ANNUAL REPORT
2022 年報

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SinoMedia®

中視金橋國際傳媒控股有限公司
SinoMedia Holding Limited

About us

SinoMedia Holding Limited (the "Company" or "SinoMedia") and its subsidiaries (collectively the "Group") is a leading media operation group in China which focuses on conducting cross-media investment and operation with creative video communication as its core capability, so as to meet the demands of client market for the communications of cross-screen among television + internet + mobile internet. The Group currently owns business sections including CCTV advertising agency business, brand advertising creative planning, film and television program investment and production, internet precision marketing and other business segments. SinoMedia is an early pioneer in China's city image and tourism brand creative communication field and has remained a leader in the field for years. It is also one of the leaders in brand advertising services for industries such as finance and insurance, automobiles and consumer goods. Over the past twenty years, SinoMedia has provided comprehensive and professional creative communication services for more than 3,000 clients in total at home and abroad.

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Financial Summary

RMB'000	**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%

REVENUE

RMB'000	**For the year ended 31 December 2022**	For the year ended 31 December 2021	Change (%)
TV media resources management	**438,058**	903,013	-51%
Content operations, other integrated communication services and others	**143,576**	123,266	+16%
Digital marketing and internet media	**84,337**	98,890	-15%
Rental income	**53,519**	58,304	-8%
	719,490	1,183,473	-39%

Corporate Information

EXECUTIVE DIRECTORS

Mr. Chen Xin (Chairman)
Ms. Liu Jinlan
Mr. Li Zongzhou
Ms. Liu Zhiyi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qi Daqing
Ms. Ip Hung
Dr. Tan Henry
Dr. Zhang Hua

AUDIT COMMITTEE

Mr. Qi Daqing (Chairman)
Ms. Ip Hung
Dr. Zhang Hua

REMUNERATION COMMITTEE

Ms. Ip Hung (Chairman)
Mr. Chen Xin
Dr. Zhang Hua

NOMINATION COMMITTEE

Mr. Chen Xin (Chairman)
Mr. Qi Daqing
Dr. Tan Henry

COMPLIANCE COMMITTEE

Mr. Li Zongzhou (Chairman)
Mr. Wang Yingda

COMPANY SECRETARY

Mr. Wang Yingda

AUTHORISED REPRESENTATIVES

Mr. Chen Xin
Mr. Wang Yingda

PRINCIPLE PLACE OF BUSINESS

7/F, The Place — SinoMedia Tower,
No. 9 Guanghua Road, Chaoyang District,
Beijing, PRC

Unit 15D, Xintian International Plaza,
No. 450 Fushan Road, Pudong New District,
Shanghai, PRC

REGISTERED OFFICE OF THE COMPANY

Unit 417, 4th Floor, Lippo Centre,
Tower Two, No.89 Queensway, Admiralty,
Hong Kong

AUDITORS

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road, North Point,
Hong Kong

WEBSITE

www.sinomedia.com.hk

Awards and Recognitions

Company Honors

Name of Award:	Advertising Agency Level-1 (Comprehensive Services)
Awarded Time:	January 2022
Awarded by:	China Advertising Association
Award Description:	Advertising Agency Level-1 of China, presented by China Advertising Association, is the highest accomplishment for advertising agencies in China. The assessment criteria comprise ten criteria, including business scale, staff quality, service level and industry influence. China Advertising Association, established in 1983, is an institution directly under the State Administration for Industry and Commerce, and an industry organization of the advertising industry in China. The association is voluntarily formed by advertisers, advertisement operators, companies, public institutions and associations related to the advertising industry up to certain qualifications across the country.

Name of Award:	CCTV 2021 AAAA Credit Advertising Agency (中央電視台二零二一年度AAAA級信用廣告代理公司)
Awarded Time:	May 2022
Awarded by:	CCTV Advertising Management Centre (中國中央電視台廣告經營管理中心)
Award Description:	CCTV Advertising Management Centre conducts comprehensive rating on advertising agencies in accordance with the Measures for the Administration of Credit System of Advertising Agency Companies of CCTV (《中央電視台廣告代理公司信用體系管理辦法》). The credit rating of advertising agencies ranges from high to low, namely AAAA, AAA, AA and A. The criteria of rating covers proceeds from advertisements placed via an agency, seniority of agency business, integrity record of agency business, performance and compliance with contract and record of subprime conduct. This is the sixth consecutive year that SinoMedia has received this honor.

Professional Honors

Awarded Work:	Scene Marketing Case "Ice Dream Team" — "Adding BUFF For Winter Olympics" Anta kids Immersive Metaverse Technology Launch
Name of Award:	IAI Awards — Gold Award in PR/Event Marketing Category
Time of Award:	May 2022
Awarded by:	IAI Awards EXE Committee, IAI International Advertising Institute
Award Description:	As a renowned comprehensive advertising and branding competition, IAI Awards was established in 2000 by the School of Advertising of Communication University of China, the China Advertising Association of Commerce and the IAI International Advertising Institute. A total of 3,672 works and cases were received from 917 companies at home and abroad this year.

Awarded Work:	SinoMedia 2021 Annual Report
Name of Award:	LACP Annual Report Platinum Award in LACP Media Companies Annual Report 2021 Category, LACP Top 100 Reports Worldwide, LACP Top 80 Reports in Asia Pacific, Silver Award in LACP Best Annual Report Statement Category, LACP Top 50 Chinese Reports, Technical Achievement Award
Time of Award:	August 2022
Awarded by:	League of American Communications Professionals LLC (LACP)
Award Description:	The LACP Vision Awards was founded in 2002 and is one of the most respected international annual report events in the industry. As the top100 are awarded regardless of industry or company size, it is known as "Annual Report Olympics" and has high professionalism and authority in the industry.

Awarded Work:	SinoMedia 2021 Annual Report
Name of Award:	ARC Annual Report — Bronze Prize
Time of Award:	August 2022
Awarded by:	International ARC Jury
Award Description:	International ARC Awards, one of the largest and most authoritative international annual report awards, are internationally recognized and influential and the "Annual Report Oscar Award" hailed by financial and economic media.

Awarded Work:	Public service advertisement "Tune of Millennium into Your Hearts (千年曲調聲入人心)"
Name of Award:	The 29th China International Advertising Festival Grand Prix Competition (Social Theme) — Bronze Prize (第29屆中國國際廣告節黃河獎作品徵集大賽 — 社會主題銅獎)
Time of Award:	December 2022
Awarded by:	China Advertising Association
Award Description:	Grand Prix, which started in 1982, has been in existence for 40 years and has a high degree of authority in the field of public service advertisement, representing the professional standard of public service communication.

Chairman's Statement

Chen Xin

2022 saw the lingering COVID-19 pandemic severely impacted the market environment and business activities, and both consumers and advertisers became more prudent. According to the data released by CTR Media Intelligence, the advertising market spending in 2022 decreased by 11.8% year-on-year, of which, TV advertising placement dropped by 14.6% year-on-year.

In spite of the unexpected difficulties and challenges in 2022, the Group, by virtue of its market presence and intensive engagement over the years, stood up against the complex and volatile market landscape. That means making pioneering efforts while securing humane management during the year under review. The Group adopted a number of cost control measures while stabilizing the number of employees, all of which helped effectively reduce operating expenses and hold financial soundness. Moreover, the Group implemented the strategy of gradually optimizing and adjusting its business structure to diversify business segments. Staying committed to providing customers with quality creative products and communication services, the Group moved further towards the strategic direction centering on the inter-screen creative communication services.

To weather the operating pressure arising from the market turmoil, the Group focused on its core competencies by promptly integrating the upstream and downstream of the industry chain. To that end, the Group adhered to a customer-oriented product and service strategy and better leveraged on our strengths and experience in TV communications. All these efforts were conducive to solidifying our leading position in the TV advertising market. To follow the changing market trends, we optimized media resources, effectively controlled scale costs and developed the market with innovative marketing strategies and media portfolio. We enhanced the brand value of our clients through efficient communication of TV advertising and offered our clients with one-stop solutions for brand positioning, visual creativity, communication strategies, media execution and effect evaluation.

Further leveraging its experience and capabilities in video content creation and brand communication, the Group made every effort in its content marketing business with video content development and production as its core and also continued to explore the development potential of its content marketing business. Focusing on the market demand of household consumption, we deeply integrated brand communication and creative content through tailor-made content services for different types of customers. We helped customers realize their brand communication value through live interaction, short videos, content placement, program planning, animation development, promotional activities and other creative forms of content with characteristics. This in turn supplied us with more experience and ability of FMCG brand operation.

The Group witnessed steady development of digital marketing business and continuously strengthened its Internet integration service capability for optimizing the marketing efficiency of Internet advertising placement. Following the development trend of Internet media and catering to the placement needs of advertisers, the Group pooled high-quality media resources to enhance the core competitiveness of digital marketing. The Group raised the placement effect and brand influence of customers on the Internet leveraging its professional ability of accurate communication.

With the prevention and control of the COVID-19 entering a new stage of “targeted management measures for Category B infectious diseases (乙類乙管)”, we expect the consumer market for China in 2023 to embrace both opportunities and challenges while moving further on high-quality development. We are optimistic about the Group’s core business that empowers brands through creative communications. Looking forward, as a leading integrated media operating group in China, we will seize the opportunities of economic recovery by keeping pace with market trends and meeting customer needs. At the same time, we will remain alert to the ever-changing market environment and strengthen our business strategies to deal with risky challenges.

The Group will persist in innovation and efficiency amidst the changes. By virtue of the synergistic combination of creative communications and brand investment management business, we will work more on the parent-child family consumption industry and encourage young backbone talents to enhance brand marketing capabilities through innovation. To achieve sustainable growth in a volatile market environment, we will be accelerating the cultivation and expansion of brand operations in the FMCG sector and devote ourselves to the diversification and stress resistance of our business portfolio.

At last, on behalf of the Board, I would like to thank our shareholders and partners for their unwavering support to the Group over the years, especially during the past three years. We will further explore the Group’s new business growth points and strive to create greater value for our shareholders and the wider society.

Chen Xin
30 March 2023

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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.

Directors and Senior Management

MR. CHEN XIN (陳新)

aged 56, has been our Executive Director since November 2006. He was appointed as our Chairman in December 2007 and is primarily responsible for the strategic development, financial planning and investment management of the Group. Mr. Chen has thirty four years of experience in the media industry, and obtained the title of senior journalist in 1999. From 1988 to 2004, he has worked for Xinhua News Agency as a reporter, a correspondent at the Australian bureau, director of central government news gathering and director of news distribution for overseas service successively. Mr. Chen received his bachelor of science degree in genetics from Fudan University in 1986, completed a master's course in international news from Fudan University in 1988 and received an EMBA degree from the Cheung Kong Graduate School of Business in 2006. Mr. Chen is the husband of Ms. Liu Jinlan, our Chief Executive Officer and an Executive Director, and the father of Ms. Liu Zhiyi, an Executive Director.

MS. LIU JINLAN (劉矜蘭)

aged 54, has been our Executive Director and Chief Executive Officer since she founded the Group in 1999, and is primarily responsible for our strategy development and overall management. Ms. Liu previously worked at CCTV as a producer director in news and features from 1995 to 1998.

Since the founding of SinoMedia, Ms. Liu led the team to develop the core value of creative communication, and achieved outstanding achievements in promoting the development of Chinese brands and media advertising industry: She took the lead in breaking new ground in advertising tourism images of Chinese cities, and helped to develop regional brands such as the "Yiwu Small Commodity City", "Hospitable Shandong", "Colorful Guizhou", "Fresh Fujian" and other regional brands; carried out creative planning and publicity for Ping An, CITIC Group, Tencent Technology, China Feihe, Chimelong, Gani Marble Tiles, Panpan Food and other enterprise brands, designed and realized the combination of multiple special advertisements broadcast on CCTV, and achieved excellent brand effects.

Ms. Liu advanced the professional and standard development of the local advertising industry. In 2006, when she was the vice president of the China Advertising Association of Commerce (中國商務廣告協會), she together with Ogilvy & Mather established the Association of Accredited Advertising Agencies of China (中國4A協會) and served as the chairman for two terms; she was elected the deputy head of the Advertising Artistic Committee of the China Television Artists Association (中國電視藝術家協會廣告藝術委員會) and the vice president of the Media Committee of the China Association of National Advertisers (中國廣告主協會媒體工作委員會) for the first time, and won many honors such as the "Person of the Year" (年度人物獎) and the "Top Ten People in Media Advertising of China" (十大傳媒廣告人物) of the advertising industry of China. Now, she serves as an MBA instructor of the School of Business Administration (經管學院) of Communication University of China and a honorary vice president of the Beijing Documentary Development Association (首都紀錄片發展協會).

Ms. Liu graduated from the Beijing Broadcast Institute (now the Communication University of China) with a certificate in linguistics, and received an EMBA degree from the Cheung Kong Graduate School of Business in 2006. Ms. Liu is the wife of Mr. Chen Xin, our Chairman and an Executive Director, and the mother of Ms. Liu Zhiyi, an Executive Director.

MR. LI ZONGZHOU (李宗洲)

aged 55, joined the Group in 2000 as a financial supervisor. He served as the General Accountant from 2007 to 2008, then a Vice President and is currently the Chief Internal Control Officer of the Group. Mr. Li was appointed as an Executive Director in November 2006. He is currently responsible for financial accounting, risk control management, legal affairs and financial contract approval management of the Group. He was previously the chief accountant and head of the financial department of Dunhua Forest Bureau from 1987 to 2000. Mr. Li received his bachelor degree in economics from Renmin University of China in 1990. Mr. Li is the husband of Ms. Liu Jinlan's niece.

MS. LIU ZHIYI (劉芷屹)

aged 33, was appointed as the Vice President of the Group since September 2020 and was appointed as an Executive Director on 30 March 2023. She is responsible for the operation and management of content marketing and creative production sector, and concurrently acts as the general manager of the film and television production center. With more than nine years of experience in the media industry, Ms. Liu has developed analytical and insightful ability on the domestic and foreign media markets, as well as extensive media operation and management experiences, built up networking resources in both domestic and international markets, and explored cooperation with established enterprises and institutions. In recent years, Ms. Liu has been in charge of the Group's video content R&D and projects operation, planning and managing a number of video projects in the form of small- and large-screen linkage and acting as a producer or distributor. She spearheaded the Group's strategical expansion of cross-media initiatives, including innovative businesses in fields of IP development, content marketing, and creative marketing on media convergence. Ms. Liu obtained a bachelor's degree in management from the University of St Andrews in the United Kingdom in 2011 and a master's degree in management from the School of National Development at Peking University in 2020. Ms. Liu is the daughter of Mr. Chen Xin, the chairman of the Board and an Executive Director, and Ms. Liu Jinlan, the Chief Executive Officer and an Executive Director.

MR. QI DAQING (齊大慶)

aged 58, has been our Independent Non-executive Director since May 2008. He taught as an assistant professor and then an associate professor in accounting at The Chinese University of Hong Kong between 1996 and 2002. Mr. Qi joined the Cheung Kong Graduate School of Business in July 2002 where he currently serves as a professor of Accounting. He serves as an independent director, the chairman of audit committee and a member of remuneration committee of Sohu.com Ltd., serves as an independent director and a member of audit committee, and remuneration committee of MOMO Inc., serves as an independent director and a member of audit committee, remuneration committee and nomination committee of Yunfeng Financial Group Limited, serves as an independent director and the chairman of audit committee of Bison Finance Group Limited, and serves as an independent director and the chairman of audit committee of HaiDiLao International Holdings Ltd. Mr. Qi obtained a bachelor of science degree in biological physics in 1985 and a bachelor of arts degree in international mass communication in 1987, both from Fudan University in Shanghai. He received an MBA degree from the University of Hawaii at Manoa in 1992 and then a Ph.D. degree in accounting from the Michigan State University in 1996.

Mr. Qi currently holds directorships in the following publicly listed companies: Sohu.com Ltd. (NASDAQ), MOMO Inc. (NASDAQ), Yunfeng Financial Group Limited (Hong Kong Stock Exchange), Bison Finance Group Limited (Hong Kong Stock Exchange) and HaiDiLao International Holdings Ltd. (Hong Kong Stock Exchange).

Through his roles as an independent director in various companies and as a result of his overall professional experience, Mr. Qi has obtained expertise in accounting and financial management. In addition to lectures and presentations in accounting issues at various professional settings, he has authored research papers on accounting, financial reporting, capital market and other related topics that are published in leading academic journals. Mr. Qi is experienced in reviewing and analysing financial statements of public companies.

MS. IP HUNG (葉虹)

aged 53, was appointed as our Independent Non-Executive Director in June 2019. Ms. Ip worked in SBI E2 Capital Group from June 2000 to October 2008 and was the Head of Equity before leaving office. Ms. Ip was the Chief Executive of Oriental Patron Securities Limited from April 2009 to November 2016 and Member of Investment Committee at Oriental Patron Financial Group during the period. Prior to working in the finance industry, she was a financial reporter of Hong Kong Economic Journal. Ms. Ip is currently a Chief Executive of Omniview Eagle Fund, Head of Impact Investing of Pyxis Wealth Advisors Limited and a Senior Strategy Advisor of Oriental Patron Financial Group. Ms. Ip obtained a Bachelor Degree in Communication from Hong Kong Baptist University in 1992, and a Master Degree in Humanities from Warwick University in 2002.

DR. TAN HENRY (陳亨利), BRONZE BAUHINIA STAR, JUSTICE OF THE PEACE

aged 69, was appointed as our Independent Non-executive Director in June 2020. Dr. Tan is an executive director, the Vice Chairman of the Board and the CEO of S.A.I. Leisure Group Company Limited (listed on Hong Kong Stock Exchange, stock code: 1832). Dr. Tan has more than 30 years of business experience in Mainland China, Hong Kong and the Western Pacific Region. He has gained in-depth local knowledge, business and personal connections and market insights in the region. He began to participate in his family's shipping and trading business in Guam in the early 1970's and expanded it into different industries, such as leisure tourism, retailing, fishing, air transportation, international shipping, logistics, ground and airport services, oil, insurance, medical care, real estate as well as wholesale and distribution of consumer products with sales network across Guam, Saipan, Palau, Micronesia and the Marshall Islands. From March 2004 to February 2017, Dr. Tan was the CEO and an executive director of Luen Thai Holdings Limited (listed on Hong Kong Stock Exchange, stock code: 311) and engaged in garment manufacturing and logistics forwarding services.

Dr. Tan is enthusiastic about social welfare. He is currently the Chairman of the Textile Council of Hong Kong, a member of the Court of The Hong Kong Polytechnic University, an honorary member of the Court of Hong Kong Baptist University, a member of the Council and the Chairman of the Advisory Committee of College of Professional and Continuing Education of The Hong Kong Polytechnic University. Dr. Tan is an honorary trustee of Peking University and a director of the board of Huaqiao University. Dr. Tan served as the Chairman of Po Leung Kuk from 2004 to 2005 and was awarded the Bronze Bauhinia Star in November 2005 and appointed as Justice of the Peace in July 2008 by the HKSAR Government. Dr. Tan has been a member of the HKSAR Election Committee since December 2006 and an Honorable Life-Chairman of The Hong Kong General Chamber of Textiles since 2009. He was also a Hong Kong Deputy to the 13th National People's Congress of the People's Republic of China, and a member of Fujian Provincial Committee of the 9th to 11th Chinese People's Political Consultative Conference.

Dr. Tan received his bachelor and master degrees in business administration from the University of Guam in December 1975 and May 1980 respectively. He was awarded an honorary doctorate in humane letters from the University of Guam in May 2013, and a University Fellowship from the Hong Kong Polytechnic University in January 2018.

DR. ZHANG HUA (張華)

aged 60, was appointed as our Independent Non-executive Director in June 2020. Dr. Zhang is a professor in the Department of Finance and the Director of M.Sc. Programme in Finance (Part-time) in The Chinese University of Hong Kong. Professor Zhang has extensive experience in executive training. His main research interests are in investments, capital markets, corporate finance and fixed income and derivative securities. Dr. Zhang served as an independent non-executive director of Momentum Financial Holdings Limited (1152.HK) from September 2017 to June 2020. Dr. Zhang obtained a bachelor degree in engineering from Tianjin University, and a master degree in business administration and a Ph.D. degree in Finance from McGill University.

MR. LIU XUMING (劉旭明)

aged 55, joined the Group in November 1999, was our Vice President from 2005 to 2010, and was appointed as the Chief Operation Officer in 2011, in charge of the management of the Group's operation planning and execution. He has over twenty years of experience in city branding management, media operation and management, advertisement creative design and market development. Mr. Liu was the president of Dunhua Cable TV Station in Jilin Province from 1997 to 1999. He has served as a council member of The Association of Accredited Advertising Agencies of China (中國4A協會) since 2006. He served as the chairman of Supervision and Examination for China Public Service Advertisement Grand Prix in 2010, chaired the judge for China 4A Golden Seal Awards Media Category in 2012 and 2013, and served as a judge for CCTV National Competition on TV Public Service Advertising in 2013. He has worked as a vice president of the Content Marketing Committee of China Advertising Association of Commerce since July 2016. Mr. Liu received an MBA degree from California University of Management and Sciences in 2003.

