compared to the last year, due to the extended filming and acceptance closing cycles of some projects caused by the pandemic.

Revenue from other integrated communication services amounted to RMB74,421 thousand, representing a year-on-year increase of approximately 70% over RMB43,748 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 increased as compared with the last year.

- III. Revenue from digital marketing and internet media amounted to RMB84,337 thousand in aggregate, representing a year-on-year decrease of approximately 15% over RMB98,890 thousand for the last year. During the year under review, due to the impact of the pandemic, the willingness to consume was weak, marketing demand declined, and clients reduced the advertising placement budget. Revenue from digital marketing and internet media both declined as compared with the last year.
- IV. Revenue from rental amounted to RMB53,519 thousand, representing a year-on-year decrease of 8% over RMB58,304 thousand for the last year. Due to the temporary vacancy of some property office buildings, revenue in this business was lower than that of the last year.

The Group's overall operating revenue declined as compared with the last year, however, due to the effective control of business costs and operating expenses, the Group's profit for the year increased compared with last year. For the year ended 31 December 2022, the profit attributable to equity shareholders of the Company was RMB41,350 thousand, representing a year-on-year increase of approximately 12% over RMB37,078 thousand for the last year.

OPERATING EXPENSES

For the year ended 31 December 2022, the Group's operating expenses were RMB93,212 thousand in aggregate, representing a year-on-year decrease of approximately 8% from RMB101,792 thousand for the last year, and accounted for approximately 13.0% of the Group's revenue (2021: 8.6%). Confronting operating pressure and challenges, the Group implemented masses of cost reduction and efficiency enhancement measures to strengthen the control of operating expenses, so as to maintain operating expenses as a percentage of revenue at a reasonable level.

Among them:

- (I) Selling and marketing expenses amounted to RMB29,948 thousand, representing a year-on-year decrease of approximately RMB3,112 thousand from RMB33,060 thousand for the last year, and accounted for approximately 4.2% of the Group's revenue (2021: 2.8%). The decline of selling and marketing expenses was because expenses such as travel expenses, production expenses and publicity and marketing expenses decreased compared to last year.

- (II) General and administrative expenses amounted to RMB63,264 thousand, representing a year-on-year decrease of approximately RMB5,468 thousand from RMB68,732 thousand in the last year, and accounted for approximately 8.8% of the Group's revenue (2021: 5.8%). The decrease of general and administrative expenses was mainly because: (1) the impairment loss of receivables and inventory decreased by approximately RMB10,741 thousand as compared to the last year; (2) research and development costs increased by approximately RMB3,743 thousand as compared to the last year.

INVESTMENTS, ACQUISITIONS AND DISPOSALS

- (I) 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 31 December 2022, the transaction procedures had been completed.
- (II) In December 2022, the Group signed a capital increase agreement with Beijing AIQI Technology Co., Ltd. (“**AIQI Technology**”) to subscribe for a minority stake in AIQI Technology through capital increase in cash of RMB43,000 thousand. AIQI Technology is a mobile Internet company focusing on the research and development and sales of toys, intelligent hardware and robot products, which is also a developer of intelligent interactive technology building block toys. As of 31 December 2022, the Group had not yet completed the procedures for the industrial and commercial change of the project.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had a stable financial position as a whole. As at 31 December 2022, cash and cash equivalents amounted to RMB704,635 thousand (2021: RMB849,648 thousand), of which approximately 88% was denominated in RMB, and 12% in HKD and other currencies. As at 31 December 2022, the Group had bank time deposits with maturity over three months of HKD160,000 thousand (equivalent to approximately RMB142,923 thousand) (2021: nil).

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

- (I) Net cash outflow from operating activities was RMB9,825 thousand (2021: net cash inflow of RMB42,472 thousand), which was mainly because: (1) the balance of trade and bills receivable decreased by approximately RMB47,094 thousand compared with the end of last year; (2) the prepayment of advertising agency costs to media suppliers decreased by approximately RMB32,335 thousand compared with the end of last year; (3) the balance of advertising fee received in advance from clients decreased by approximately RMB160,524 thousand compared with the end of last year; and (4) the payment of income tax of approximately RMB16,585 thousand.
- (II) Net cash outflow from investing activities was RMB142,176 thousand (2021: net cash inflow of RMB71,203 thousand), which was mainly attributable to: (1) the increase in the time deposits with maturity over three months of approximately RMB142,923 thousand; (2) payment of equity investments of approximately RMB8,696 thousand; and (3) bank deposit interest received of RMB12,986 thousand.
- (III) Net cash outflow from financing activities was RMB16,711 thousand (2021: RMB43,391 thousand), which was mainly attributable to the payment of the 2021 final dividend of approximately RMB15,788 thousand.