MR. WANG YINGDA (王英達)

aged 44, has been our Vice President since October 2014, and was appointed as the Company Secretary in December 2014. He was appointed as the Chief Financial Officer in September 2018, responsible for the Group's overall financial compliance management, corporate finance and investment activities, investor relations and company secretarial matters. Mr. Wang has worked in Hong Kong and Beijing for years, he has twenty years of experience in accounting, auditing, taxation and financial management. Mr. Wang was an audit manager of KPMG before joining the Group. Mr. Wang is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Chinese Institute of Certified Public Accountants. Mr. Wang received a bachelor degree of business administration from The Chinese University of Hong Kong in 2002, and a master degree from Newcastle University, the United Kingdom, in 2004.

MR. HUANG PING (黃平)

aged 58, has been our Vice President since December 2011, and is responsible for the strategic development of media contents and channel platforms. Mr. Huang has extensive media-related work experience, he worked for MTV Greater China as the senior vice president and general manager from 2009 to 2011 and was a vice president in STAR China Co., Ltd from 2006 to 2009. Before that, Mr. Huang was an associate director for the satellite channel under Shanghai Media Group and has accumulated extensive experience in programme production and distribution. Mr. Huang obtained a bachelor degree from the Journalism School of Fudan University in 1986 and finished his postgraduate study international news in Fudan University in 1988.

MS. WANG HONG (王紅)

aged 53, has held positions in finance, media execution and administrative management since she joined the Group in March 1999. She was appointed as a Vice President of the Group in October 2015, responsible for the Group's media purchasing from China Central Television and execution management thereof, and also the administrative management of the Group. Ms. Wang has over nineteen years of experience in media industry. She graduated from Jilin University in 1996, majoring in business administration. Ms. Wang is the wife of Mr. Li Zongzhou, our Executive Director, and the niece of Ms. Liu Jinlan, our Executive Director and Chief Executive Officer.

MR. LI MENG (李萌)

aged 43, joined the Group in 2009 and served successively as the director and general manager of media planning department. He was appointed as a Vice President of the Group in 2018, in charge of market and media research, product marketing and client strategy. With an advertising career over twenty years, Mr. Li has accumulated extensive practical experience in creative communication and specializes in serving clients with branding or marketing solutions focusing on media factors. Before joining the Group, Mr. Li worked in Time Share Advertising as the marketing manager, in charge of media operation. Mr. Li graduated from University of Science and Technology Beijing in 2000, majoring in public relations.

MS. ZHENG CHUN (鄭春)

aged 51, has been our Vice President since September 2015, responsible for expansion of international business and development of overseas clients. Ms. Zheng served various overseas tourism agencies and airlines, in charge of promotion strategy and media publicity for China market. Ms. Zheng has over twenty years' experience in tourism. Before joining the Group, she worked for Destination Canada, KLM Royal Dutch Airlines and Northwest Airlines. Ms. Zheng received her bachelor of arts degree as a major in English from Beijing Language College in 1995.

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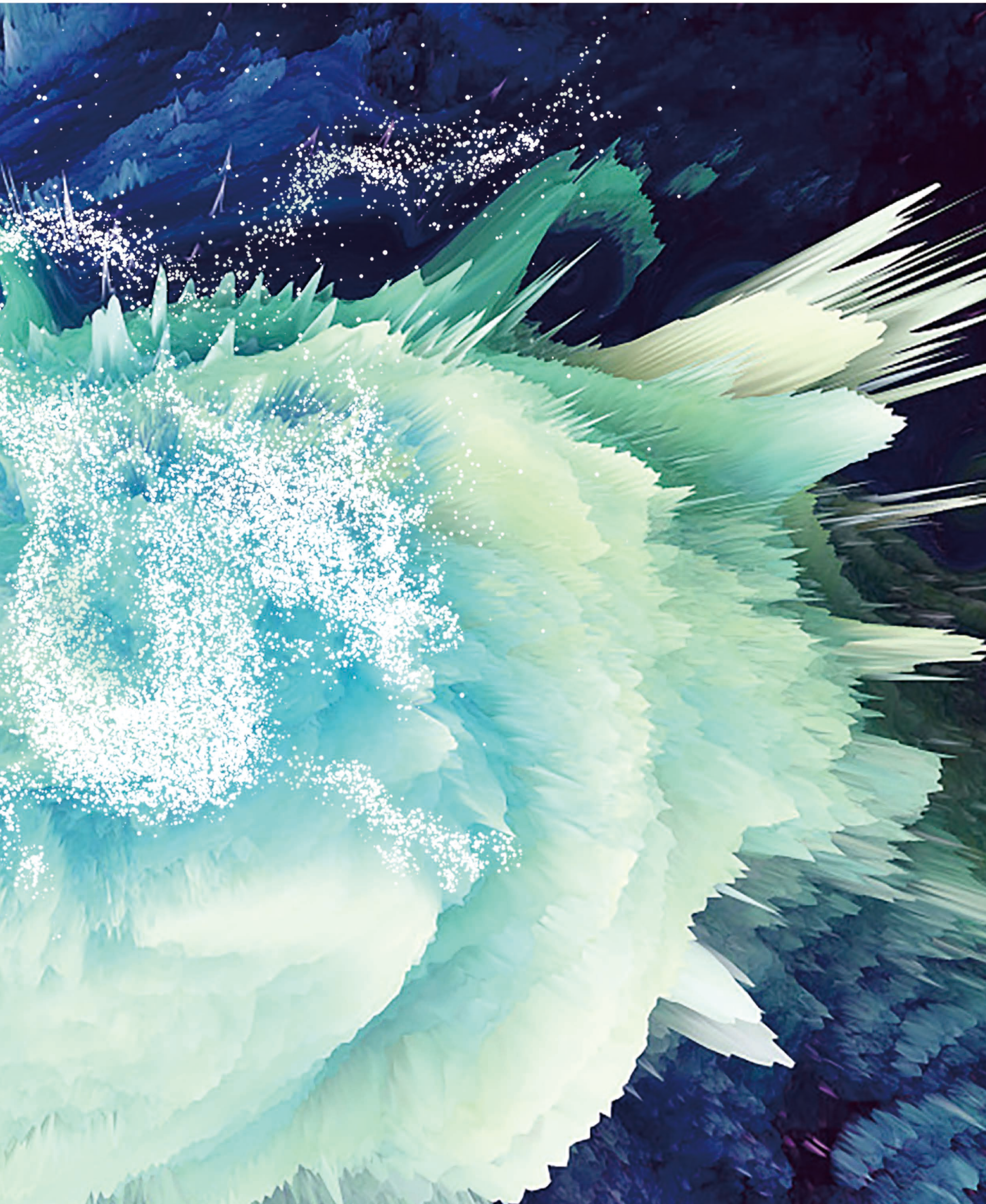

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to attaining and upholding a high standard of corporate governance practices to protect the interests of shareholders and the Company as a whole. The Company has made continuous efforts to constantly review and improve its corporate governance system in light of changes in regulations and developments in best practices and to ensure that the Group is under the leadership of an effective board of directors (the "Board") of the Company to maximise return for shareholders.

The Company has adopted the code provisions ("Code Provisions") of the Corporate Governance Code (hereinafter referred to as the "Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as the guidelines for corporate governance of the Company. During the year ended 31 December 2022, the Company has fully complied with all Code Provisions and where applicable, the recommended best practices prescribed in the Code.

COMPLIANCE WITH DEED OF NON-COMPETITION

The Company has received two confirmations (the "Confirmation(s)") from Mr. Chen Xin and Ms. Liu Jinlan (the "Covenantors") signed by each of them in March 2023 respectively confirming that for the period from 1 January 2022 to 31 December 2022 and up to the date of signing the Confirmations by the relevant Covenantors, each of them has fully complied with the non-competition deed executed by the Covenantors in favour of the Group on 27 May 2008 (the "Non-Competition Deed") and, in particular, other than holding interest in the shares of any member of the Group (including entities which equity interests and assets are controlled by the Group by virtue of variable interest entity ("VIE") structure), they and their respective close associates have not, directly or indirectly, carried on or been engaged or interested in any business which is or may be in competition with the core business of the Group, i.e. acting as a media advertising operator, including the purchasing of advertisement time, advertisement production, acting as an agent of advertisement time and other advertising related service, and any other new business which is from time to time carried on or engaged or interested in by the Group.

The Independent Non-executive Directors of the Company have reviewed the Confirmations and all of them are satisfied that the Non-Competition Deed has been complied with during the year under review.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions.

Having been made specific enquiry, the Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2022.

BOARD OF DIRECTORS

1. Composition of the Board

During the year ended 31 December 2022, the Board comprised the following Directors:

EXECUTIVE DIRECTORS:	INDEPENDENT NON-EXECUTIVE DIRECTORS:
Mr. Chen Xin *(Chairman)*	Mr. Qi Daqing
Ms. Liu Jinlan *(Chief Executive Officer)*	Ms. Ip Hung
Mr. Li Zongzhou	Dr. Tan Henry
	Dr. Zhang Hua

The Directors possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The biographical details of the Directors and the relationship between members of the Board are set out in the "Directors and Senior Management" section on pages 20 to 35 of this annual report.

Save and except that Mr. Chen Xin is the spouse of Ms. Liu Jinlan and vice versa and that Mr. Li Zongzhou is the husband of Ms. Liu Jinlan's niece, there are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board.

2. Chairman and Chief Executive Officer

The positions of the Chairman of the Board and the Chief Executive Officer are held by separate individuals to ensure that a segregation of duties and a balance of power and authority are achieved. The Chairman is responsible for overseeing all Board functions in accordance with good corporate governance practice, developing strategies and instilling corporate culture. The Chief Executive Officer is responsible for formulating detailed plans for implementation of the objectives set by the Board and mainly focuses on the day-to-day management and operation of the Group's business. During the year ended 31 December 2022, the position of the Chairman of the Board was held by Mr. Chen Xin and the position of the Chief Executive Officer of the Company was held by Ms. Liu Jinlan.

3. Non-executive Directors

The Non-executive Directors, all of whom are independent, play an important role in the Board. They possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. Accounting for a majority of Board members, they provide adequate checks and balances for safeguarding the interests of the shareholders and the Group as a whole.

The Non-executive Directors of the Company are appointed for a term of three years and are subject to retirement by rotation at the Company's annual general meetings at least once every three years in accordance with the Articles of Association of the Company.

The Company has received annual written confirmation from each Independent Non-executive Director in respect of his or her independence to the Company pursuant to the requirements of the Listing Rules. The Company has assessed the independence of all Independent Non-executive Directors, including Mr. Qi Daqing who has served the Company for more than 9 years since his first appointment as an Independent Non-executive Director in May 2008, and is satisfied that each of them continued to satisfy the independence criteria under Rule 3.13 of the Listing Rules and remained independent throughout the year ended 31 December 2022. The Company also has at all times complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors and the appointment of an Independent Non-executive Director with appropriate professional qualifications or accounting or related financial management expertise. The Independent Non-executive Directors represented at least one-third of the Board.

4. Division of Responsibilities of the Board and the Management of the Company

The Board steers the Group's business direction. It is responsible for formulating the Group's long-term strategies, setting business objectives, monitoring the management's performance, and ensuring strict compliance with relevant statutory requirements and effective implementation of risk management measures on a regular basis.

The management under the leadership of the Chief Executive Officer is responsible for the day-to-day management of the Group's businesses and implementation of the strategy and direction set by the Board.

To ensure the operational efficiency and specific issues are being handled by relevant expertise, the Board delegates certain powers and authorities from time to time to the management.

The types of decisions which are reserved for the approval by the Board (or the Board committees) include those relating to:

- corporate and capital structure;
- corporate strategy;
- significant policies affecting the Company as a whole;
- business plan, budgets and public announcements;
- delegation to the Chairman, and delegation to and by Board committees;
- key financial matters;
- appointment, removal or reappointment of Board members, senior management and auditors;
- remuneration of Directors and senior management;
- communication with key stakeholders, including shareholders and regulatory bodies; and
- corporate governance duties.

The types of decisions that the Board has delegated to the management include:

- approving the extension of the Group's activities not in a material manner into a new geographic location or a new business;
- assessing and monitoring the performance of all business units and ensuring that all necessary corrective actions have been taken;
- approving expenses up to a certain limit;
- approving the entering into of any connected transactions not requiring disclosure under the Listing Rules;
- approving the nomination and appointment of personnel other than the member of the Board, senior management and auditors;
- approving press release concerning matters decided by the Board;
- approving any matters related to routine matters or day-to-day operation of the Group (including the entering into of any transaction not requiring disclosure under the Listing Rules and cessation of non-material part of the Group's business); and
- carrying out any other duties as the Board may delegate from time to time.

5. Board Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate in person or through electronic means of communication. During the year of 2022, the Board held four meetings. As regards general meetings, the Company held the annual general meeting on 8 June 2022. The said meetings were attended by the Directors either in person or through other electronic means of communication. Attendances at the Board meetings and the annual general meeting of each Director are set out as follows:

	NUMBER OF MEETINGS ATTENDED/HELD	
DIRECTORS	**Board Meetings**	**Annual General Meeting**
Executive Directors:		
Chen Xin	4/4	1/1
Liu Jinlan	4/4	1/1
Li Zongzhou	4/4	1/1
Independent Non-executive Directors:		
Qi Daqing	4/4	1/1
Ip Hung	4/4	1/1
Tan Henry	4/4	1/1
Zhang Hua	4/4	1/1

Notices of regular Board meetings are given to all Directors at least 14 days prior to the date of each regular Board meetings while reasonable notice is generally given for other Board meetings. Meeting agendas and any accompanying board papers are generally sent to all Directors at least 3 days before the intended date of each Board or committee meeting, except agreed otherwise among the members. All Directors are encouraged to propose new items as any other business for discussion at the meetings. The Board and each Director have separate access to the Company's senior management for information at all times and may seek independent professional advice at the Company's expenses in carrying out their duties, if necessary. Draft and final versions of the minutes of the meetings, drafted in sufficient details by the Company Secretary, were circulated within a reasonable time after each meeting to the Directors for their comments and record respectively. Originals of such minutes, kept by the Company Secretary, are open for inspection by all Directors at any reasonable time. Procedures for convening meetings of the Board and Board committees and for preparing minutes of the meetings have complied with the requirements of the Articles of Association of the Company and applicable laws, rules and regulations.

6. Appointment, Re-election and Removal of Directors

The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination or election or re-election of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of Independent Non-executive Directors.

Each of the Directors has entered into a service contract with the Company for a specific term and is subject to retirement by rotation at annual general meetings at least once every three years. In accordance with the Articles of Association of the Company, three Directors shall retire at the next annual general meeting of the Company and shall be eligible for re-election. The names and biographical details of the Directors who will offer themselves for re-election at the forthcoming annual general meeting are set out in the circular to shareholders dated 26 April 2023 to assist shareholders in making an informed decision on the re-elections.

Having been made specific enquiry, the Directors confirmed that the terms, in particular the non-competition obligations, of their respective service contracts had been complied with and they had no interest in any company or business which competed either directly or indirectly with the Group's business.

7. Remuneration of Directors

The Executive Directors did not receive any allowance for their service provided as Directors throughout the year ended 31 December 2022. Executive Directors who are also the Company's staff are entitled to receive salaries according to their respective positions taken on a full-time basis in the Company.

Information relating to the remuneration of each Director for the year under review is set out in note 7 to the financial statements on page 130 of this annual report.

8. Training of Directors

Pursuant to Code Provision C.1.4, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year under review, all Directors have participated in continuous professional development by reading and watching relevant materials on the topics related to the updates on ethics and code of conduct of Directors, corporate governance, rules and regulations and operation and management of listed companies. All Directors have provided written records of the training they received during 2022 to the Company.

The participation by each Director of the Company in the continuous professional development is summarised below:

DIRECTORS	Attending seminars/training sessions	Reading materials in relation to updates on rules and regulations
Executive Directors:		
Chen Xin	√	√
Liu Jinlan	√	√
Li Zongzhou	√	√
Independent Non-executive Directors:		
Qi Daqing	√	√
Ip Hung	√	√
Tan Henry	√	√
Zhang Hua	√	√

9. Board Committees

The Board has established four Board committees with specific terms of reference, namely the Audit Committee, the Remuneration Committee, the Compliance Committee and the Nomination Committee. All terms of reference of the Board committees are on terms no less exacting than those set out in the Code, where applicable.

Audit Committee

The Audit Committee is responsible for the review and supervision of the Group's financial reporting process, risk management and internal control systems, and review of the Company's financial statements. The Audit Committee also reviews and monitors the scope and the effectiveness of the work of external auditors. The terms of reference of the Audit Committee are made available on the Stock Exchange's website and the Company's website.

The Audit Committee met three times during the year under review. Currently, the Audit Committee comprises three members, all of whom are Independent Non-executive Directors. The composition of the committee and the attendances at the meetings by each committee member are set out as follows:

COMMITTEE MEMBERS	NUMBER OF MEETINGS ATTENDED/HELD
Qi Daqing *(Chairman)*	3/3
Ip Hung	3/3
Zhang Hua	3/3

At the meetings, the committee:

- reviewed with the management and the external auditors the terms of appointment of external auditors, the accounting principles and practices adopted by the Group, and the accuracy and fairness of the 2021 annual report and the 2022 interim report;
- monitored the effectiveness of the audit process in accordance with applicable standards and discussed with the auditor the nature and scope of the audit and reporting obligations before the audit commenced;
- discussed the issues raised by the external auditors, all issues reported by the external auditors are monitored closely to ensure the issues can be addressed and resolved through appropriate measures by the Group's senior management; and
- reviewed and discussed with the management the Listing Rules compliance, and the effectiveness of the risk management and internal control systems of the Group, including reviewing the internal control reports submitted by the internal audit department of the Group and reviewing the internal audit function of the Company.

Remuneration Committee

The Remuneration Committee was established to make recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and to determine, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management, including benefits in kind, pension rights and compensation payments inclusive of any compensation payable for loss or termination of their office or appointment, to make recommendations to the Board on the remuneration of Non-executive Directors, to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. The terms of reference of the Remuneration Committee are made available on the Stock Exchange's website and the Company's website. The Remuneration Committee comprises Ms. Ip Hung (an Independent Non-executive Director, the chairman of the Remuneration Committee), Mr. Chen Xin (an Executive Director, a member of the Remuneration Committee), and Dr. Zhang Hua (an Independent Non-executive Director, a member of the Remuneration Committee), therefore the majority of whom are Independent Non-executive Directors.

During the year under review, no meeting was held by the Remuneration Committee. However, the Board reviewed the remuneration policy and structure for all Directors and senior management, including (1) considering the basic salary and bonus schemes paid to Executive Directors and senior management; (2) reviewing the fees paid to the Independent Non-executive Directors; (3) approving the terms of the Executive Directors' service contracts; and (4) assessing the performance of all Directors, in the Board meeting held on 29 March 2022. As a good corporate governance practice, the Directors had abstained from voting and did not participate in the discussion on his/her own remuneration at the said Board meeting.

Compliance Committee

The Compliance Committee was established to oversee the Group's compliance with regulatory requirements and make recommendations to the Board on improvement of corporate governance of the Group.

One meeting was held during the year under review. Currently, the Compliance Committee comprises two members, one of whom is Mr. Li Zongzhou (an Executive Director). The composition of the committee and the attendances at the meeting by each committee member are set out as follows:

COMMITTEE MEMBERS	NUMBER OF MEETINGS ATTENDED/HELD
Li Zongzhou *(Chairman)*	1/1
Wang Yingda	1/1

At the meeting, the committee:

- evaluated and determined the extent of the risks it is willing to take in achieving the Group's strategic objectives;
- discussed and checked the major transactions entered into by the Group and the strategies for tax planning to ensure compliance with the laws and regulations applicable to the Group;
- monitored the training and the continuous professional developments of Directors and senior management, and the code of conduct applicable to Directors and employees; and
- reviewed corporate information issued by the Group to ensure compliance in every respect with the Listing Rules.

Nomination Committee

The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination or election or re-election of Directors, and monitoring the appointment and succession planning of Directors. The terms of reference of the Nomination Committee are made available on the Company's website and the Stock Exchange's website.

Nomination Committee identifies and ascertains the integrity, qualification, expertise and experience of the candidate who is considered for being appointed/re-appointed as director and apply due diligence in compliance with all applicable provisions of the Listing Rules including any amendments thereto from time to time.

The duties of the Nomination Committee include, without limitation:

- reviewing the structure, size and diversity (including the gender, age, cultural and educational background, skills, knowledge, professional experience and length of service) of the Board at least annually and making recommendation to the Board regarding any proposed changes to implement the Company's corporate strategy;

- with due regard for the benefits of diversity on the Board, identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;

- assessing the independence of independent non-executive directors of the Company;

- making recommendations to the Board on the appointment or re-appointment of directors of the Company and the succession planning for directors of the Company, in particular the chairman of the Board and the chief executive; in making recommendations, the Nomination Committee will take into account a wide range of factors and criteria, including the Company's corporate strategy, the mix of skills, knowledge, experience and diversity needed by the Company in the future, the candidate's ability to provide insights and practical wisdom based on his/her experience, skills and expertise relevant to the Company's lines of business, the candidate's time commitment to the Company, and any other factors as the Nomination Committee may deem fit to consider in the best interests of the Company and the shareholders of the Company;

- regularly reviewing the time required from a director to perform his responsibilities;

- reviewing the Board Diversity Policy (defined hereunder), as appropriate; and reviewing the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and making disclosure of its review results in the Corporate Governance Report annually; and

- conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's constitution or imposed by legislation.

If the Nomination Committee determines that an additional or replacement director is required, the Nomination Committee may take such measures that it considers appropriate in connection with its evaluation of a candidate, including candidate interviews, inquiry of the person(s) making the recommendation, or reliance on the knowledge of the members of the Nomination Committee, the Board or the management. In assessing the suitability of a candidate, the Nomination Committee will give consideration to the Nomination Policy and the Board Diversity Policy (defined below) and against criteria such as reputation for character and integrity, commitment in respect of available time, willingness to assume principal fiduciary responsibility, relevant industry, business or public experience beneficial to the Board and the Company, fit with the Company's culture. On making recommendation(s) to the Board, the Nomination Committee may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate(s) as director(s) to fill a casual vacancy(ies) or as an addition to the Board for election or re-election at the annual general meeting.

The Company has adopted a board diversity policy ("Board Diversity Policy") which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. The Board Diversity Policy sets out objective criteria from many aspects, including but not limited to age, gender, ethnicity, academic strength, and experience in the relevant industry. The Nomination Committee has reviewed such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Company considers that the current composition of the Board is characterized by diversity, whether considered in terms of professional background or skills.

During the year under review, one meeting of the Nomination Committee was held. Currently, the Nomination Committee comprises three members, Mr. Chen Xin (an Executive Director), Mr. Qi Daqing (an Independent Non-executive Director) and Dr. Tan Henry (an Independent Non-executive Director), the majority of whom are Independent Non-executive Directors. The composition of the committee and the attendances at the meeting by each committee member are set out as follows:

COMMITTEE MEMBERS	NUMBER OF MEETINGS ATTENDED/HELD
Chen Xin *(Chairman)*	1/1
Qi Daqing	1/1
Tan Henry	1/1

At the meeting, the committee:

- reviewed the structure, size and composition of the Board;
- reviewed Directors' service contracts and the re-election of Directors;
- assessed the independence of Independent Non-executive Directors; and
- reviewed the time and resources required for Directors to perform their responsibilities.

10. Diversity in Board and workforce

The Company has adopted the Board Diversity Policy which sets out its approach to achieve and maintain diversity on the Board.

Under the Board Diversity Policy, in designing the composition of the Board, Board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, knowledge, skills, length of service. The appointment of Directors will be based meritocracy and contributions that the candidates will bring to the Board and candidates will be evaluated against objective criteria, having due regard for the benefits of diversity of the Board.

The Company aims to maintain an appropriate balance of diverse perspectives that are relevant to the Company's business growth. The Company is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. The details on the gender ratio of the Group together with other relevant data are set out on pages 61 to 64 of this annual report of the Company for the year ended 31 December 2022. The Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and in the workforce.

For the year ended 31 December 2022, the Board comprises five male members and two female members thus having a female representation of about 28%. The Nomination Committee considered that the Board is sufficiently diverse in terms of gender, age, cultural and education background, knowledge and professional experience. It reflects an appropriate mix of skills and experience that suits the Group's strategy and business.

11. General

The Company has arranged for directors' and officers' liability insurance for all Directors and senior officers against legal liability arising from their performance of duties. The insurance coverage is reviewed on an annual basis. For the year ended 31 December 2022, no claim has been made against our Directors and senior officers.

FINANCIAL REPORTING

1. Financial Reporting

Management of the Company provides explanation and information to the Board to facilitate an informed assessment of financial statements and other information put before the Board for approval. The Board acknowledges its responsibility in the preparation of financial statements to give a true and fair view of the Company's state of affairs. In the preparation of financial statements, the International Financial Reporting Standards have been adopted and appropriate accounting policies have been consistently used and applied.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board continues to prepare the financial statements set out on pages 99 to 163 on a going concern basis.

The reporting responsibilities of the Group's external auditors, Messrs. KPMG, are set out in the Independent Auditor's Report on pages 93 to 98 of this annual report.

2. External Auditors

Management performs a review of remuneration to external auditors on an annual basis. The fees for audit services have been reviewed by the Audit Committee, and the fees for non-audit services, if any, are approved by management.

3. Auditors' Remuneration

The total fee charged by the auditors generally depends on the scope and volume of the auditors' work. During the year under review, RMB2,650 thousand was charged by the Group's external auditors for annual audit services and the auditors did not provide any non-audit services for the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group had established and maintained appropriate and effective risk management and internal control systems. The Group has adopted comprehensive procedures with duly assigned levels of authority in areas of financial, compliance controls, and risk management to ensure that its assets remain secure at all times. The Group has in place an internal risk identification, assessment and management system. Regular surveys are conducted with the management to identify the key risks, key risks identified are assessed and ranked according to the likelihood of occurrence and extent of impact to the Group. Identified risks are then mapped to relevant control procedures and are allocated to the relevant departments according to their functions for risk management on an ongoing basis. Key internal control procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information used within the business or for publication.

The Board, through the Audit Committee and the Compliance Committee, had conducted an annual review of the effectiveness of the risk management and internal control systems of the Group, including financial, operational and compliance controls and risk management functions as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function. Proper controls are in place to ensure the accounting and management information is recorded in a complete, accurate and timely manner. Regular reviews and audits are carried out to ensure that the preparation of financial statements in accordance with the Group's accounting policies and applicable laws, rules and regulations, thereby providing reasonable assurance regarding effective operation of the Group's business.

While acknowledging the responsibility for the risk management and internal control systems and for reviewing their effectiveness, the Board recognises that they are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has in place procedures and internal controls for handling and dissemination of inside information whereby the Chairman of the Board, the Chief Financial Officer and the Company Secretary work closely, seeking advice from legal advisors from time to time, if needed, with proper reporting to and approval from the Board, for proper handling and dissemination of inside information in accordance with relevant laws and regulations.

The Group has established a clear organisational structure, including the delegation of appropriate responsibilities from the Board to the Board committees, members of senior management and the heads of operating divisions.

An internal audit department was established to review the effectiveness of financial reporting system, risk management and internal control systems of the Group on a continuing basis and it aims to cover all significant functions within the Group on a rotational basis. The scope of the internal audit department's review and the audit programmes have been approved by the Audit Committee. The internal audit department reports directly to the Audit Committee and the Chairman of the Board, and submits regular reports for their review in accordance with the approved programmes. The internal audit department submits a detailed report at least once a year to the Board for their review and monitors the effectiveness of the systems of risk management and internal control of the Group.

External auditors will also report on the weaknesses in the Group's risk management and internal control, and accounting procedures which have come to their attention during the course of audit.

Any material internal control defects identified will be reported to the Audit Committee who shall supervise the management's design and implementation of rectification measures. The Audit Committee also keeps the Board informed of the rectification process. For the year ended 31 December 2022, no critical risk management and internal control weaknesses have been identified by the Board and the Board considered the risk management and internal control systems of the Company remained adequate and effective. The Audit Committee reviewed and was satisfied that the internal audit department remained adequately resourced, effective and had appropriate standing in the Company.

COMPANY SECRETARY

The Company Secretary, Mr. Wang Yingda, is responsible for facilitating the Board process, as well as communications among the Board members, the shareholders and the management. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable laws, rules and regulations are followed. Mr. Wang possesses the professional qualifications as required under Rule 3.28 of the Listing Rules. During the year under review, Mr. Wang has undertaken no less than 15 hours of relevant professional training by attending seminars to update his knowledge and skills in compliance with Rule 3.29 of the Listing Rules. The biography of Mr. Wang is set out in the section "Directors and Senior Management" on page 31 of this annual report.

DIVIDEND POLICY

Under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") and Articles of Association of the Company, all shareholders have rights to dividends and distributions in proportion to their respective shareholdings, and dividends are paid out of distributable profits or funds. Pursuant to the dividend policy of the Company, if the Group records a profit, the Company may recommend annual cash dividend of up to 40% of the net profit available for distribution for the current year, and the remaining profit will be used for the business development and operation of the Group. However, the decision of whether to pay any dividends and the amount of any such dividends depend on a number of factors, including but not limited to, the results of operations, cash flows, financial condition of the Group, statutory and regulatory restrictions on the payment of dividends and the interests of shareholders.

COMMUNICATION WITH SHAREHOLDERS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The Company has set up and maintained various channels of communication with its shareholders and the public to ensure that they are kept abreast of the Company's latest news and development. Information about the Company's financial results, corporate details and major events are disseminated through publication of announcements, circulars, interim and annual reports and press release. All published information is promptly uploaded to the Company's website at www.sinomedia.com.hk, for public access.

The Company also holds investor meetings from time to time, including post results announcement non-deal roadshows, one-on-one meetings and conference calls. Shareholders can also submit enquiries to the management and the Board and send proposals to be put forward at shareholders' meeting to the Board or senior management by sending emails to ir@sinomedia.com.hk or making phone calls to our investor hotline at 86–10–65911278. In addition, the Company's dedicated investor relations team takes a proactive approach to communicate with existing and potential investors in a timely manner by making regular face-to-face meetings and conference calls with investors.

Under the Company's Articles of Association, the Board, on the requisition of shareholders of the Company holding not less than 5% of the total voting rights of all the members having a right to vote at general meetings of the Company, can convene an extraordinary general meeting pursuant to the provisions of the Companies Ordinance to address specific issues of the Company. At the annual general meeting, shareholders can raise any questions relating to performance and future direction of the Group with the Directors. The Company maintains contact with its shareholders through annual general meeting or other general meetings, and encourages shareholders to attend those meetings. The external auditor of the Company, Messrs. KPMG also attended the annual general meeting held on 8 June 2022 to answer questions about the conduct of the audit, the preparation and content of the independent auditors' report, the accounting policies and auditor independence. The Company complied with the required notice periods for general meetings under the applicable laws, rules and regulations.

CONSTITUTIONAL DOCUMENTS

In the year ended 31 December 2022, no amendment had been made to the Articles of Association of the Company.

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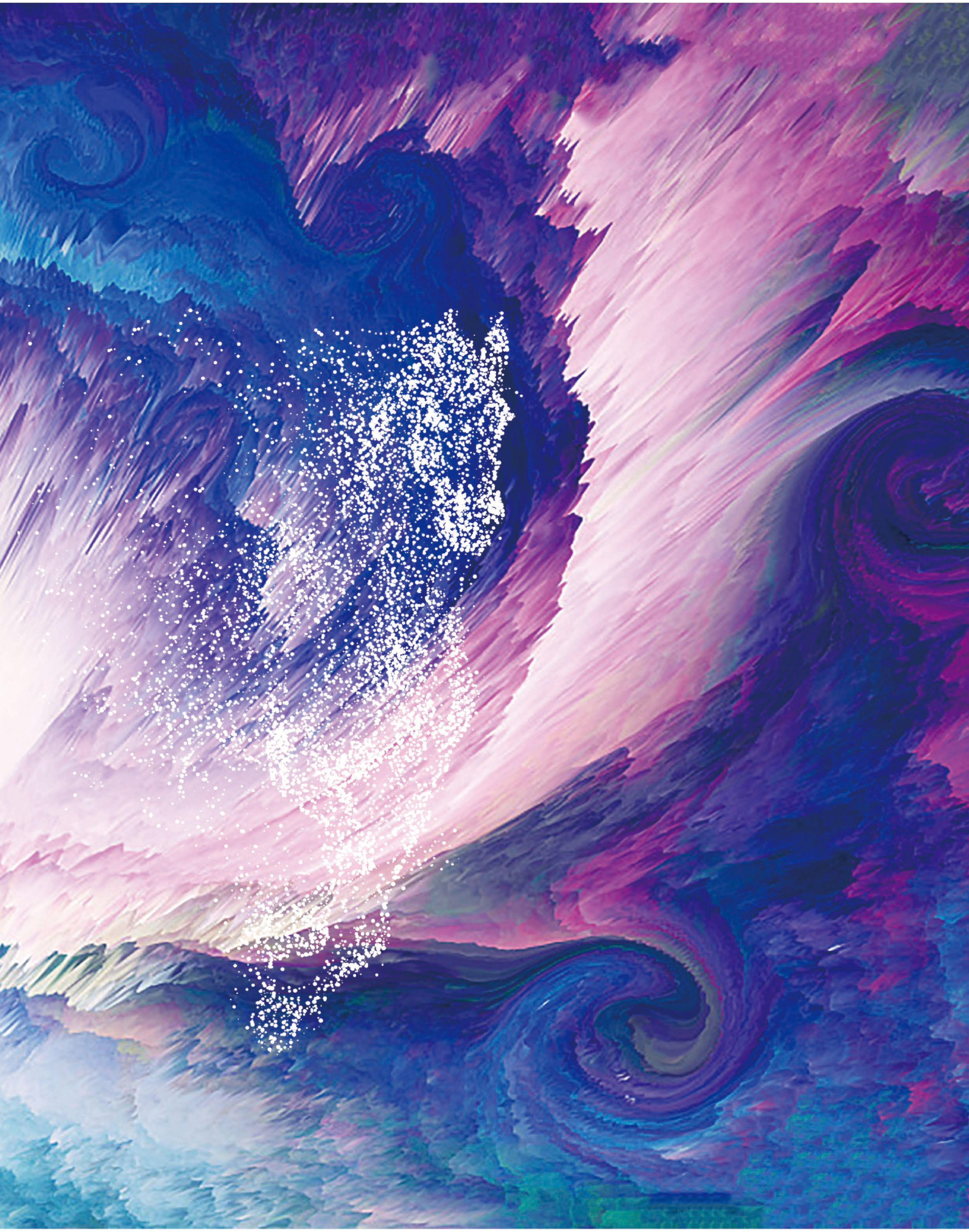

Environmental, Social and Governance Report

This Environmental, Social and Governance Report (the "Report") aims to disclose the idea, practice and performance of SinoMedia Holding Limited (the "Company") and its subsidiaries (collectively the "Group") in environmental, social and governance for the fiscal year ended 31 December 2022 (the "Year"), so that the stakeholders can have an in-depth understanding of the Group's strategy and progress on sustainable development issues.

The Group adopts the principles and benchmarks of the Environmental, Social and Governance Reporting Guidelines ("ESG Guidelines") of Appendix 27 to the Securities Listing Rules of the Stock Exchange of Hong Kong Ltd. ("Stock Exchange") as the criteria, and is committed to establishing a good environmental, social and governance structure. This Report has been prepared in accordance with the ESG Guidelines and complies with the provisions of "Comply or explain" in ESG Guidelines.

REPORTING PRINCIPLES

The following principles have been adopted in the preparation of this Report:

Materiality: conduct materiality assessment on a regular basis to identify material environmental, social and governance-related issues of the Group; and collect the opinions of stakeholders to ensure that the performances and impacts of the key issues concerned by stakeholders are covered in this Report.

Quantitative: the relevant standards, methods and assumptions used to prepare quantitative information have been disclosed as appropriate, and the quantitative information is presented through narrative and comparative figures where feasible.

Balance: present the information in an impartial way, and avoid choices, omissions or presentation formats that may improperly affect the decision-making or judgment of readers of this Report.

Consistency: Unless otherwise specified, this Report uses a consistent methodology with the past to compile and present environmental, social and governance data for meaningful comparison.

REPORTING SCOPE

This Report covers the core business and operations of the Group, including providing TV advertising, content operations and digital marketing services to advertisers and advertising agents. All information in this Report reflects the performance of the Group in terms of environmental and social responsibility during the Year.

STATEMENT FROM THE BOARD

The board of directors of the Company (the "Board") is fully responsible for and ensures the effectiveness of the Group's environmental, social and governance strategies and reports. The Board is committed to the long-term sustainability of the environment and communities in which we have operations, and continually enhances the investment value of stakeholders and supervise environmental, social and governance matters through proper and effective internal control systems and environmental, social and governance risk management measures throughout its operations.

In order to assist in the implementation of the strategies and initiatives formulated by the Board, the Group has established an environmental, social and governance structure to clarify the management responsibilities and functions at all levels, and assist the Board to timely understand the implementation and progress of the Group's environmental, social and governance objectives. The environmental, social and governance structure of the Group is as follows:

Level	Role	Responsibilities
L1	Board of Directors	— Comprehensively supervise the environmental, social and governance management of the Group — Review and approve the environmental, social and governance report
L2	Environmental, social and governance work team	— Identify the main environmental, social and governance risks of the Group — Formulate related environmental, social and governance objectives — Draw up an environmental, social and governance implementation plan — Report the progress of the implementation plan and put forward suggestions to the Board
L3	All departments of the Group	— Specific implementation of environmental, social and governance strategies and implementation plans — Collect environmental, social and governance data and other relevant information

COMMUNICATION WITH STAKEHOLDERS AND IDENTIFICATION OF KEY ISSUES

Based on the characteristics of the industry and the business operations, the Group has identified major stakeholders that are closely related to the Group, including governments and regulatory agencies, shareholders and investors, customers, employees, suppliers, business partners, community and publics. The Group regards communication with major stakeholders as an important part of the sustainable development of the Group and attaches great importance to the concerns and opinions of major stakeholders. The Group is committed to establishing and maintaining a good and stable diversified communication model with major stakeholders and protecting the rights and interests of all stakeholders.

The Group regularly discusses with major stakeholders to establish the Company's environmental, social and governance key issues, and improve the Group's operations and practices through analysis of the concerns and needs of major stakeholders. The Group welcomes the stakeholders to present their opinions on our environmental, social and governance policies as well as our performances in these regards. Related suggestions can be sent to the email address ir@sinomedia.com.hk.

The main stakeholders and communication measures of the Group are as follows:

Stakeholders	Communication Channels and Measures	Expectations
Shareholders and investors	• Shareholders' meeting • Financial report • Announcements and circulars • Press release • Company website • Regular information disclosure	• Financial performance • Return on investment • Corporate governance • Risk control • Information disclosure
Customers	• Innovative and high-quality services and products • Customer service hotline • Compliance marketing • Customer privacy protection	• High-quality services and products • Business ethics and integrity • Customer information security
Employees	• Good remuneration and benefits • Performance appraisal and feedback • Promotion mechanism • Staff training and seminar • Team building activities	• Protect the rights and interests of employees • Remuneration and benefits • Career development • Health and safety at work
Suppliers and business partners	• Perform the contract in accordance with the law • Public bidding • Business meetings and exchanges • Establish long-term cooperative relationship	• Compliance with the contract • Good faith cooperation • Fair procurement
Government and regulatory agencies	• Compliance operation • Accept supervision and inspection • Submit reports and pay taxes according to laws	• Comply with laws and regulations • Promote regional economic development and employment
Community and publics	• Participate in public welfare and charity activities • Company website	• Support community development • Assume social responsibility

MATERIALITY ASSESSMENT

In order to further clarify the key areas of environmental, social and governance information disclosure, the Group sorts out and identifies the issues that stakeholders are concerned about to assess the significance towards stakeholders and the Group through many channels, to disclose information related to operations and management as accurately and comprehensively as possible. The impact of these important issues is evaluated based on their importance to the sustainable development of the Group and its stakeholders. The following are the identified important issues, and the performance of the Group on these issues will be discussed in this Report.

— Environmental dimension (emissions, use of resources, environment and natural resources, climate change)

— Social dimension (employment, health and safety, development and training, labor standards, supply chain management, product responsibility, anti-corruption, community activities and participation)

ENVIRONMENTAL DIMENSION

In its daily operations, the Group strictly abides by environmental laws and regulations of the place where we have operations, and strives to minimize the negative impact on the environment and climate. Given the nature of the Group's business, we believe that the Group's business operations have little direct impact on emissions, use of resources, environment and natural resources, and climate change. Although the nature of the Group's business does not involve highly polluting production and operation procedures, the Group remains committed to practicing environmental protection in business activities and workplaces, reducing environmental pollution and continuously improving energy efficiency through effective use of resources and adopting energy-saving measures, and educating the Group's employees to enhance their awareness of the green environment, so as to achieve sustainable development of the environment. The Group has not found any violation of the laws and regulations pertaining to waste gas and greenhouse gas emission, pollutant emission to water resources and land, and generation of hazardous wastes (including the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention Law of the People's Republic of China, the Atmospheric Pollution Prevention Law of the People's Republic of China and the Law of the People's Republic of China on Environmental Pollution by Solid Waste). The Group has set a target to reduce gas emissions and energy consumption by 5% on or before 2026 based on the year of 2021.

1. Emissions

Waste gas and greenhouse gas emissions

The Group's core business does not directly generate a large amount of waste gas and greenhouse gas emissions. The main emissions from the Group's daily business activities are greenhouse gases, which mainly come from the consumption of purchased electric energy and the fuel consumed by vehicles. In addition, vehicle fuel also emits air pollutants in consumption, such as nitrogen oxides, sulphur oxides and suspended particles. Despite the limited environmental impact, the Group strives to be more proactive in emissions and energy conservation through its procedures. In order to minimize the air pollution caused by vehicles, the Group imposes strict limitation to use of vehicles, and has vehicles detected and overhauled regularly to ensure that vehicle emissions comply with relevant national standards. The Group also encourages employees to make good use of public transport and teleconference to reduce the frequency of business travel.