As at 31 December 2022, the Group's total assets amounted to RMB1,824,852 thousand, which consisted of the equity attributable to equity shareholders of the Company of RMB1,617,645 thousand, and non-controlling interests of RMB-8,421 thousand.

As at 31 December 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 year-end interest-bearing bank borrowings and other borrowings by the year-end total equity, and multiplying 100%.

As at 31 December 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 31 December 2022, the Group had 205 employees in total, which was slightly more 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 and new business. 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 regularly developed and organized targeted training strategies and programs for employees, including brand communication training on current events and hotspots, helping employees deeply understand the connection between brand communication and current events; invited the Legal Affairs Department of the China Advertising Association to analyze the Advertising Law for employees, improving the professionalism of employees through internal and external integration; and provided customer industry analysis and data interpretation, helping marketers improve their service professionalism. At the same time, the Group regularly organized outstanding employees to share their insights online. Through their experiences, the employees could enrich their horizons and increase the closeness of each other's teams. 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 15,892,000 units.

INDUSTRY AND GROUP OUTLOOK

In December 2022, a series of new pandemic prevention and control measures was issued in Mainland China, making major adjustments to pandemic prevention policies, including canceling large-scale nucleic acid testing, centralized isolation and travel restrictions. With the optimization of national pandemic prevention and control policies, economic activities have gradually returned to normal, and the overall business environment and consumer willingness have also improved.

According to the Purchasing Managers Index released by the Department of Service Statistics of NBS and China Federation of Logistics and Purchasing, in January 2023, the Purchasing Manager Index (PMI) of China's manufacturing industry was 50.1%, an increase of 3.1 percentage points compared with the previous month; the business activity index of non-manufacturing industry was 54.4%, higher than that of the previous month by 12.8 percentage points; the business activity index of the service industry was 54.0%, 14.6 percentage points higher than that of the previous month; the comprehensive PMI output index was 52.9%, up 10.3 percentage points from the previous month. All indexes have risen to the expansion range, reflecting that the production and operation prosperity of enterprises has picked up, and there have been obvious positive changes compared with December 2022. However, the basis for economic recovery and development needs to be further consolidated. (Source: National Bureau of Statistics, January 2023)

Looking ahead, although the pandemic control measures have been lifted in Mainland China, the market in 2023 is still full of uncertainties, and there are still uncertainties about whether residents' consumption can continue to recover. At the same time, macro factors such as the inflation environment and the weakening trend of the global economy will also have an impact on consumer confidence. The Group is cautiously optimistic about the future and plans

various strategies to seize growth opportunities. In addition, the Group will remain alert to the changing market environment, continue to accelerate the adjustment and optimization of its business structure, and strengthen its core competencies in creative communications and brand strategies, aiming to achieve sustainable growth while responding to change.

Specifically, in the TV advertising business, the Group will adhere to the client-oriented product and service strategy, continue optimizing media resources, 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 integration of brand communication and creative content.

In terms of 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. www.boosj.com will keep focusing on the vertical areas of parent-child talent training and 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 the acceleration of market expansion into the consumer sector through our brand investment and brand operation management business.

Despite the fluctuations in the future market, 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, gradually accelerate the cultivation and expansion of brand operations in the fast-moving consumer sector, improve operational efficiency, and lay a sound foundation for the long-term profit growth and value creation in the future.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company listed securities.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2022, the Company has fully complied with all code provisions of the Corporate Governance Code 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 securities transactions of the directors of the Company ((the “**Directors**”). 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 2022.

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 2022 of the Group and the accounting principles and practices adopted by the Group, together with the management of the Company.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The financial figures in respect of the Group’s consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary result announcement have been compared by the Group’s auditor, KPMG (Certified Public Accountants), to the amounts set out in the Group’s draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Monday, 12 June 2023 (“AGM”). Notice of the AGM together with the Company’s annual report for the year ended 31 December 2022 will be dispatched to shareholders in due course.

FINAL DIVIDEND

The Board recommended a final dividend of HKD4.50 cents for the year ended 31 December 2022 (2021: HKD4.00 cents) per ordinary share to shareholders whose names appear on the register of members of the Company on Wednesday, 21 June 2023. The final dividend will be paid in Hong Kong dollars on or about Wednesday, 12 July 2023 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 Wednesday, 7 June 2023 to Monday, 12 June 2023 (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 Tuesday, 6 June 2023.

The register of members of the Company will also be closed from Monday, 19 June 2023 to Wednesday, 21 June 2023 (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 Friday, 16 June 2023.

On behalf of the Board
SinoMedia Holding Limited
CHEN Xin
Chairman

Hong Kong, 30 March 2023

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.