Environmental indicators	Unit	Year 2022	Year 2021
Greenhouse gas emissions			
Scope 1 — direct emissions (gasoline consumption	tCO_2e	**45.2**	46.8
Scope 2 — indirect emissions (purchased electricity)	tCO_2e	**150.9**	173.7
Scope 3 — other indirect emissions (paper consumption)	tCO_2e	**1.4**	1.1
Total greenhouse gas emissions	tCO_2e	**197.5**	221.6
Density (per employee)	tCO_2e/employee	**1.0**	1.1
Waste gas emissions			
Nitrogen oxides	kg	**4.1**	4.3
Sulphur oxides	kg	**0.2**	0.3
Particulate matter	kg	**0.3**	0.3

Note: the relevant data are calculated according to the emission factors in the Reporting Guidance on Environmental KPIs issued by the Stock Exchange.

Discharges into water and land, management of waste

The Group does not involve any production and manufacturing process in the daily operation. Therefore, no hazardous waste such as chemical waste, clinical waste and hazardous chemicals is generated, and no sewage is discharged to soil and water sources. Due to the nature of the business, the harmless waste generated by in operation of the Group mainly includes general office consumables without significant impact on the environment. The Group is not aware of any major hazards of hazardous or non-hazardous waste, and there is no significant discharge of waste gas or wastewater.

Committed to eliminating waste generation, the Group reduces waste through recycling practice and encourages employees to recycle the useful part of waste, for maximally controlling the waste and properly disposing of wastes. The Group has continued to actively promote paperless office, continuously upgraded the office automation system and advocated the electronic communication method in place of printing and fax. Moreover, the Group encourages employees to adopt two-side printing and secondary paper when truly feasible. In order to reduce wastes and achieve recycle, the Group contacted suppliers to regularly arrange the recycling of all used printer cartridges. The Group also limited the receiving quantities of office supplies as required to prevent wasting. In addition, the use of paper cups and other disposable items were also avoided in the Group. At present, hazardous and non-hazardous wastes are not considered to be significant to the Group and therefore no relevant information has been collected or consolidated. The Group will continue to assess and review the waste generated from its operations and will disclose further information in due course.

2. Use of Resources

Energy management

Staying true to green operation, the Group actively encourages employees to support environmental protection initiatives in their daily operations, and pays attention to environmental sustainability in the business process. In view of operation and business of the Group in offices, electricity use is a major part of the Group's energy consumption. The Group has taken a variety of energy-saving measures to improve energy efficiency and reduce its energy consumption in operation.

The Group uses environment-friendly and energy-saving lights in the office area and implements the alternated lighting mode in the corridor, and turns off the unused lights, computers, printers, air conditioners, etc. The Group adjusts and controls the air-conditioning operating temperature in each office area to avoid too low air conditioner temperature in offices, and strictly manages the equipment that consumes excess electricity, so as to reduce the waste of power resources.

Energy Consumption	Unit	Year 2022	Year 2021
Direct energy consumption (gasoline)	MWh	**161.9**	167.5
Indirect energy consumption (electricity)	MWh	**240.5**	278.1
Total energy consumption	MWh	**402.4**	445.6
Density (per employee)	MWh/employee	**2.0**	2.2

Management of water resources and packaging materials

The Group has not encountered any problems in obtaining suitable water sources in its daily operations. The water consumption of the Group is limited to daily living purposes, such as drinking water and sanitation and cleaning water for facilities, so the water consumption is not high. The Group operates in the office property, and its water supply and drainage are fully controlled by each building property management office. Therefore, it is unable to provide water intake and drainage data or individual meters for individual occupiers. In order to avoid waste of water resources in daily operation, the Group installed inductive hand washing equipment in toilets, set reasonable water flow speed, and give priority to the use of effective water-saving products. The Group does not use or produce any packaging materials in its daily business operations.

3. Environment and Natural Resources

The main business activities of the Group have not had a significant impact on the environment and natural resources. Nevertheless, the Group still focuses on environmental sustainability and is committed to reducing the impact of its operations on the environment, focusing on reducing greenhouse gas emissions and protecting resources.

The Group regularly sends relevant materials to employees to convey the environmental protection measures adopted by the Group to employees, improve employees' environmental awareness and promote employees to develop environmental protection behavior. The Group encourages all employees to participate in various resource recovery activities to minimize the use of natural resources. The Group will continue to reduce emissions and wastes and minimize the impact of the Group's business activities on the environment and natural resources. The Group will continue to implement a number of measures to protect water resources and reduce waste, commit to green office and resource conservation, and strengthen its contribution to environmental sustainable development through sustained and good environmental protection measures.

4. Climate Change

As the global temperature rises, extreme weather events become more frequent and serious, which may have an adverse impact on the macro economy. The Group is well aware that climate change is a major issue and actively evaluates the impact of climate risk on business operations. As the main business nature of the Group is television advertising and content marketing, digital marketing and internet media, climate change has no direct and significant impact on the Group's business.

As the temperature rises in the future, the energy consumption of the Group's offices may increase. The increasing frequency of extreme weather events due to climate change may also affect the daily operations of the Group's offices. The Group will continue to monitor the potential risks of climate change and its impact on the Group's operations, and formulate and implement corresponding preventive and emergency response measures to ensure the safety of employees in case of adverse weather conditions such as typhoons and rainstorms. In addition, the Group will also continue to strive to control energy consumption and carbon emissions.

SOCIAL DIMENSION

1. Employment

The Group continues to improve its human resources management system, provide an equal and fair working environment, and has established practices and policies in line with the relevant laws in which we have operations. The Group is committed to eliminating discrimination. Recruitment and promotion opportunities are fair and open to all employees, regardless of age, gender, physical condition, marital status, family status, race, skin color, nationality, religion, sexual orientation and other factors. The Group encourages the diversification of employee mix and puts the fairness principle into practice. In order to provide employees with a fair working environment and maintain their well-being, the Group welcomes all valuable suggestions from employees on improving workplace productivity and promoting workplace harmony.

The Group provides competitive remuneration, promotion opportunities and welfare benefits to attract and retain talents, and regularly reviews the remuneration mechanism according to business performance and personal performance to assist employees in career development and promotion within the Group. The Group has strictly observed the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, Hong Kong Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and other employment-related laws and regulations in remuneration, recruitment, dismissal, promotion, working hour, holiday, equal opportunity, anti-discrimination, diversification and other benefits of employees. In order to ensure that employees clearly understand their rights and obligations, the Group has stipulated policies and guidelines on remuneration, recruitment, promotion, dismissal, working hours, holidays and benefits in the staff manual. In addition to statutory holidays, the Group also provides employees with marriage leave, maternity leave, breastfeeding leave and other holidays. On the basis of social insurance, accumulation fund, expatriate study plan and other benefits, the Group has also provided consolation money to elderly parents of employees on holidays, and distributed loyal contribution awards to employees who provide long-term services.

During the Year, the Group was not aware of any violation of relevant employment laws and regulations related to the employment, labor relations, employee remuneration, social insurance, mandatory accumulation fund, employee welfare and compensation of the Group and having a significant impact on the Group.

The employee statistics of the Group are as follows:

	Year 2022	Year 2021
Total number of employees	**205**	198
Regional distribution		
Beijing	**80%**	78%
Hangzhou	**13%**	15%
Shanghai	**4%**	5%
Hong Kong	**2%**	1%
Singapore	**1%**	1%
Gender distribution		
Male	**37%**	33%
Female	**63%**	67%
Age distribution		
30 years old or under	**22%**	24%
31–35 years old	**31%**	27%
36–40 years old	**25%**	26%
41 years old or above	**22%**	23%
Education Statistics		
Bachelor's degree or above	**10%**	11%
Undergraduate	**55%**	59%
Junior college or below	**35%**	30%
Employment category		
Full time	**100%**	100%
Part time	**0%**	0%
Overall employee turnover rate	**22%**	25%
Turnover rate by gender		
Female employees	**24%**	23%
Male employees	**21%**	29%
Turnover rate by age		
30 years old or under	**31%**	70%
31–35 years old	**15%**	15%
36–40 years old	**36%**	14%
41 years old or above	**12%**	4%
Turnover rate by region		
Beijing	**25%**	21%
Hangzhou	**15%**	60%
Shanghai	**0%**	11%
Hong Kong	**0%**	33%
Singapore	**0%**	0%

2. Health and Safety

Employees are taken as the most valuable assets of the Group. Therefore, the Group is committed to providing employees with a safe, healthy, efficient and comfortable working environment.

The Group has bought multiple types of high-end health facilities and deployed them in the rest area of the offices for employees to relax themselves and alleviate their working pressure. Meanwhile, the Group has set rest rooms and showering rooms in the office building for employees to alleviate the fatigue after work and provide employees with a comfortable working environment. The Group provides the working lunch for employees to assure their dietary safety and facilitate their dining. Moreover, the Group provides multiple trainings for employees in relation to fire safety, mobility safety and prevention of common workplace diseases to assure their mental and physical health and safety. The administrative department of the Group regularly conducts fire safety inspection and encourages employees to participate in fire drills organized by property management companies to improve fire safety awareness.

The Group has actively echoed pandemic prevention rules of local governments and strictly implemented pandemic prevention measures, and formulated enterprise disease prevention and control work plan and pandemic emergency plan to improve the health and safety of office environment. In order to prevent the spread of virus, the Group implements strict anti-infection measures to protect employees. The Group closely monitors the health status of employees every day, including taking their body temperature, providing surgical masks, alcohol disinfectant, antibacterial hand sanitizer, and some common cold remedies and fever reducing medicines and COVID-19 antigen rapid test kits when appropriate in the office. The Group also requires employees to use online video conference software as far as possible to reduce unnecessary travel and market activities. During the Year, no employee in the Group got disabled or dead due to the infection with COVID-19.

The Group strictly abides by the Labor Law of the People's Republic of China, the Regulation on Work-Related Injury Insurances of the People's Republic of China, Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and other applicable relevant laws and regulations to provide a safe and healthy working environment. During the Year, the Group did not find any health and safety violations in the office, there were no potential risks of occupational diseases mentioned in the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, and there were no major penalties or sanctions for violating relevant laws and regulations. During the Year and the past two reporting years, the Group did not have any work-related fatal accidents or serious injuries, and there were no working days lost due to work-related injuries and major accidents.

3. Development and Training

The Group believes that the personal development of employees can not only explore their own value, but also contribute to the long-term development of the Group. The Group has established a comprehensive training system and evaluation criteria to improve employees' knowledge, skills and working ability. The Group provides comprehensive trainings for new employees and designates special tutors to follow up and coach them. The human resources department conducts regular communication and assessment and helps new employees to quickly get started with work. Every year, the Group provides special tutorship and occupational development assessment for relatively mature employees and provides them with internal development opportunities across functions.

The Group has established and implemented pertinent training strategies and plans, including brand communication training targeting current news and hotspot events to help employees deeply understand the point matching brand communication and hotspot incidents. The Group also invited the Legal Department of China Advertising Association to analyze the Advertising Law to the staff for the purpose of improving employees' professional knowledge and marketing ability. The Group has also provided and interpreted customer and industry analysis data to help the marketing team improve the professional service. At the same time, the Group has regularly organized interest and thought sharing events to enrich employees' vision and increase the closeness among team members through the experience of traditional culture such as tea culture.

During the Year, the proportion of the Group's employees receiving internal training and the number of training hours per capita are listed in detail as below:

	Year 2022	Year 2021
Total training hours	**320**	312
Average training hours per employee	**4.2**	6.2
Percentage of male employees participating in training	**37%**	30%
Percentage of female employees participating in training	**37%**	40%
Average training hours of male employees	**3.0**	8.2
Average training hours of female employees	**4.9**	5.4
Percentage of senior management participating in training	**32%**	15%
Percentage of ordinary employees participating in training	**38%**	26%
Average training hours of senior management	**2.0**	8.6
Average training hours of ordinary employees	**4.5**	4.0

4. Labor Standards

The Group has formulated policies to ensure that all employees and job seekers are entitled to fair opportunities and treatment. The Group is committed to complying with the relevant laws and regulations of places where we have operations throughout the recruitment and employment process. The Group strictly abides by the Law of the People's Republic of China on the Protection of Minors, the Law of the People's Republic of China on the Protection of Rights and Interests of Women and Children, the Provisions of The People's Republic of China Prohibition of Child Labour and the Hong Kong Employment Ordinance (Chapter 57 of the Laws of Hong Kong), and comprehensively prohibits the employment of child labour in any job. The human resources department of the Group is responsible for identifying and verifying each job seeker to ensure that no child labor or forced labor is employed. The Group also has a clear staff code to prohibit forced labor and ensure the legal and voluntary employment of all employees. If employment of child labor or forced labor is found, the Group will terminate the employment contract and investigate whether further action is required. During the Year, the Group was not aware of any violation of laws and regulations on employment and labour practices in the prevention of child labour or forced labour.

5. Supply Chain Management

Suppliers of the Group must comply with all laws and regulations in which we have operations and related to unethical behavior, bribery, corruption and other prohibited business activities. During business cooperation, the Group will dynamically check the licenses and qualifications of suppliers to ensure that they meet the relevant requirements and amendments of national policies, laws and regulations. The Group encourages and expects suppliers to implement good employment measures, treat their employees fairly and reasonably, respect their rights, and provide them with an environment free of discrimination, child labor and forced labor. The Group's suppliers also need to adhere to transparent business processes and high ethical standards to avoid interest conflicts and prohibit corruption and bribery. When selecting suppliers or partners, the Group will give priority to its environmental and energy policies to protect the environment and reduce pollution to the greatest extent, and will pay attention to whether suppliers have adverse news in environmental protection. If any, the Group will conduct internal discussion to decide whether to replace the suppliers. Before making any decision on purchasing or selecting service providers, the Group will conduct due diligence on suppliers, and comprehensively evaluate the scale, reputation, environmental policies, community policies and ethical standards of suppliers, so as to ensure the fairness and impartiality of suppliers in procurement and avoid the environmental and social risks of the supply chain.

The major business suppliers of the Group are China Media Group and different mainstream media institutions, which are all located in the mainland China, and legal entities that comply with the policies and regulations and professional qualifications. In the Year, the Group is not aware of any major supplier's non-compliance events that cause any significant actual or potential adverse impact on business ethics, environmental protection, labor practices, etc.

6. Product Responsibility

The Group strictly abides by the Advertising Law of the People's Republic of China and links the whole chains from media, advertising companies to the customers in business operation to ensure the legal publicity of advertising and avoid the occurrence of false advertising content, exaggerated facts, infringement and other phenomena. To reach an agreement, the Group will communicate with customers about the provisions of the Advertising Law; To submit advertising films to the media, the professionals of the Group will conduct a preliminary review of the advertising content, and will negotiate with customers for modification if finding any problems; If the media finds that the customer's advertisement violates the provisions of the advertising law in the process of reviewing the advertisement, the Group will actively cooperate with the media and customers to communicate, so as to ensure the legal and compliant release of the advertisement. During the Year, the Group has neither any serious violation of the advertising law, nor any published advertisements required to be recovered.

The Group is well aware of the importance of intellectual property rights, so it attaches great importance to the protection of intellectual property rights and takes comprehensive protection measures for intellectual property rights. The Group registered 45 new trademarks, registered 1 new copyright, and renewed the registration of 3 registered trademarks whose protection period is about to expire. The Group strictly abides by the Trademark Law of the People's Republic of China, the Patent Law of The People's Republic of China, the Copyright Law of the People's Republic of China and other laws and regulations, and prohibits the use of any material in violation of relevant intellectual property laws. During the Year, the Group did not commit any major intellectual property infringement. The Group believes that all reasonable measures have been taken to prevent any infringement of its intellectual property and the intellectual property rights of third parties.

The Group is committed to protecting the privacy and confidentiality of its customers, business partners and other identifiable individuals. In order to protect the personal data privacy, the Group formulates a data protection policy based on the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). All personal data collected in the course of business are treated as confidential and properly kept, and are only available to authorized personnel. Unauthorized access, use, modification or disclosure are strictly prohibited. During the Year, the Group was not aware of any serious violation of relevant laws and regulations on privacy issues that had any significant impact on the Group.

The Group strives to investigate and resolve all disputes and complaints raised by customers in a timely and fair manner in accordance with clearly listed internal procedures. If a complaint is received, the Group will promptly make investigation and seek a solution, and decide whether to strengthen internal control, improve execution procedures or take any other appropriate action. During the Year, the Group did not receive any complaints related to products and services.

7. Anti-corruption

In order to maintain a fair, ethical and efficient business environment, the Group strictly abides by the Criminal Law of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and other laws and regulations on anti-corruption and anti-bribery. The Group adopts a zero-tolerance policy for bribery, extortion, fraud and money laundering and has established relevant policies and procedures. All directors, management personnel and employees of the Group shall, in their daily work, abide by all relevant laws and regulations concerning the prevention of bribery, extortion, fraud and money laundering in the place where we have operations. The Group's rules and regulations and staff manual clearly require all employees to abide by relevant laws and business standards, and prohibit employees from engaging in or participating in any form of bribery, extortion, fraud, money laundering and other illegal acts. All contracts drafted and signed by the Group contain anti-corruption provisions, and anti-corruption instructions will be given regularly during employee training. In addition, the Group encourages employees to report any suspected corruption, bribery or misconduct through the reporting mechanism established by the Group. The relevant reports will be treated confidentially, and the identity of the whistleblower will be protected from unfair treatment. During the Year, the Group was not aware of any serious violations of relevant laws and regulations that had a significant impact on bribery, extortion, fraud and money laundering. During the Year, the Group neither receive any reports of corruption, nor have any legal cases involving corruption against the Group or its employees.

8. Community Activity and Participation

Due to the impact of the pandemic, the Group did not carry out offline charity activities during the Year. However, the Group has always been concerned about community development and actively practicing its social responsibility to remain working on social harmony as an enterprise. During the Year, the Group invested RMB338 thousand to create a series of public service animated shorts with the image of the Great Lion (蓋獅) and practiced more the "Children Protection Action" (護苗行動). All these efforts aim to protect the physical and mental health of minors and improve children's moral cultivation and ideological education, for promoting their all-round development. This series of public service animation shorts have widely spread civilized concepts such as "garbage sorting" and "water saving" to children and the public in an entertaining way, and have therefore played a positive role of public service advertisements in alerting, demonstrating and spreading positive energy.

ANNUAL REPORT
2022 年報

Directors’ Report

The Directors of the SinoMedia Holding Limited (the “Company”) are pleased to present their annual report together with the audited financial statements of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2022.

PRINCIPAL PLACE OF BUSINESS

The Company is a company incorporated and domiciled in Hong Kong and has its registered office at Unit 417, 4th Floor, Lippo Centre, Tower Two, No. 89 Queensway, Admiralty, Hong Kong, and principal places of business at Unit 15D, Xintian International Plaza, No. 450 Fushan Road, Pudong New District, Shanghai, PRC and 7/F, The Place-SinoMedia Tower, No. 9 Guanghua Road, Chaoyang District, Beijing, PRC.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are providing TV advertisements, creative content production and digital marketing services for advertisers and advertising agents.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the year ended 31 December 2022 are set out in note 12 to the financial statements.

BUSINESS REVIEW

Details of the business review and performance of the Group for the year ended 31 December 2022 are set out in the section headed “Management Discussion and Analysis”. Those discussions form part of this Directors’ Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to building an environmental-friendly corporation with the aim of conserving natural resources. The Group has taken initiatives to reduce energy consumption and encourage recycle of office supplies and other materials. The Directors consider that environmental protection is essential to the long-term development of the Group and will constantly review its environmental policies and performance and improve management practices, so as to minimise waste, maximise efficiencies and reduce the negative environmental impact from the Group’s business operations. During the year ended 31 December 2022, there was no incidence of non-compliance with the relevant environmental laws and regulations that have a significant impact on the Group.

For further details, please refer to the Environmental, Social and Governance Report of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

As at 31 December 2022 and up to the date of this annual report, the Board was unaware of any non-compliance with the applicable laws and regulations that have a significant impact on the Company, including but not limited to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group recognises the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group is committed to providing an equal opportunities, a harmonious and diversified working environment to employees. The Group provides a healthy and safe workplace for all employees and no work-related fatal accidents or serious injuries were found during the year ended 31 December 2022.

The Group encompasses working relationships with suppliers to meet its customers' needs in an effective and efficient manner. The departments work closely to make sure that the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also communicated well with suppliers before the commencement of business.

The Group values the views and feedback of customers through various means and channels. The Group maintains active relationship with customers to explore potential business opportunities and is highly committed to delivering high quality services to all customers.

During the year ended 31 December 2022, there was no material dispute or argument between the Group and its employees, suppliers and customers.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year ended 31 December 2022 is as follows:

	Percentage of the Group's total purchases
The largest supplier	77%
Five largest suppliers in aggregate	90%

The Group's largest customer accounted for about 24% of the Group's revenue, and the Group's five largest customers combined accounted for about 47% of the Group's revenue.

At no time during the year under review had the Directors, their close associates and/or shareholder of the Company (which to the knowledge of the Directors owned more than 5% of the number of issued shares of the Company) had any interest in these major suppliers and customers.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2022 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 99 to 104.

TRANSFER TO RESERVES

Profits attributable to equity shareholders of the Company, before dividends, of approximately RMB41.35 million (2021: approximately RMB37.08 million) have been transferred to reserves. Other movements in reserves are set out in the Consolidated Statement of Changes in Equity on page 103.

DIVIDENDS

Dividends totaling approximately RMB15.79 million (2021: RMB34.79 million) were paid to equity shareholders of the Company in 2022. The Board proposed the payment of a final dividend of HKD4.50 cents (2021: HKD4.00 cents) per share for the year ended 31 December 2022.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group are set out in note 10 to the financial statements.

SHARES ISSUED IN THE YEAR

Details of the shares issued during the year under review are set out in note 23 to the financial statements.

DONATIONS

During the year under review, the Group did not make any charitable contributions (2021: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS

The Directors during the year under review were:

Executive Directors:

Chen Xin
Liu Jinlan
Li Zongzhou

Independent non-executive Directors:

Qi Daqing
Ip Hung
Tan Henry
Zhang Hua

In accordance with Article 105 of the Company's Articles of Association, Mr. Chen Xin, Ms. Ip Hung and Dr. Tan Henry shall retire by rotation at the forthcoming annual general meeting ("AGM") of the shareholders of the Company. All of them, being eligible, will offer themselves for re-election at the AGM.

No Director proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensatory obligations.

The list of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is set out in note 12 to the financial statements.

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES

To attract and retain talent and caliber, the Group provides competitive remuneration packages to its Executive Directors and senior management. These comprise basic monthly salary, variable pay and long-term incentive plan which includes share option scheme. The amount of variable pay is set at a percentage of the fixed pay, and is paid yearly relative to performance delivered through plans and objectives with pre-determined criteria and standards.

The remunerations payable to the Directors are determined with reference to their duties and responsibilities with the Company and the market rate for the positions.

The remuneration package of executives is designed so that a proportion is structured to link rewards to corporate and individual performance, and to give incentives to executives to perform at the highest levels. Through job evaluation and job matching, the Group ensures external competitiveness of the pay through reference to market survey and data.

The Non-executive Directors' remuneration is determined based on the time commitment and responsibilities of the relevant Non-executive Directors, which comprise of the following components:

- Directors' fees, which are usually paid annually; and
- (before the share option schemes had expired) Share options which were granted subject to the discretion of the Board.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the remuneration of the Directors and senior management during the year under review are set out in note 7 to the financial statements.

FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of Directors and the five highest paid individuals of the Group during the year under review are set out in note 8 to the financial statements.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debenture of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(i) Interests in the Company — Long Positions

Name of Director	Nature of interest	Number of ordinary shares held	Number of underlying shares held under equity derivatives *(Note 1)*	Total	Approximate percentage of issued share capital of the Company
Liu Jinlan	Founder of discretionary trust, beneficiary of trust and beneficial interest	262,122,169 *(Note 2)*	2,800,000	264,922,169	57.39%
Chen Xin	Founder of discretionary trust and beneficiary of trust	258,469,165 *(Note 3)*	–	258,469,165	55.99%
Li Zongzhou	Beneficial interest	–	2,000,000	2,000,000	0.43%
Qi Daqing	Beneficial interest	–	300,000	300,000	0.06%

Notes:

1. The equity derivatives were the outstanding share options granted to the Directors under the share option schemes, details of which are set out in the section headed "Share Option Schemes" in this report.

2. Liu Jinlan is deemed to be interested in 262,122,169 shares of the Company. These shares are held by three discretionary trusts, namely UME Trust (which assets comprised 27,101,344 shares held by United Marine Enterprise Company Limited), DFS (No. 2) Trust (which assets comprised 24,038,312 shares held by SinoMedia Investment Ltd.) and CLH Trust (which assets comprised 210,982,513 shares held by Golden Bridge International Culture Limited), all founded by Liu Jinlan. In respect of 210,982,513 shares therein held by CLH Trust, Liu Jinlan is also a beneficiary of the trust.

3. Chen Xin is deemed to be interested in 258,469,165 shares of the Company. These shares are held by three discretionary trusts, namely MHS Trust (which assets comprised 25,921,344 shares held by Merger Holding Service Company Limited), DFS (No. 1) Trust (which assets comprised 21,565,308 shares held by Digital Finance Service Company Limited) and CLH Trust (which assets comprised 210,982,513 shares held by Golden Bridge International Culture Limited), all founded by Chen Xin. In respect of 210,982,513 shares therein held by CLH Trust, Chen Xin is also a beneficiary of the trust.

(ii) Interests in associated corporations of the Company — Long Positions

Name of Director	Name of associated corporation	Nature of interest	Approximate percentage of issued share capital of the associated corporation
Liu Jinlan	CLH Holding Limited	Founder of discretionary trust	100%
	Golden Bridge International Culture Limited	Corporate interest	100%
	Golden Bridge Int'l Advertising Holdings Limited	Corporate interest	100%
	CTV Golden Bridge International Media Group Co., Ltd.	Corporate interest	0.3%
Chen Xin	CLH Holding Limited	Founder of discretionary trust	100%
	Golden Bridge International Culture Limited	Corporate interest	100%
	Golden Bridge Int'l Advertising Holdings Limited	Corporate interest	100%

Apart from the foregoing, as at 31 December 2022, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debenture of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

The Company has adopted share option schemes on 29 June 2007 (the "Pre-IPO Scheme") and 27 May 2008 (the "Post-IPO Scheme", collectively the "Schemes") respectively, whereby the Board has been authorised, at their discretion, to invite any full time employee, Director or any person approved by the Board or shareholders of the Company (collectively the "Eligible Persons") to take up options (the "Pre-IPO Options" and the "Post-IPO Options", respectively) to subscribe for ordinary shares of the Company. The Pre-IPO Scheme and the Post-IPO Scheme are designed to encourage Eligible Persons to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole, and to motivate them to achieve higher levels of good corporate governance. The Pre-IPO Scheme and the Post-IPO Scheme expired in 2015 and 2018 respectively.

As at 1 January 2022, the total number of shares of the Company that could be issued upon exercise of all outstanding options granted under the Scheme were 17,392,000 shares, which represented about 3.77% of the total number of issued shares of the Company as at 1 January 2022. As at 31 December 2022, the total number of shares of the Company that could be issued upon exercise of all outstanding options granted under the Scheme were 15,892,000 shares, which represented about 3.44% of the total number of issued shares of the Company as at 31 December 2022.

As at the date of this annual report, the total number of shares of the Company that could be issued upon exercise of all outstanding options granted under the Schemes were 15,892,000 shares which represented approximately 3.44% of the total number of issued shares of the Company as at the date of this annual report.

Movements of the share options under the Schemes for the year ended 31 December 2022 are as follows:

Directors	No. of options outstanding at the beginning of the year	No. of options granted during the year	No. of options exercised during the year	No. of options cancelled or lapsed during the year	No. of options outstanding at the end of the year	Date of grant	Exercise price	Exercise period
Liu Jinlan	2,800,000	–	–	–	2,800,000	30 August 2017	HKD1.77	Note 2
Li Zongzhou	2,000,000	–	–	–	2,000,000	30 August 2017	HKD1.77	Note 2
Qi Daqing	300,000	–	–	–	300,000	30 August 2017	HKD1.77	Note 2

Employees	No. of options outstanding at the beginning of the year	No. of options granted during the year	No. of options exercised during the year	No. of options cancelled or lapsed during the year	No. of options outstanding at the end of the year	Date of grant	Exercise price	Exercise period
in aggregate	800,000	–	–	(800,000)	–	10 September 2014	HKD5.50	Note 1
	640,000	–	–	–	640,000	15 September 2015	HKD2.59	Note 1
	10,852,000	–	–	(700,000)	10,152,000	30 August 2017	HKD1.77	Note 2

Notes:

1. A Post-IPO Options holder may exercise a maximum of 25% of the total number of the Post-IPO Options granted after the lapse of one full year from the date of grant of the Post-IPO Options. Subsequently, for every full year of continuous service with the Company, the holder may exercise a maximum of another 25% of the total number of the Post-IPO Options granted, up to eight years from the date of grant.

2. A Post-IPO Options holder may exercise a maximum of 25% of the total number of the Post-IPO Options granted after the lapse of one full year from the date of grant of the Post-IPO Options. Subsequently, for every full year of continuous service with the Company, the holder may exercise a maximum of another 25% of the total number of the Post-IPO Options granted, up to eight years from the date of grant. The exercise of Post-IPO Options by the holder is also subject to certain conditions, including the individual performance assessment conducted by the Board and the financial performance of the Group.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES — LONG POSITIONS

As at 31 December 2022, so far as known to the Directors and chief executive of the Company, the following corporations (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO.

Substantial shareholder	Nature of interest	Total number of ordinary shares held	% of total issued shares
Tricor Equity Trustee Limited	Trustee *(Note 1)*	309,608,821	67.07%
CLH Holding Limited	Corporate interest *(Note 2)*	210,982,513	45.70%

Notes:

1. Tricor Equity Trustee Limited is deemed to be interested in 309,608,821 shares of the Company as it is the trustee of CLH Trust (which assets comprised 210,982,513 shares held by Golden Bridge International Culture Limited), MHS Trust (which assets comprised 25,921,344 shares held by Merger Holding Service Company Limited), UME Trust (which assets comprised 27,101,344 shares held by United Marine Enterprise Company Limited), DFS (No. 1) Trust (which assets comprised 21,565,308 shares held by Digital Finance Service Company Limited) and DFS (No. 2) Trust (which assets comprised 24,038,312 shares held by SinoMedia Investment Ltd.).

2. These shares are directly held by Golden Bridge International Culture Limited which is a wholly owned subsidiary of Golden Bridge Int'l Advertising Holdings Limited which in turn is a wholly owned subsidiary of CLH Holding Limited. CLH Holding Limited is deemed to be interested in 210,982,513 shares of the Company held by Golden Bridge International Culture Limited.

Save as disclosed above, so far as known to the Directors and chief executive of the Company, as at 31 December 2022, there was no other person or corporation (other than a Director or chief executive of the Company) who had any interests or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of the Divisions 2 and 3 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

INFORMATION ON VARIABLE INTEREST ENTITY ("VIE") STRUCTURE

Background — the Old VIE Structure

As disclosed in the announcement of the Company dated 27 October 2011, CTV Golden Bridge International Media Group Co., Ltd. ("CTV Media (Shanghai)") has on 27 October 2011 entered into the Old Structure Contracts with the Mr. Chen Xin and Ms. Liu Jinlan ("Old Legal Owners") thereby adopting the Old VIE Structure. Under the Old VIE Structure, the Group was able to exercise 100% control over CTV Golden Bridge Culture Development (Beijing) Company Limited ("Culture Development") in substance notwithstanding the absence of legal ownership. Culture Development was established on 24 November 2011 and has since been accounted as a subsidiary of the Group by virtue of the Old VIE Structure.

Termination of Old VIE Structure

Equity Transfer Agreements

As disclosed in the announcement of the Company dated 27 April 2018, on 27 April 2018, the Old Legal Owners entered into the Equity Transfer Agreements with Ms. Liu Zhiyi and Ms. Wang Hong ("New Legal Owners"), pursuant to which each of the Old Legal Owners shall sell all of their equity interests in Culture Development to the New Legal Owners at a total consideration of RMB30 million.

The principal terms of the Equity Transfer Agreements are as follows:

1. **First Equity Transfer Agreement**

   On 27 April 2018, Mr. Chen Xin, Ms. Wang Hong and CTV Media (Shanghai) entered into the first equity transfer agreement pursuant to which Mr. Chen Xin agreed to transfer 50% equity interests in Culture Development to Ms. Wang Hong at a consideration of RMB15 million payable by Ms. Wang Hong in the manner agreed by Mr. Chen Xin and Ms. Wang Hong. All interests and rights attaching to the relevant equity interests in Culture Development shall be transferred to Ms. Wang Hong upon completion of registration of change in shareholding at the relevant PRC authority.

2. **Second Equity Transfer Agreement**

On 27 April 2018, Ms. Liu Jinlan, Ms. Liu Zhiyi and CTV Media (Shanghai) entered into the second equity transfer agreement pursuant to which Ms. Liu Jinlan agreed to transfer 50% equity interests in Culture Development to Ms. Liu Zhiyi at a consideration of RMB15 million payable by Ms. Liu Zhiyi in the manner agreed by Ms. Liu Jinlan and Ms. Liu Zhiyi. All interests and rights attaching to the relevant equity interests in Culture Development shall be transferred to Ms. Liu Zhiyi upon completion of registration of change in shareholding at the relevant PRC authority.

Supplemental Agreement

Date:	27 April 2018
Parties:	(i) CTV Media (Shanghai) (ii) Culture Development (iii) Old Legal Owners (iv) New Legal Owners
Subject Matter:	The Old Legal Owners agreed to novate all rights and obligations under the Loans to the New Legal Owners. In consideration of the New Legal Owners agreeing to the novation of the Loans, the Old Legal Owners agreed to set off the New Legal Owners' obligation to pay for the aggregate consideration of RMB30 million for the Equity Transfer. The parties to the Supplemental agreement agreed that the Old Structure Contracts shall be terminated upon the New Structure Contracts becoming effective.

Establishment of New VIE Structure

On 27 April 2018 and immediately after execution of the equity transfer agreements and supplemental agreement, CTV Media (Shanghai), Culture Development and the New Legal Owners entered into a series of agreements to establish the new VIE structure, upon the new structure contracts becoming effective, the Group will be able to exercise control over the operation and assets of Culture Development, and the economic benefits generated by and risks associated with the running of the restricted business by Culture Development will be effectively transferred to the Group.

The New Structure Contracts

The principal terms of the New Structure Contracts are set out below:

1. **Exclusive Consultancy Service Agreement**

Date:	27 April 2018
Parties:	(i) CTV Media (Shanghai)
	(ii) Culture Development
Subject Matter:	CTV Media (Shanghai) agreed to provide relevant consultancy and supporting services as the exclusive provider of Culture Development. Such consultancy services include but not limited to problem-based solution design, business and strategic planning, clientele management and development, employee development and training, promotion and public relationship, accounting and financial management etc. at the agreed service fees.
	In consideration of the provision of management and consultancy services by CTV Media (Shanghai), Culture Development shall pay a consultancy fee to CTV Media (Shanghai) on an annual basis, which shall be equivalent to 100% of the consolidated profit before tax of Culture Development (such profit to be calculated after deducting all reasonably incurred costs and expenses) in connection with the business operation of Culture Development.
	The service fee for the immediately preceding year will be payable to CTV Media (Shanghai) by Culture Development in the first quarter of each year, and such service fee is determined with reference to (i) the complexity of the services provided; (ii) the time spent on such services; (iii) the value of such services; and (iv) the prevailing market price for such services. CTV Media (Shanghai) may in writing agree to adjust the service fees with reference to the services provided and operation need of Culture Development. In the event Culture Development records a consolidated net loss, Culture Development shall not be required to pay any service fee to CTV Media (Shanghai).
	CTV Media (Shanghai) shall have the exclusive proprietary rights to all intellectual property rights developed or created during the performance of the Exclusive Consultancy Service Agreement and/or other agreements entered into by the parties and related parties. At the request of CTV Media (Shanghai), Culture Development shall assign its intellectual property rights to CTV Media (Shanghai) unconditionally at the minimum price permitted under the then applicable PRC laws and regulations.
Term:	A period of 10 years commencing from the Effective Date, which shall be automatically renewed for another 10 years unless CTV Media (Shanghai) serves notice in writing to Culture Development prior to expiry of the initial term.
	The Exclusive Consultancy Service Agreement shall be terminated prior to expiration of the term should the business period of either CTV Media (Shanghai) or Culture Development expires or be terminated by any other reason, unless such party has transferred all rights and obligations under the Exclusive Consultancy Service Agreement.

2. Loan Agreement

Date:	27 April 2018
Parties:	(i) CTV Media (Shanghai) as lender
	(ii) the New Legal Owners as borrower
Subject Matter:	Pursuant to the Loan Agreement, the parties confirm that, among other things: (i) upon the Supplemental Agreement taking effect, the New Legal Owners have become the legal and beneficial owners of the Loan; and (ii) the Loan is interest-free and may only be used and has been used for the purpose of paying up the registered capital of Culture Development.
	The New Legal Owners shall pledge 100% of Culture Development's equity interests pursuant to the Share Pledge Agreement as security for the Loan.
	If, in the opinion of CTV Media (Shanghai), the security provided by the New Legal Owners is not sufficient, CTV Media (Shanghai) is entitled to request the New Legal Owners to provide additional security such as guarantee, mortgage and charge.
	If any of the New Legal Owners ceases to hold interests in Culture Development, whether directly or indirectly, the New Legal Owners may assign the Loan to any third party designated by CTV Media (Shanghai).
Term:	The term of the loan in aggregate amount of RMB30 million owed by the New Legal Owners to CTV Media (Shanghai) shall be terminated on such date as CTV Media (Shanghai) considers appropriate and notified to the New Legal Owners.

3. **Exclusive Purchase Option Agreement**

Date:	27 April 2018
Parties:	(i) CTV Media (Shanghai) (ii) New Legal Owners (iii) Culture Development
Subject Matter:	Each of the New Legal Owners irrevocably grant an exclusive option to CTV Media (Shanghai) which entitles CTV Media (Shanghai) or its designated nominee(s) to, subject to compliance with applicable PRC laws and regulations, elect to purchase all or part of the equity interests in Culture Development held by the New Legal Owners at the minimum price permitted by the then applicable PRC laws and regulations. Each of the New Legal Owners has undertaken to return to CTV Media (Shanghai) any consideration they received in the event that CTV Media (Shanghai) exercises such option to acquire the equity interests in Culture Development. Culture Development irrevocably grants an exclusive option to CTV Media (Shanghai) which entitles CTV Media (Shanghai) or its designated nominee(s) to, subject to compliance with applicable PRC laws and regulations, elect to purchase all or part of the asset of Culture Development at the minimum price permitted by the then applicable PRC laws and regulations. Culture Development has undertaken to return to CTV Media (Shanghai) any consideration it received in the event that CTV Media (Shanghai) exercises such option to acquire the asset of Culture Development. In order to prevent the flow of assets and value of Culture Development to the New Legal Owners, each of Culture Development and/or the New Legal Owners also undertakes with CTV Media (Shanghai) not to, among other things, (i) supplement, change or amend the articles of association of Culture Development, increase or reduce its registered capital or change its structure of registered capital in any other manner without prior written consent of CTV Media (Shanghai); (ii) provide or receive loans or guarantee except under the New Structure Contracts; (iii) merge or consolidate with, acquire or invest in any entity; (iv) distribute dividends or profits to the New Legal Owners; and (v) sell, transfer, mortgage or otherwise dispose of any of their interests in Culture Development or be allowed to create any encumbrances on them, except under the New Structure Contracts.
Term:	A period of 10 years commencing from the Effective Date subject to early termination, which shall be automatically renewed for another 10 years unless CTV Media (Shanghai) serves notice in writing to Culture Development prior to expiry of the initial term.

4. **Equity Pledge Agreement**

Date:	27 April 2018
Parties:	(i) CTV Media (Shanghai) as pledgee (ii) New Legal Owners as pledgor
Subject Matter:	The New Legal Owners agreed to pledge all their respective equity interests in Culture Development to CTV Media (Shanghai) to secure Culture Development's and/or the New Legal Owners' due performance of all the obligations under the Exclusive Consultancy Service Agreement and the Loan Agreement. CTV Media (Shanghai) shall be entitled to all dividend generated from the equity interests in Culture Development pledged to CTV Media (Shanghai). During the term of the Equity Pledge Agreement, the New Legal Owners shall not, among other matters, transfer any of the equity interests of Culture Development without prior written consent of CTV Media (Shanghai).
Term:	The pledge shall take effect upon the Effective Date and shall remain valid until one year after the expiration of all the contractual obligations of Culture Development and the New Legal Owners under the Exclusive Consultancy Service Agreement and the Loan Agreement.

5. **Business Operation Agreement**

Date:	27 April 2018
Parties:	(i) CTV Media (Shanghai) (ii) Culture Development (iii) New Legal Owners
Subject Matter:	At the request of Culture Development, CTV Media (Shanghai) may opt to serve as performance guarantor for Culture Development in any business operation agreements or transactions Culture Development may enter into with third parties, in which case, as a counter-guarantee, Culture Development shall pledge 100% of its account receivable arising from its business operation to CTV Media (Shanghai). Each of Culture Development and the New Legal Owners agree that, in the absence of CTV Media (Shanghai)'s written consent, Culture Development shall not engage in any transaction which may materially affect its asset, obligations, right and operation, including but not limited to: (i) borrowing or assuming liabilities from any third party that exceed RMB10 million; (ii) selling to or acquiring asset or rights from any third party, including but not limited to intellectual property rights; (iii) providing guarantee in favour of any third party by creating security over its asset and intellectual property; and (iv) transferring any operational agreement in the amount exceeding RMB10 million to any third party.

Each of Culture Development and the New Legal Owners also agree to appoint CTV Media (Shanghai)'s nominees as directors of Culture Development, and nominees who are employed by CTV Media (Shanghai) as general manager, chief finance officer and other senior management. Such senior management's role in Culture Development will be terminated upon such senior management ceasing to be employed by CTV Media (Shanghai) (whether voluntarily or not).

Each of Culture Development and the New Legal Owners agrees to first seek assistance from CTV Media (Shanghai) in the event Culture Development requires any performance guarantee or guarantee for obtaining financing. In such circumstances, CTV Media (Shanghai) may, and is not obliged to do so, provide relevant guarantee in favour of Culture Development. Otherwise CTV Media (Shanghai) shall provide a written notification to Culture Development whereby Culture Development may seek guarantee from other third parties in accordance to CTV Media (Shanghai)'s instructions and recommendations.

Term: A period of 10 years commencing from the Effective Date, which shall be automatically renewed for another 10 years unless CTV Media (Shanghai) objects in writing prior to expiry of the initial term or altering the period of the renewed term.

In the event of termination of any of the New Structured Agreements, CTV Media (Shanghai) shall have the right but not the obligation to terminate the Business Operation Agreement.

The Business Operation Agreement shall be terminated prior to expiration of the term should the business period of either CTV Media (Shanghai) or Culture Development expires or be terminated by any other reason, unless the such party has transferred all rights and obligations under the Business Operation Agreement.

Information on Culture Development and the New Legal Owners

Culture Development is a company established under the laws of the PRC. Upon completion of the registration of the Equity Transfer with the relevant PRC authorities, Culture Development will be owned as to 50% by Ms. Liu Zhiyi and 50% by Ms. Wang Hong. Culture Development and its subsidiaries are engaging in the restricted business (defined below).

During the year ended 31 December 2022, Culture Development recorded a revenue of approximately RMB27.87 million and a consolidated revenue of approximately RMB132.18million; a profit of approximately RMB4.08million and a consolidated loss of approximately RMB31.95 million. As at 31 December 2022, the consolidated total assets and consolidated net liabilities of Culture Development were approximately RMB82.59 million and RMB48.27 million respectively.

During the year ended 31 December 2021, Culture Development recorded a revenue of approximately RMB12.43 million and a consolidated revenue of approximately RMB129.16million; a profit of approximately RMB3.27 million and a consolidated loss of approximately RMB4.18 million. As at 31 December 2021, the consolidated total assets and consolidated net liabilities of Culture Development were approximately RMB78.93 million and RMB16.32 million respectively.

Ms. Liu Zhiyi is a PRC resident and is the daughter of the Old Legal Owners. She is an executive director of the Company and concurrently acts as the general manager of the film and television production center of the Group.

Ms. Wang Hong is a PRC resident and is the niece of the Old Legal Owners and the wife of Mr. Li Zongzhou, an executive Director. She is currently a vice president of the Group.

Ms. Liu Zhiyi, Ms. Wang Hong and Culture Development are all associates of connected persons of the Company and therefore connected persons of the Company under Chapter 14A of the Listing Rules.

Reasons for adopting the VIE Structure

As advised by the Company's PRC legal adviser, under the regulations of the Catalogue of Industries for Guiding Foreign Investment (2017 Revision)《(外商投資產業指導目錄(2017年修訂)》) promulgated by of the National Development and Reform Commission and the Ministry of Commerce of the PRC, (i) the business of production of broadcasting and television programs in the PRC falls under the "prohibited" category which prohibits foreign investment; (ii) the business of value-added telecommunication in the PRC falls under the "restricted" category which restricts foreign investors to own more than 50% of the entity operating such business; and (iii) the business of network audio-visual programme in the PRC falls under the "prohibited" category which prohibits foreign investment (collectively referred to as the "restricted business"). As such, CTV Media (Shanghai) being a 99.7% owned subsidiary of the Company and a sino-foreign joint venture as well as any subsidiary of the Company are prohibited from or restricted in engaging in the restricted business owing to the aforesaid restriction. On the other hand, as Culture Development is not a foreign-invested enterprise, Culture Development and its subsidiaries can obtain and have obtained the relevant licenses required for conducting the restricted business in accordance with applicable PRC laws, namely, Radio and TV Program Production and Business Operation License (廣播電視節目製作經營許可證), Internet Content Provider License (電信與信息服務業務經營許可證) and Publication of Audio-Visual Programs through Information Network License (信息網絡傳播視聽節目許可證). Accordingly, the Company has been conducting the restricted business through Culture Development under the Old VIE Structure.

The New VIE Structure is in substance a renewal of the Old VIE Structure with the following amendments:

(1) the registered shareholders of Culture Development will be changed from Mr. Chen Xin and Ms. Liu Jinlan to Ms. Liu Zhiyi and Ms. Wang Hong as part of the internal organisation and succession planning of the Company;

(2) the consultancy fee payable by Culture Development to CTV Media (Shanghai) will be changed from 10% of the revenue of Culture Development to 100% of the consolidated profit before tax of Culture Development to ensure all economic benefits derived by Culture Development will be received by the Group;

(3) as Culture Development no longer uses trademarks of CTV Media (Shanghai) in the course of its business, the parties did not seek to renew the Non-exclusive Trademark Licence Agreement under the Old VIE Structure;

(4) provisions in respect of dispute resolution, succession are modified or inserted in observance of the requirements under the guidance letter HKEx-GL77–14 "Guidance on listed issuers using contractual arrangements for their businesses" published by the Stock Exchange; and

(5) relevant provisions are modified or inserted and additional undertaking are provided by the New Legal Owners and the spouse of Ms. Wang Hong in order to enhance CTV Media (Shanghai)'s control over Culture Development and ensure the New VIE Structure can effectively confer all economic benefits from Culture Development to the Group.

The New VIE Structure offers better protection to the Company thereby ensuring it can exercise full control over the equity interests and assets of Culture Development and continue to consolidate the financial results of Culture Development into the accounts of the Company as if it was a subsidiary of the Company, and at the same time addressing the aforementioned foreign ownership restriction. The adoption of the VIE Structure is essential for the Company to continue engaging in the restricted business.

Risks related to the VIE Structure

1. Potential changes in the PRC foreign investment legal regime

Notwithstanding the PRC legal adviser is of the view that the New Structure Contracts do not contravene with any applicable laws and regulations, there is uncertainty regarding the interpretation and applicable of the PRC laws and regulations such that the PRC government may determine that the Structure Contracts do not comply with the applicable laws and regulations of the PRC.

Moreover, on 19 January 2015, the Ministry of Commerce of the PRC circulated Foreign Investment Law of the People's Republic of China (Draft for Comment) (中華人民共和國外國投資法(草案徵求意見稿), "Draft Law"), which contains proposed changes to the PRC foreign investment legal regime and the treatment of the variable interests entity structure. The Draft Law (i) expressly specifies that foreign investments include situations where foreign investors obtain direct or indirect control or interests in the PRC enterprises through structured contracts, trust or other ways and (ii) implement a standardized foreign investment system and management system on restrictions on foreign investments under the prohibited and restricted lists. The Draft Law, if adopted, may have material impact on the PRC foreign investment legal regime.

As advised by the PRC legal adviser, since the Draft Law is not a bill or draft law under the relevant legislative law in the PRC, it does not have the effect of law and therefore poses no material impact on the New Structure Contracts.

2. **There may be limitations in exercising the purchase rights to acquire equity interests in Culture Development**

The Company adopted the New VIE Structure in order to indirectly participate in the restricted business and will unwind the New VIE Structure as soon as the law allows such business to be operated by foreign investors in the PRC without the VIE structure. However, CTV Media (Shanghai)'s acquisition of the shares and equity interests in Culture Development may only be conducted to the extent as permitted by applicable PRC laws and may also be subject to substantial costs. Under Exclusive Purchase Option Agreement and subject to compliance with applicable PRC laws and regulations, CTV Media (Shanghai) or its designated nominee shall be entitled to exercise options to purchase the New Legal Owners' equity interests in Culture Development and assets of Culture Development at the minimum price permitted by applicable laws if such transfer of equity interests is allowed by the applicable PRC laws.

3. **The Group depends upon the New VIE Structure to control and obtain economic benefits from Culture Development, which may not be as effective as direct ownership**

The Group conducts the restricted business indirectly through Culture Development by the New VIE Structure, pursuant to which the Group has control over the operations and assets of Culture Development and is entitled to the economic benefits with respect to the Culture Development's business. However, the New VIE Structure may not be as effective in providing the Group with control over the Culture Development as direct ownership.

If the Group had direct ownership of Culture Development, the Group would be able to exercise its rights directly as a registered shareholder to effect changes in the board of directors of Culture Development, which in turn could effect changes at the management level, subject to any applicable fiduciary obligations. However, under the proposed New VIE Structure, the Group will rely on Culture Development and its shareholders' (i.e. the New Legal Owners) performance of their contractual obligations to exercise effective control.

However, CTV Media (Shanghai) is granted with various shareholder's rights which enable CTV Media (Shanghai) to fully control the performance on the part of Culture Development and the New Legal Owners without their cooperation. Further, The Company has also put in place internal controls measures to minimize the relevant risk.

4. **There may be potential conflicts of interests between the New Legal Owners and the Company or CTV Media (Shanghai)**

Culture Development and its registered shareholders, the New Legal Owners, may fail to take certain actions required for the Group's running of the restricted business or to follow the Group's instructions despite their contractual obligations to do so. If they fail to perform their obligations under the relevant New Structure Contracts, the Group may have to rely on legal remedies under PRC laws which may not be effective.

However, various measures are in place to mitigate the risks associated with the potential conflicts of interests between the Group and the New Legal Owners.

5. **The New Structure Contracts may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed**

   Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or scrutiny by the tax authorities within ten years after the taxable year when the transactions are conducted. The Group could face material adverse tax consequences if the PRC tax authorities determine that the New Structure Contracts do not represent arm's length negotiations and therefore constitute unfavourable transfer pricing arrangements. Unfavourable transfer pricing arrangements could, among other things, result in an upward adjustment of the amount of tax that CTV Media (Shanghai) or Culture Development is required to pay. In addition, the PRC tax authorities may impose interests on late payments on CTV Media (Shanghai) or Culture Development for the adjusted but unpaid taxes. The New Structure Contracts have been negotiated and executed based on an equal standing and reflect the true commercial intention of CTV Media (Shanghai) or Culture Development.

6. **The Company does not have any insurance which covers the risk relating to the New Structure Contracts and the transactions contemplated thereunder**

   The Group has not purchased any insurance to cover the risk relating to the New Structure Contracts and the Company has no intention to purchase any insurance in this regard. If any event affects the enforceability and operation of the New Structure Contracts, the financial and operation results of the Group may be adversely affected. While the Group has put in place internal control measures to minimize operational risk, the Group will continue to monitor the relevant legal and operational environment on a regular basis in order to comply with the applicable laws and regulations.

Unwinding the New VIE Structure

The Company will unwind the New VIE Structure as soon as PRC laws and regulations allow the business of Culture Development to be operated without the New VIE Structure, and the Company or its nominee may acquire the equity interests in Culture Development held by the New Legal Owners and/or the assets and inventory of Culture Development allocated to the restricted business to the extent as permitted by then applicable PRC laws and regulations. In the event the Company exercises the options under the Exclusive Purchase Option Agreement to acquire the equity interests in Culture Development held by the New Legal Owners and/or the assets of Culture Development to unwind the New VIE Structure, each of the New Legal Owners and Culture Development has undertaken to return to CTV Media (Shanghai) any consideration they received.

However, for the year ended 31 December 2022, none of the New Structure Contracts have been unwound as none of laws regulating the business of Culture Development that led to the adoption of the New Structure Contracts has been removed.

CONNECTED TRANSACTIONS

According to "INFORMATION ON VARIABLE INTEREST ENTITY ("VIE") STRUCTURE" section disclosed above, the transactions contemplated under the Loan Agreement and the Exclusive Purchase Option Agreement constitute connected transactions whilst the transaction contemplated under the Exclusive Consultancy Service Agreement constitutes a continuing connected transaction of the Company. Please refer to the above "INFORMATION ON VARIABLE INTEREST ENTITY ("VIE") STRUCTURE" section for details of the said connected transactions.

The Company has applied and the Stock Exchange has granted a waiver from strict compliance with (i) setting a fixed period for the New Structure Contracts pursuant to Rule 14A.52; and (ii) setting a maximum aggregate annual cap for the service fees under the Exclusive Consultancy Service Agreement pursuant to Rule 14A.53.

The Independent Non-executive Directors have reviewed the continuing connected transaction and confirmed that the transaction has been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms; (c) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole; (d) the transaction carried out during the year ended 31 December 2022 has been entered into in accordance with the relevant provisions of the New Structure Contracts, has been operated so that the consolidated profit generated by Culture Development has been substantially retained by the Group; and (e) no dividends or other distributions have been made by Culture Development to the New Legal Owners which are not otherwise subsequently assigned or transferred to the Group.

The Company's auditors, KPMG, were engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised)" Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. KPMG have issued a letter containing the findings and conclusions in respect of the continuing connected transaction disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. Nothing has come to their attention that causes them to believe that such transaction: (i) has not been approved by the Board; (ii) was not entered into, in all material respects, in accordance with the relevant New Structure Contracts; and (iii) that dividends or other distributions have been made by Culture Development to the New Legal Owners which are not otherwise subsequently assigned or transferred to the Group. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in the section headed "INFORMATION ON VARIABLE INTEREST ENTITY ("VIE") STRUCTURE", no transaction, arrangement nor contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company, his connected entity or his/her associate had a material interest, whether directly or indirectly, subsisted at 31 December 2022 or at any time during the year under review.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Other than share options under the Post-IPO Scheme as disclosed above, at no time during the year ended 31 December 2022 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or his/her spouse or children under 18 years of age, or were any such rights exercised by them; nor was the Company, or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

MANAGEMENT CONTRACTS

Save for employment contracts, no contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or subsisted during the year ended 31 December 2022.

PERMITTED INDEMNITY PROVISION

The Articles of Association of the Company provides that each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

Such permitted indemnity provisions have been in force throughout the year under review and is currently in force at the time of approval of this report.

EQUITY-LINKED AGREEMENTS

Other than the Post-IPO Scheme as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 164 of the annual report. The summary does not form part of the financial statements.

PROVIDENT AND RETIREMENT FUND SCHEMES

The Group's employees participate in various defined contribution schemes stipulated by the governments, under which the Group is required to make monthly contributions to these schemes. The Group's subsidiaries contribute funds to the retirement benefit schemes, which are calculated based on a stipulated percentage of the employee salary. The Group has no further obligations for the actual payment of post-retirement benefits beyond the said contributions.

Details of the Group's contributions to the retirement benefit schemes are shown in note 5(b) to the financial statements.

AUDITORS

The consolidated financial statements for the year ended 31 December 2022 have been audited by the Company's auditors, KPMG, who shall retire and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of KPMG as the Company's auditors will be proposed at the forthcoming AGM.

AUDIT COMMITTEE

The annual results for the year ended 31 December 2022 have been reviewed by the Audit Committee of the Company, which is of the opinion that the preparation of such financial information complies with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board
Chen Xin
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINOMEDIA HOLDING LIMITED

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of SinoMedia Holding Limited ("the Company") and its subsidiaries ("the Group") set out on pages 99 to 163, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board("IASB"), Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

Recognition of revenue from TV media resources management

Refer to note 3 to the consolidated financial statements and accounting policies in note 1(w)(i).

The Key Audit Matter	How the matter was addressed in our audit
The Group's revenue is generated principally from TV media resources management operations and primarily comprises income generated from the placement of television advertisements. Revenue from the placement of television advertisements is generally recognised when the related advertisements are broadcast using the percentage of completion method with reference to monitoring reports prepared by third parties which record details of the broadcast television advertisements. We identified the recognition of revenue from TV media resources management as a key audit matter because revenue is one of the key performance indicators of the Group which gives rise to an inherent risk that revenue could be recorded in the incorrect period or could be subject to manipulation to meet targets or expectations.	Our audit procedures to assess the recognition of revenue from TV media resources management included the following: • assessing the design, implementation and operating effectiveness of key internal controls over revenue recognition; • comparing a sample of revenue transactions recorded during the year with the underlying advertising contracts and monitoring reports provided by the management and recalculating the percentage of advertisements placed to assess if revenue was properly recognised in the appropriate accounting period; • comparing revenue transactions with a sample of customers recorded before and after the financial year end date with the underlying advertising contracts and monitoring reports and recalculating the percentage of advertisements placed at the year end date to assess if revenue had been recognised in the appropriate financial period; • assessing the reliability of the monitoring reports provided by management by comparison with third party monitoring reports obtained by the audit team and/or video records of advertisements recorded by the audit team, on a sample basis; • performing background check on new customers, on a sample basis, to assess if the customers existed and whether their operations appeared to be consistent with the services provided by the Group; • selecting a sample of advertising contracts entered into during the year and inspecting payments from the contracting parties and underlying payment details to determine if the payer and the contracting party were the same entity; and • inspecting relevant underlying documentation for journal entries relating to revenue which were considered to meet specific risk-based criteria.

KEY AUDIT MATTERS (CONTINUED)

Expected credit loss allowances for trade receivables

Refer to note 15 and note 24 (a) to the consolidated financial statements and the accounting policies in note 2(iii).

The Key Audit Matter	How the matter was addressed in our audit
The Group's trade receivables mainly arose from TV media resources management operations. The total allowance for expected credit loss (ECLs) for the trade receivables balances as at 31 December 2022 was RMB128,295 thousand and the related impairment charge for the year then ended was RMB264 thousand, which represented 0.43% of the Group's profit before taxation for the year ended 31 December 2022. Management measures loss allowances at an amount equal to lifetime ECL of the trade receivables based on estimated loss rate for each category of trade receivables grouped according to the shared credit risk characteristics. The estimated loss rates take into account the ageing of trade receivable balances, the repayment history of the Group's customers of different risk characteristics, current market conditions, customer-specific conditions, and forward-looking information. Such assessment involves significant management judgement and estimation. We identified expected credit loss allowances for trade receivables as a key audit matter because trade receivables and loss allowances are material to the Group and the recognition of expected credit loss allowances is inherently subjective.	Our audit procedures to assess the expected credit loss allowances for trade receivables included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to credit control, segmentation of trade receivable, estimation of expected credit losses and making related allowances; • evaluating the Group's policy for estimating the credit loss allowances with reference to the requirements of the prevailing accounting standard; • obtaining an understanding on the key data and assumptions of the expected credit loss model adopted by the management, including the basis of the segmentation of the trade receivable based on shared credit risk characteristics, the historical default data and assumptions used in management's estimated loss rates; • assessing the appropriateness of management's estimates of loss allowance by examining the information used by management to derive such estimates, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current market conditions, customer-specific conditions and forward-looking information; • assessing whether items in the trade receivables aging report were categorised in the appropriate aging bracket by comparing individual items, on a sample basis, with advertising contracts and monitoring report; and • re-performing the calculation of the loss allowances as at 31 December 2022 based on the Group's credit loss allowance policies.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by IASB, HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

— Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Simon Ho.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 March 2023

Consolidated Statement of Profit or Loss

for the year ended 31 December 2022
(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
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		**61,343**	54,580
Income tax	*6(a)*	**(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)	*9*	**9.0**	8.0

The notes on pages 105 to 163 form part of these financial statements. Details of dividends payable to equity shareholders of the Company for the year are set out in note 23(b).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022
(Expressed in Renminbi)

	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**	—
	(73,112)	50,714
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

The notes on pages 105 to 163 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2022
(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment	*10*	**172,380**	211,162
Investment property	*10*	**561,259**	547,007
Intangible assets	*11*	**3,342**	4,194
Other non-current financial assets	*13*	**105,880**	213,753
		842,861	976,116
Current assets			
Inventories		**494**	7,765
Other financial assets	*14*	**4,545**	—
Prepayments, trade and other receivables	*15*	**129,394**	203,614
Bank deposits	*16*	**142,923**	—
Cash and cash equivalents	*17*	**704,635**	849,648
		981,991	1,061,027
Current liabilities			
Trade and other payables	*18*	**92,726**	99,321
Contract liabilities	*19*	**86,294**	246,794
Lease liabilities	*20*	**1,586**	1,224
Current taxation	*22(a)*	**19,915**	17,985
		200,521	365,324
Net current assets		**781,470**	695,703
Total assets less current liabilities		**1,624,331**	1,671,819
Non-current liabilities			
Lease liabilities	*20*	**—**	1,191
Deferred tax liabilities	*22(b)*	**15,107**	13,105
		15,107	14,296
NET ASSETS		**1,609,224**	1,657,523

The notes on pages 105 to 163 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2022
(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
CAPITAL AND RESERVES			
Share capital	*23(c)*	**510,981**	510,981
Reserves		**1,106,664**	1,154,513
Total equity attributable to equity shareholders of the Company		**1,617,645**	1,665,494
Non-controlling interests		**(8,421)**	(7,971)
TOTAL EQUITY		**1,609,224**	1,657,523

Approved and authorised for issue by the board of directors on 30 March 2023.

Chen Xin
Chairman

Li Zongzhou
Director

The notes on pages 105 to 163 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								
	Share capital *RMB'000* *(note 23(c))*	Capital reserve *RMB'000* *(note 23(d)(i))*	Statutory reserve *RMB'000* *(note 23(d)(ii))*	Translation reserve *RMB'000* *(note 23(d)(iii))*	Other reserves *RMB'000* *(note 23(d)(iv))*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2022	**510,981**	**31,033**	**126,886**	**(23,604)**	**53,022**	**967,176**	**1,665,494**	**(7,971)**	**1,657,523**
Changes in equity for 2022:									
Profit for the year	–	–	–	–	–	41,350	41,350	(330)	41,020
Other comprehensive income	–	–	–	32,562	(105,973)	–	(73,411)	–	(73,411)
Total comprehensive income	–	–	–	32,562	(105,973)	41,350	(32,061)	(330)	(32,391)
Dividends declared by subsidiary to the non-controlling equity owner	–	–	–	–	–	–	–	(120)	(120)
Dividends paid to equity shareholders of the Company *(note 23(b)(ii))*	–	–	–	–	–	(15,788)	(15,788)	–	(15,788)
Balance at 31 December 2022	**510,981**	**31,033**	**126,886**	**8,958**	**(52,951)**	**992,738**	**1,617,645**	**(8,421)**	**1,609,224**
Balance at 1 January 2021	510,981	30,807	126,886	(13,549)	2,308	970,916	1,628,349	(6,568)	1,621,781
Changes in equity for 2021:									
Profit for the year	–	–	–	–	–	37,078	37,078	(803)	36,275
Other comprehensive income	–	–	–	(10,055)	50,714	–	40,659	–	40,659
Total comprehensive income	–	–	–	(10,055)	50,714	37,078	77,737	(803)	76,934
Equity-settled share-based transactions *(note 21)*	–	226	–	–	–	–	226	–	226
Purchase of own shares	–	–	–	–	–	(6,031)	(6,031)	–	(6,031)
Dividends declared by subsidiary to the non-controlling equity owner	–	–	–	–	–	–	–	(600)	(600)
Dividends paid to equity shareholders of the Company *(note 23(b)(ii))*	–	–	–	–	–	(34,787)	(34,787)	–	(34,787)
Balance at 31 December 2021	510,981	31,033	126,886	(23,604)	53,022	967,176	1,665,494	(7,971)	1,657,523

The notes on pages 105 to 163 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2022
(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
Operating activities			
Cash generated from operations	*17(b)*	**6,760**	85,578
Income tax paid	*22(a)*	**(16,585)**	(43,106)
Net cash (used in)/generated from operating activities		**(9,825)**	42,472
Investing activities			
Payment for purchase of equity securities		**(8,696)**	(6,460)
Payment for purchase of property, plant and equipment		**(51)**	(436)
Proceeds from disposal of financial assets		**—**	23,900
(Increase)/decrease in bank deposits		**(142,923)**	53,023
Payment for purchase of wealth management products		**(4,500)**	—
Investment to an associate and a joint venture		**—**	(14,850)
Decrease in restricted cash		**—**	885
Interest received	*5(a)*	**12,986**	14,073
Dividends received from investments in securities		**991**	1,529
Other cash flow generated from/(used in) investing activities		**17**	(461)
Net cash (used in)/generated from investing activities		**(142,176)**	71,203
Financing activities			
Payment for purchase of own shares		**—**	(6,031)
Dividends paid to equity shareholders of the Company	*23(b)*	**(15,788)**	(36,047)
Capital element of lease rentals paid	*17(c)*	**(829)**	(1,165)
Interest element of lease rentals paid	*17(c)*	**(94)**	(148)
Net cash used in financing activities		**(16,711)**	(43,391)
Net (decrease)/increase in cash and cash equivalents		**(168,712)**	70,284
Cash and cash equivalents at 1 January		**849,648**	788,084
Effect of foreign exchange rate changes		**23,699**	(8,720)
Cash and cash equivalents at 31 December	*17*	**704,635**	849,648

The notes on pages 105 to 163 form part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. The equivalent amendments to HKFRSs consequently issued by the HKICPA as a result of these developments have the same effective date as those issued by the IASB and are in all material aspects identical to the pronouncements issued by the IASB. Note 1(c) provides information on any changes in accounting policies resulting from initial application of those developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in a joint venture.

The financial statements are presented in Renminbi (“RMB”) (the “presentation currency”), rounded to the nearest thousand.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— investments in equity securities (see note 1(g)); and

— non-equity investments (see note 1(g));

The preparation of financial statements in conformity with IFRSs and HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs and HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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:

- Amendments to IAS/HKAS 16, *Property, plant and equipment: Proceeds before intended use*

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

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.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests (Continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)) or, when appropriate, the cost on initial recognition of an investment in an associate.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal Group that is classified as held for sale).

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal Group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(f) and 1(m)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint ventures (Continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see note 1(m)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)).

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note 1(m)), unless classified as held for sale (or included in a disposal Group that is classified as held for sale).

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non- controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or Groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, are as follows:

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(w)(vii)).

— fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(w)(vi).

(h) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the properties. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(w)(v).

(j) Other property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(m)):

— right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and

— items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 1(l)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Buildings	30 — 45 years
— Fixtures, fittings and computer equipment	3 — 5 years
— Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. Other development expenditure is recognised as an expense in the period in which it is incurred.

(k) Intangible assets (other than goodwill) (Continued)

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. Expenditure on internally generated brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight- line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— Capitalised development costs	10 years
— Patents, trademarks, domain names and others	10 years
— Softwares	3 years

Both the period and method of amortisation are reviewed annually.

(l) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(j) and 1(m)(ii)).

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leased assets (Continued)

(i) As a lessee (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS/HKFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS/HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(w)(v).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(l)(i), then the Group classifies the sub-lease as an operating lease.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including loans to associates and joint ventures, which are held for the collection of contractual cash flows which represent solely payments of principal and interest);

— contract assets as defined in IFRS/HKFRS 15;

— debt securities measured at FVOCI (recycling);

— lease receivables.

Other financial assets measured at fair value, including equity and debt securities measured at FVPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

— lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Credit losses and impairment of assets (Continued)

(i) ***Credit losses from financial instruments, contract assets and lease receivables*** *(Continued)*

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

(m) Credit losses and impairment of assets (Continued)

(i) ***Credit losses from financial instruments, contract assets and lease receivables*** *(Continued)*

Significant increases in credit risk (Continued)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 1(w)(vii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment, including right-of-use assets;

— intangible assets;

— goodwill; and

— investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest Group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or Group of units) and then, to reduce the carrying amount of the other assets in the unit (or Group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(m) Credit losses and impairment of assets (Continued)

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS/HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(m)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(n) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property and plant and equipment (see note 1(j)) or intangible assets.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 1(w).

(o) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(w)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(m)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 1(p)).

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Contract assets and contract liabilities (Continued)

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(w)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(p)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(w)).

(p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 1(m)(i)).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(m)(i).

(r) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(y)).

(t) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(t) Employee benefits (Continued)

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

(v) Provisions and contingent liabilities (Continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS/HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) TV media resources management

Revenue from TV media resources management is primarily derived from the placement of advertisements. The revenue is recognised over the performance period for which the services are rendered based on the progress of the advertisements displayed. The progress is assessed by reference to reports issued by an independent third party with relevant qualification and experience on a monthly basis, which evidence the advertisement actually broadcast.

(ii) Content operations and other integrated communication services

Revenue from content operations is primarily derived from advertisement production, other content production and integrated advertising services. Revenue from advertisement production is recognised when the advertisement product is delivered to the customer and the customer takes possession of and accepts the product.

Revenue from other content production and integrated advertising services is recognised over the performance period for which the services are rendered based on the progress of the advertisements displayed, or is recognised when the Group fulfills the specific performance obligation under the contract terms with customers.

Revenue from other integrated communication services is primarily derived from commissions received for assisting advertising clients in obtaining advertising time on media platforms, primarily television stations. When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue and other income (Continued)

(iii) Digital marketing and internet media

Revenue from digital marketing and internet media is primarily derived from digital precision marketing and the placement of advertisements on websites. Revenue from digital marketing is recognised upon the provision of the service. Revenue from internet media is recognised over the performance period for which the services are rendered based on the progress of the advertisements displayed, or is recognised when the Group fulfills the specific performance obligation under the contract terms with customers.

(iv) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products.

(v) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

(vi) Dividends

— Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

— Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(viii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Government grants that become receivable as compensation for expenses already incurred are recognised in profit or loss as other income of the period in which they become receivable.

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

(x) Translation of foreign currencies (Continued)

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Renminbi at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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.

2 ACCOUNTING JUDGEMENT AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Note 24 (d) contains information about the assumptions and their risk factors relating to fair value of financial assets measured at FVPL and FVOCI. Key sources of estimation uncertainty in the preparation of the consolidated financial statements are as follows:

(i) Depreciation

Property, plant and equipment and investment property are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews annually the useful life of an asset and its residual value, if any. Both the period and method of depreciation are reviewed annually. The depreciation expense for future periods are adjusted if there are significant changes from previous estimates.

(ii) Valuation of equity investments designated at FVOCI

The investment in unlisted equity instrument is accounted for as "financial assets measured at fair value through other comprehensive income" which is stated at fair value. The fair value of the financial asset is determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of the investment. See Note 24(d) for further disclosures.

(iii) Expected credit losses for receivables

The credit losses for trade and other receivables are based on assumptions about risk of expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 24(a). Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowances in future periods.

(iv) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determine the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future periods.

3 REVENUE

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

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

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

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

	2022 *RMB'000*	2021 *RMB'000*
Disaggregated by timing of revenue recognition		
— Point in time	**60,401**	32,052
— Over time	**605,570**	1,093,117
	665,971	1,125,169

The Group's customer base is diversified and include one customer with whom transactions have exceeded 10% of the Group's revenue. During the year ended 31 December 2022, revenue from this customer amounted to RMB170,382 thousand (2021: RMB213,822 thousand).

The Group has applied the practical expedient in paragraph 121 of IFRS/HKFRS 15 and therefore the information about remaining performance obligations is not disclosed for contracts that have an original expected duration of one year or less and also for those performance obligations which are regarded as satisfied as invoiced at the amount corresponding directly with the value of performance completed.

4 OTHER LOSS

	Note	2022 RMB'000	2021 RMB'000
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)

Notes:

(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 ("China Feihe").

5 PROFIT BEFORE TAXATION

(a) Finance income and costs

	Note	2022 RMB'000	2021 RMB'000
Interest income on bank deposits	*17(b)*	**12,986**	14,073
Net foreign exchange gain		**—**	283
Finance income		**12,986**	14,356
Net foreign exchange loss	*17(b)*	**(564)**	—
Interest on lease liabilities	*10(b)*	**(94)**	(148)
Others		**(31)**	(37)
Finance costs		**(689)**	(185)
Net finance income		**12,297**	14,171

(b) Staff cost

	Note	2022 RMB'000	2021 RMB'000
Salaries, wages and other benefits		**52,194**	57,227
Contributions to defined contribution plan	*(i)*	**3,868**	4,140
Equity-settled share-based payment expenses	*21*	**—**	226
		56,062	61,593

5 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff cost (Continued)

Note:

(i) As stipulated by the regulations of the PRC, the Group participates in a defined contribution plan organised by municipal and provincial governments for its employees. The Group is required to make contributions to the contribution plans at rates ranging from 14% to 16% (2021: 14% to 16%) of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

The Group also operates defined contribution plan for its employees in Hong Kong and Singapore. The Group is required to make contributions to the plans at various applicable rates on monthly salary that are in accordance with the local regulations.

(c) Other items

The following expenses are included in cost of services, selling and marketing expenses and general and administrative expenses.

	Note	2022 RMB'000	2021 RMB'000
Amortisation			
— intangible assets	11	**852**	1,460
Depreciation	10(a)		
— owned property, plant and equipment		**23,398**	23,148
— right-of-use assets		**1,156**	1,208
		24,554	24,356
Impairment losses			
— trade debtors	24(a)	**264**	1,280
— inventories	17(b)	**5,732**	—
— goodwill		**—**	955
— interest in a joint venture		**—**	14,500
		5,996	16,735
Auditors' remuneration			
— audit services		**2,650**	2,650
Professional fee		**803**	918
Research and development costs (other than amortisation and depreciation)		**6,795**	2,444

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2022 *RMB'000*	2021 *RMB'000*
Current tax		
Provision for PRC income tax for the current year *(note 22(a))*	**20,389**	24,588
Over-provision in respect of prior years *(note 22(a))*	**(1,874)**	(4,642)
	18,515	19,946
Deferred tax		
Origination and reversal of temporary differences *(note 22(b))*	**1,808**	(1,641)
Total income tax expense	**20,323**	18,305

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2022 *RMB'000*	2021 *RMB'000*
Profit before taxation	**61,343**	54,580
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii), (iii))*	**17,131**	16,704
Tax effect of temporary differences not recognised	**1,396**	2,729
Tax effect of utilisation of previously unrecognised tax losses	**(348)**	(4,609)
Dividends withholding tax *(Note (iv))*	**3,988**	9,970
Tax effect of non-deductible expenses	**980**	1,621
Tax effect of non-taxable income	**(950)**	(3,390)
Over-provision in respect of prior years	**(1,874)**	(4,642)
Others	**—**	(78)
Actual tax expense	**20,323**	18,305

Notes:

(i) 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).

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates: (Continued)

Notes: (Continued)

(ii) 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).

(iii) 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 years 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%.

(iv) For the year ended 31 December 2021, the Company applied dividends withholding tax rate at 5% as it 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".

The certificate has expired in 2022 and the Company is in process of applying for a renewal. Therefore, for the year ended 31 December 2022 the Company applied dividends withholding tax rate at 10%.

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2022

	Directors' fees *RMB'000*	Salaries, allowances and other benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Contribution to defined contribution plan *RMB'000*	Equity settled share-based payment *RMB'000*	2022 Total *RMB'000*
Executive directors						
Liu Jinlan	–	1,056	450	57	–	1,563
Chen Xin	–	860	250	85	–	1,195
Li Zongzhou	–	779	–	3	–	782
Independent non-executive directors						
Qi Daqing	197	–	–	–	–	197
IP Hung	171	–	–	–	–	171
Tan Henry	171	–	–	–	–	171
Zhang Hua	171	–	–	–	–	171
	710	2,695	700	145	–	4,250

7 DIRECTORS' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2021

	Directors' fees *RMB'000*	Salaries, allowances and other benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Contribution to defined contribution plan *RMB'000*	Equity settled share-based payment *RMB'000*	2021 Total *RMB'000*
Executive directors						
Liu Jinlan	–	1,179	150	63	40	1,432
Chen Xin	–	947	–	101	–	1,048
Li Zongzhou	–	825	–	12	28	865
Independent non-executive directors						
Qi Daqing	188	–	–	–	4	192
IP Hung	164	–	–	–	–	164
Tan Henry	164	–	–	–	–	164
Zhang Hua	164	–	–	–	–	164
	680	2,951	150	176	72	4,029

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2021: one) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other three (2021: four) individuals are as follows:

	2022 ***RMB'000***	2021 *RMB'000*
Salaries, allowances and other benefits in kind	**2,430**	4,138
Discretionary bonuses	**718**	702
Contribution to defined contribution plan	**214**	251
Equity-settled share-based transactions	**—**	3
	3,362	5,094

The emoluments of the three (2021: four) individuals with the highest emoluments are within the following bands:

	2022	2021
RMB Nil to RMB1,000,000	**1**	—
RMB1,000,001 to RMB2,000,000	**2**	4

9 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 *RMB'000*	2021 *RMB'000*
Profit attributable to ordinary equity shareholders	**41,350**	37,078

Weighted average number of ordinary shares	2022 *'000*	2021 *'000*
Issued ordinary shares at 1 January	**461,635**	468,567
Effect of shares repurchased	**—**	(4,938)
Weighted average number of ordinary shares at 31 December	**461,635**	463,629

(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 during the years ended 31 December 2022 and 2021.

10 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

(a) Reconciliation of carrying amount

	Buildings held for own use carried at cost *RMB'000*	Fixtures, fittings and computer equipment *RMB'000*	Motor vehicles *RMB'000*	Sub-total *RMB'000*	Investment property *RMB'000*	Total *RMB'000*
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	275,692	11,162	14,251	301,105	691,217	992,322
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	**237,184**	**11,210**	**13,709**	**262,103**	**729,725**	**991,828**
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	66,982	10,697	12,264	89,943	141,355	231,298
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	**66,615**	**11,010**	**12,098**	**89,723**	**165,611**	**255,334**
Impairment loss						
Balance at 1 January 2021, 31 December 2021 and 31 December 2022	–	–	–	–	2,855	2,855
Net book value						
At 31 December 2022	**170,569**	**200**	**1,611**	**172,380**	**561,259**	**733,639**
At 31 December 2021	208,710	465	1,987	211,162	547,007	758,169

According to the Property Valuation Report issued by Zhongxing Huazi (Beijing) Real Estate Appraisal Engineering Consulting Co., Ltd., an independent qualified valuer in Beijing, the fair value of the Group's investment properties in Beijing as at 31 December 2022 are RMB1,143,437 thousand (2021: RMB1,118,859 thousand).

10 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY (CONTINUED)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	31 December 2022 RMB'000	1 January 2022 RMB'000
Other properties leased for own use, carried at depreciated cost	(i)	**1,400**	2,626

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Note	2022 RMB'000	2021 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:			
Other properties leased for own use	5(c)	**1,156**	1,208
Interest on lease liabilities	5(a)	**94**	148
Expense relating to short-term leases	17(d)	**227**	501

During the year, additions to right-of-use assets were nil (2021: nil).

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 17(d) and 20, respectively.

(i) Other properties leased for own use

The Group has obtained the right to use other properties as its offices through tenancy agreements. The leases typically run for an initial period of 1 to 5 years.

(c) Investment Property

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2022 RMB'000	2021 RMB'000
Within 1 year	**63,757**	64,286
After 1 year but within 5 years	**31,443**	163,124
	95,200	227,410

11 INTANGIBLE ASSETS

	Development costs *RMB'000*	Patents and trademarks *RMB'000*	Softwares *RMB'000*	Total *RMB'000*
Cost				
At 1 January 2021	12,988	49,428	616	63,032
Additions	—	—	—	—
At 31 December 2021	12,988	49,428	616	63,032
At 1 January 2022	**12,988**	**49,428**	**616**	**63,032**
Additions	**—**	**—**	**—**	**—**
At 31 December 2022	**12,988**	**49,428**	**616**	**63,032**
Accumulated amortisation				
At 1 January 2021	12,381	36,786	511	49,678
Charge for the year	607	804	49	1,460
At 31 December 2021	12,988	37,590	560	51,138
At 1 January 2022	**12,988**	**37,590**	**560**	**51,138**
Charge for the year	**—**	**804**	**48**	**852**
At 31 December 2022	**12,988**	**38,394**	**608**	**51,990**
Impairment loss				
At 1 January 2021, 31 December 2021 and 31 December 2022	—	7,700	—	7,700
Net book value				
At 31 December 2022	**—**	**3,334**	**8**	**3,342**
At 31 December 2021	—	4,138	56	4,194

The amortisation charge for the year is included in "General and administrative expenses" in the consolidated statement of profit or loss.

(Expressed in Renminbi unless otherwise indicated)

12 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2022, the Company had direct and indirect interests in the following principal subsidiaries:

			Proportion of ownership interest				
Name of companies	Place and date of incorporation/ establishment	Particulars of issued and paid- up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities	Director(s)
Sino-foreign invested enterprise operated in the PRC							
CTV Golden Bridge International Media Group Company Limited 中視金橋國際傳媒集團有限公司	Shanghai, the PRC 23-Jun-05	USD30,000,000	99.70%	99.70%	–	TV advertising agency, branding and content production services	Ms. Liu Jinlan
Foreign venture enterprise operated in Hong Kong							
SinoMedia (Asia Pacific) Company Limited 中視金橋 (亞太) 有限公司	Hong Kong 31-May-11	HKD10,000,000	100%	100%	–	TV advertising agency, branding and content production services	Mr. Chen Xin Ms. Liu Jinlan
Foreign venture enterprise operated in Singapore							
Sinomedia Global Pte. Ltd.	Singapore 07-Aug-13	SGD2,000,000	100%	100%	–	Production and distribution of advertisement	Ms. Liu Jinlan Mr. Li Zongzhou
Domestic companies operated in the PRC							
Beijing Laite Laide Management Consultancy Company Limited 北京萊特萊德管理諮詢有限公司	Beijing, the PRC 19-Oct-09	RMB5,000,000	99.70%	–	99.70%	TV advertising agency, branding and content production services	Mr. Li Zongzhou
CTV Golden Bridge Advertising Company Limited 中視金橋廣告有限公司	Shanghai, the PRC 19-Jan-10	RMB50,000,000	99.70%	–	99.70%	TV advertising agency, branding and content production services	Mr. Li Zongzhou
Beijing Bozhiruicheng Information Consultancy Company Limited 北京博智瑞誠信息諮詢有限公司	Beijing, the PRC 23-Nov-10	RMB25,000,000	99.70%	–	99.70%	Investment holding	Mr. Li Zongzhou
CTV Golden Bridge Culture Development (Beijing) Company Limited 中視金橋文化發展 (北京) 有限公司	Beijing, the PRC 24-Nov-11	RMB30,000,000	99.70%	–	99.70%	Production and operation of broadcasting and television programs	Mr. Li Zongzhou
Beijing Lotour Huicheng Internet Technology Company Limited 北京樂途匯誠網絡技術有限責任公司	Beijing, the PRC 21-Dec-10	RMB30,841,400	70.80%	–	70.80%	Information services, media production and advertisement services	Mr. Liu Xuming

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of companies	Place and date of incorporation/ establishment	Particulars of issued and paid- up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities	Director(s)
Hangzhou Sanji Media Company Limited 杭州三基傳媒有限公司	Hangzhou, the PRC 22-Jun-06	RMB50,930,000	99.70%	–	99.70%	Information services, media production and advertisement services	Mr. Chen Xin Ms. Liu Jinlan
Hangzhou Dalei Internet Technology Company Limited 杭州大雷網絡科技有限公司	Hangzhou, the PRC 09-May-12	RMB10,000,000	99.70%	–	99.70%	Information services, media production and advertisement services	Ms. Li Mingzhu
Golden Bridge Wisdom Technology (Beijing) Company Limited 金橋智慧科技 (北京) 有限公司	Beijing, the PRC 05-Feb-16	RMB10,000,000	99.70%	–	99.70%	Advertisemen t design and production, agency and publishing services	Mr. Li Zongzhou
Pinmu Ronghe Business Management (Shanghai) Company Limited 品木融和企業管理 (上海) 有限公司	Shanghai, the PRC 02-Nov-16	RMB1,000,000	99.70%	–	99.70%	Corporate management, consulting and property management	Mr. Yan Tiehua
Pinmu Ronghe Property Management (Beijing) Company Limited 品木融和物業管理 (北京) 有限公司	Beijing, the PRC 16-Dec-16	RMB200,000	99.70%	–	99.70%	Corporate management, consulting and property management	Mr. Yan Tiehua
Beijing Document Time International Culture Company Limited 北京紀錄時代國際文化有限公司	Beijing, the PRC 22-Feb-17	RMB1,000,000	99.70%	–	99.70%	Advertisemen t design and production, agency and publishing services	Mr. Li Zongzhou
Little Lion (Beijing) Food Culture Company Limited 小小雄獅 (北京) 食品文化有限公司	Beijing, the PRC 02-Apr-20	RMB1,000,000	84.19%	–	84.19%	Sales of fresh fruit, fresh vegetables, edible produce	Ms. Liu Zhiyi

13 OTHER NON-CURRENT FINANCIAL ASSETS

	Note	2022 RMB'000	2021 RMB'000
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

Notes:

(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 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 investments in unlisted equity securities at 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).

14 OTHER FINANCIAL ASSETS

	2022 RMB'000	2021 RMB'000
Financial assets measured at FVPL — investments in wealth management products	**4,545**	—

The balance of other financial assets represents the fair value of wealth management products which are upon initial recognition designated by the Group as financial assets at fair value through profit or loss as at 31 December 2022.

15 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

The Group

	2022 *RMB'000*	2021 *RMB'000*
Trade debtors and bills receivable, net of loss allowance *(note 24 (a))*	**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
Other 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

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

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 *RMB'000*	2021 *RMB'000*
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
	70,494	117,588

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.

The Group's exposure to credit risks related to trade and other receivables are disclosed in note 24(a).

15 PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)

The Company

	2022 *RMB'000*	2021 *RMB'000*
Other receivables from subsidiaries	**63,964**	5,704
Dividends receivable from subsidiaries	**230,191**	194,299
Other debtors	**180**	164
	294,335	200,167

16 BANK DEPOSITS

At 31 December 2022, bank deposits of the Group represented 367 days fixed-term deposits in UBS AG Hong Kong Branch at an annual interest of 3.808%.

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

	2022 *RMB'000*	2021 *RMB'000*
Cash on hand	**116**	438
Cash at banks	**704,519**	849,210
	704,635	849,648

(a) Cash and cash equivalents are denominated in:

	2022 *RMB'000*	2021 *RMB'000*
RMB	**622,945**	515,860
HKD	**43,078**	188,910
USD	**26,783**	133,869
SGD	**7,126**	7,385
CAD	**4,520**	3,454
CHF	**177**	164
AUD	**6**	6
	704,635	849,648

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2022 RMB'000	2021 RMB'000
Profit before taxation		**61,343**	54,580
Adjustments for:			
Depreciation	*5(c)*	**24,554**	24,356
Amortisation of intangible assets	*5(c)*	**852**	1,460
Impairment loss of inventories	*5(c)*	**5,732**	—
Impairment loss of goodwill		**—**	955
Impairment loss of a joint venture		**—**	14,500
Finance income	*5(a)*	**(12,986)**	(14,073)
Finance cost	*5(a)*	**94**	148
Net foreign exchange loss/(gain)	*5(a)*	**564**	(322)
Net losses on disposal of property, plant and equipment		**—**	21
Gains on disposal of financial assets	*4*	**—**	(4,484)
Unrealised losses on financial assets	*4*	**13,168**	25,829
Dividend income		**(991)**	(1,529)
Equity-settled share-based payment expenses	*5(b)*	**—**	226
		92,330	101,667
Changes in working capital:			
Decrease in inventories		**1,540**	—
Decrease in trade and other receivables		**82,048**	32,168
(Decrease)/increase in trade and other payables		**(8,634)**	13,484
Decrease in contract liabilities		**(160,524)**	(61,741)
Cash generated from operations		**6,760**	85,578

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

	Lease liabilities ***RMB'000***
At 1 January 2022	2,415
Capital element of lease rentals paid	(829)
Interest element of lease rentals paid	(94)
Total changes from financing cash flows	(923)
Other changes	
Finance costs *(note 5(a))*	94
Total other changes	94
At 31 December 2022	1,586

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Note	**2022** ***RMB'000***	2021 *RMB'000*
Within operating cash flows	*10(b)*	**(227)**	(501)
Within financing cash flows	*17(c)*	**(923)**	(1,313)
		(1,150)	(1,814)

These amounts relate to the following:

	2022 ***RMB'000***	2021 *RMB'000*
Lease rentals paid	**(1,150)**	(1,814)

18 TRADE AND OTHER PAYABLES

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

Notes:

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

	2022 RMB'000	2021 RMB'000
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
	23,102	29,130

(ii) Other tax payables mainly comprise value-added tax payable.

(iii) Other payables mainly represent deposits paid by tenants.

(iv) All trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

19 CONTRACT LIABILITIES

	2022 RMB'000	2021 RMB'000
Media services contracts		
— Billings in advance of performance	**73,648**	232,269
Rental contracts		
— Billings in advance of performance	**12,646**	14,525
	86,294	246,794

19 CONTRACT LIABILITIES (CONTINUED)

Movements in contract liabilities

	2022 *RMB'000*	2021 *RMB'000*
Balance at 1 January	**246,794**	300,190
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	**(240,029)**	(291,608)
Increase in contract liabilities as a result of billing in advance of media services contracts	**65,745**	222,380
Increase in contract liabilities as a result of billing in advance of rental contracts	**13,784**	15,832
Balance at 31 December	**86,294**	246,794

Contract liabilities primarily arise 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.

All contract liabilities are expected to be recognised as revenue within one year.

20 LEASE LIABILITIES

At 31 December 2022, the lease liabilities were repayable as follows:

	2022 *RMB'000*	2021 *RMB'000*
Within 1 year	**1,586**	1,224
After 1 year but within 2 years	**—**	1,191
	1,586	2,415

21 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

(a) Pre-IPO Share Option Scheme

On 1 July 2007, the Company granted share options to employees of the Group, including directors of any companies in the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company. The consideration for the acceptance of the option is RMB0.1 per option.

Pursuant to the written resolutions of the directors of the Company passed on 24 April 2008, each of the share option granted was sub-divided into 3.2 share options and the exercise price of share option was divided by 3.2 accordingly. The number and exercise price of share option granted have been retrospectively adjusted for the effects of the share subdivision as if the share option subdivision had taken place as at the grant date.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

(b) Post-IPO Share Option Scheme

Pursuant to the ordinary resolutions of the shareholders of the Company passed on 27 May

2008, the Company has adopted a share option scheme (the "Post-IPO Scheme") whereby directors of the Company may, at their discretion, invite any full time employee, director or any person approved by the Board or shareholders of the Company to take up options which entitle them to subscribe for shares of the Company.

Up to 31 December 2022, the Company granted 12 tranches of share option under Post-IPO Scheme.

(i) The terms and conditions of the grants that exist during the years are as follows:

(1) Post-IPO 1st tranche

On 17 September 2009, the Company granted share options to three independent non- executive directors of the Company, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 3 years. Each instalment is accounted for as a separate share-based payment arrangement.

(2) Post-IPO 2nd tranche

On 2 July 2010, the Company granted share options to full time employee of the Group and two directors of the Company, to subscribe for shares of the Company Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

(3) Post-IPO 3rd tranche

On 22 November 2010, the Company granted share options to full time employee of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

21 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Post-IPO Share Option Scheme (Continued)

*(i) **The terms and conditions of the grants that exist during the years are as follows:** (Continued)*

(4) Post-IPO 4th tranche

On 6 December 2010, the Company granted share options to full time employee of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

(5) Post-IPO 5th tranche

On 29 August 2011, the Company granted share options to full time employee of the Group and a director of the Company, to subscribe for shares of the Group. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

(6) Post-IPO 6th tranche

On 9 January 2012, the Company granted share options to full time employee of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

(7) Post-IPO 7th tranche

On 11 September 2012, the Company granted share options to full time employee of the Group and a director of the Company, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

(8) Post-IPO 8th tranche

On 12 April 2013, the Company granted share options to full time employee of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

21 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Post-IPO Share Option Scheme (Continued)

(i) *The terms and conditions of the grants that exist during the years are as follows:* (Continued)

(9) Post-IPO 9th tranche

On 19 July 2013, the Company granted share options to full time employee of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

(10) Post-IPO 10th tranche

On 10 September 2014, the Company granted share options to full time employee of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

(11) Post-IPO 11th tranche

On 15 September 2015, the Company granted share options to full time employee of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

The terms and conditions of the grants that exist during the years are as follows:

Grant date	Number of options	Vesting conditions	Contractual life of options
15 September 2015	160,000	One year's service	8 years
15 September 2015	160,000	Two years' service	8 years
15 September 2015	160,000	Three years' service	8 years
15 September 2015	160,000	Four years' service	8 years

(12) Post-IPO 12th tranche

On 30 August 2017, the Company granted share options to full time employee of the Group and three directors of the Company, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. The exercise of Post-IPO Options by the holder is subject to certain conditions, including the individual performance assessment conducted by the Board and the financial performance of the Group. Each instalment is accounted for as a separate share-based payment arrangement.

(Expressed in Renminbi unless otherwise indicated)

21 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Post-IPO Share Option Scheme (Continued)

(i) The terms and conditions of the grants that exist during the years are as follows: (Continued)

(12) Post-IPO 12th tranche (Continued)

Besides the conditions of grants above, terms and other conditions that exist during the years are as follows:

Grant date	Number of options	Vesting conditions	Contractual life of options
30 August 2017	3,813,000	One year's service	8 years
30 August 2017	3,813,000	Two years' service	8 years
30 August 2017	3,813,000	Three years' service	8 years
30 August 2017	3,813,000	Four years' service	8 years

(ii) The number and weighted average exercise prices of share options are as follows:

	Post-IPO Option 1st-7th tranche	Post-IPO Option 8th tranche		Post-IPO Option 9th tranche		Post-IPO Option 10th tranche		Post-IPO Option 11th tranche		Post-IPO Option 12th tranche		Total
At 1 January 2021	–	HKD4.31	160,000	HKD6.86	340,000	HKD5.50	800,000	HKD2.59	640,000	HKD1.77	16,552,000	18,492,000
Lapsed	–	HKD4.31	160,000	HKD6.86	340,000		–		–	HKD1.77	600,000	1,100,000
At 31 December 2021	–		–		–	HKD5.50	800,000	HKD2.59	640,000	HKD1.77	15,952,000	17,392,000
Currently exercisable As at 31 December 2021	–		–		–	HKD5.50	800,000	HKD2.59	640,000	HKD1.77	15,952,000	17,392,000
At 1 January 2022	**–**		**–**		**–**	**HKD5.50**	**800,000**	**HKD2.59**	**640,000**	**HKD1.77**	**15,952,000**	**17,392,000**
Lapsed	**–**		**–**		**–**	**HKD5.50**	**800,000**		**–**	**HKD1.77**	**700,000**	**1,500,000**
At 31 December 2022	**–**		**–**		**–**	**–**	**–**	**HKD2.59**	**640,000**	**HKD1.77**	**15,252,000**	**15,892,000**
Currently exercisable As at 31 December 2022	**–**		**–**		**–**	**–**	**–**	**HKD2.59**	**640,000**	**HKD1.77**	**15,252,000**	**15,892,000**

The options of Post-IPO 1st tranche had lapsed at 16 September 2017.

The options of Post-IPO 2nd tranche had lapsed at 1 July 2018.

The options of Post-IPO 3rd tranche had lapsed at 21 November 2018.

The options of Post-IPO 4th tranche had lapsed at 5 December 2018.

The options of Post-IPO 5th tranche had lapsed at 29 August 2019.

The options of Post-IPO 6th tranche had lapsed at 9 January 2020.

The options of Post-IPO 7th tranche had lapsed at 11 September 2020.

The options of Post-IPO 8th tranche had lapsed at 12 April 2021.

The options of Post-IPO 9th tranche had lapsed at 19 July 2021.

21 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Post-IPO Share Option Scheme (Continued)

(ii) The number and weighted average exercise prices of share options are as follows: (Continued)

The options of Post-IPO 10th tranche had lapsed at 10 September 2022.

The options of Post-IPO 11th tranche outstanding as at 31 December 2022 had an exercise price of HKD2.59 per share and a weighted average remaining contractual life of 0.7 years.

The options of Post-IPO 12th tranche outstanding as at 31 December 2022 had an exercise price of HKD1.77 per share and a weighted average remaining contractual life of 2.67 years.

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted was measured based on a binominal lattice model, with following input:

	Date of grant	Share Price at grant date	Exercise price	Expected volatility	Option life (expressed as weighted average life)	Expected dividends	Risk- free interest rate
Post-IPO 1st tranche	17 September 2009	HKD1.49	HKD1.49	43.77%	8 years	2.49%	2.16%
Post-IPO 2nd tranche	2 July 2010	HKD1.74	HKD1.84	46.17%	8 years	1.61%	2.09%
Post-IPO 3rd tranche	22 November 2010	HKD2.82	HKD2.82	45.72%	8 years	1.30%	2.02%
Post-IPO 4th tranche	6 December 2010	HKD2.88	HKD2.88	45.70%	8 years	1.30%	2.16%
Post-IPO 5th tranche	29 August 2011	HKD2.60	HKD2.62	41.47%	8 years	2.94%	1.74%
Post-IPO 6th tranche	9 January 2012	HKD2.36	HKD2.36	42.58%	8 years	5.37%	1.52%
Post-IPO 7th tranche	11 September 2012	HKD3.22	HKD3.22	43.51%	8 years	4.96%	0.66%
Post-IPO 8th tranche	12 April 2013	HKD4.31	HKD4.31	44.58%	8 years	5.33%	0.95%
Post-IPO 9th tranche	19 July 2013	HKD6.68	HKD6.86	45.82%	8 years	3.94%	2.20%
Post-IPO 10th tranche	10 September 2014	HKD5.40	HKD5.50	55.13%	8 years	6.00%	1.98%
Post-IPO 11th tranche	15 September 2015	HKD2.52	HKD2.59	56.48%	8 years	10.00%	1.43%
Post-IPO 12th tranche	30 August 2017	HKD1.74	HKD1.77	46.60%	8 years	6.62%	1.34%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected change to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options are granted mainly under a service condition. The condition has not been taken into account in the grant date fair value measurement of the services received. There was no market condition associated with the share option grants.

22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	Note	2022 RMB'000	2021 RMB'000
Balance at the beginning of the year		**17,985**	41,210
Provision for the year	6(a)	**20,389**	24,588
Over-provision in respect of prior years	6(a)	**(1,874)**	(4,642)
Tax paid		**(16,585)**	(43,106)
Exchange adjustment		**—**	(65)
Balance of tax provision at the end of the year		**19,915**	17,985

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:

	Net unrealised gains RMB'000	With-holding tax RMB'000	Total RMB'000
At 1 January 2021	9,949	4,985	14,934
(Credited)/charged to profit or loss	(6,626)	4,985	(1,641)
Exchange adjustment	(188)	—	(188)
At 31 December 2021 and 1 January 2022	3,135	9,970	13,105
(Credited)/charged to profit or loss	**(2,180)**	**3,988**	**1,808**
Exchange adjustment	**194**	**—**	**194**
At 31 December 2022	**1,149**	**13,958**	**15,107**

(c) Deferred tax assets not recognised:

In accordance with the accounting policies set out in note 1(u), the Group has not recognised deferred tax assets in respect of cumulative tax losses and temporary differences of RMB 397,040 thousand (2021: RMB213,491 thousand) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entities. The cumulative tax losses comprised tax losses arose from various years, and each year's tax loss can be carried forward for years which is pursuant to the local rules and regulations.

22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(d) Deferred tax liabilities not recognised:

As at 31 December 2022, temporary differences relating to the undistributed retained profits of PRC subsidiaries amounted to RMB892,232 thousand (2021: RMB873,049 thousand). Deferred tax liabilities of RMB88,956 thousand (2021: RMB43,522 thousand) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that those retained profits are not likely to be distributed in the foreseeable future.

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the Consolidated Statement of Changes in Equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital *RMB'000* *note 23(c))*	**Capital reserve** *RMB'000* *(note 23(d))*	**Translation reserve** *RMB'000* *(note 23(d))*	**Retained profits** *RMB'000*	**Total** *RMB'000*
Balance at 1 January 2021	510,981	31,211	(28,963)	150,431	663,660
Changes in equity for 2021					
Total comprehensive income for the year	—	—	(20,756)	178,848	158,092
Equity-settled share-based transactions *(note 21)*	—	226	—	—	226
Purchase of own shares	—	—	—	(6,031)	(6,031)
Dividends paid to equity shareholders of the Company *(note 23(b))*	—	—	—	(34,787)	(34,787)
Balance at 31 December 2021 and 1 January 2022	**510,981**	**31,437**	**(49,719)**	**288,461**	**781,160**
Changes in equity for 2022					
Total comprehensive income for the year	**—**	**—**	**68,368**	**(72,855)**	**(4,487)**
Dividends paid to equity shareholders of the Company *(note 23(b))*	**—**	**—**	**—**	**(15,788)**	**(15,788)**
Balance at 31 December 2022	**510,981**	**31,437**	**18,649**	**199,818**	**760,885**

23 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

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

	2022 *RMB'000*	2021 *RMB'000*
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 share	**18,274**	14,911

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.

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

	2022 *RMB'000*	2021 *RMB'000*
Dividends approved and paid to equity shareholders of the Company during the year	**15,788**	34,787

(c) Share capital

(i) Issued share capital

	2022 No. of ordinary shares	***HKD***	2021 No. of ordinary shares	*HKD*
Ordinary shares, issued and fully paid:				
At 1 January	**461,635,370**	**581,930,830**	468,567,370	581,930,830
Shares repurchased and cancelled	**—**	**—**	(6,932,000)	—
At 31 December	**461,635,370**	**581,930,830**	461,635,370	581,930,830
RMB equivalent		**510,981,107**		510,981,107

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

23 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital (Continued)

(ii) Purchase of own shares

During the year ended 31 December 2022, there was no repurchase of any shares.

During the year ended 31 December 2021, the Company repurchased 6,764,000 ordinary shares on the Stock Exchange of Hong Kong Limited. The repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid on the repurchased shares of HKD7,212 thousand (equivalent to approximately RMB6,031 thousand) was paid wholly out of retained profits.

(iii) Shares issued under share option scheme

Each option entitles the holder to subscribe for one ordinary share of the Company. During the year ended 31 December 2022, no options were exercised to subscribe for ordinary shares of the Company (2021: Nil). Further details of these options are set out in note 21 to the financial statements.

At 31 December 2022, there were 15,892,000 unexercised post-IPO share options (2021: 17,392,000).

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises the contribution from non-controlling interests and the portion of the grant date fair value of unexercised share options granted to employees of the Group and directors of the Company that has been recognised in accordance with the accounting policy adopted for equity-settled share-based transactions in note 1(t)(ii).

(ii) Statutory reserve

Pursuant to applicable PRC regulations, certain PRC subsidiaries are required to transfer 10% of their profit after income tax (after offsetting prior year's losses, if applicable) to statutory reserve until such reserve reaches 50% of the registered capital. The transfer to the reserve must be made before distribution of dividends to equity holders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(iii) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements presented in any currencies other than RMB which are dealt with in accordance with the accounting policies as set out in note 1(x).

(iv) Other reserves

Other reserves comprises the difference between the carrying amount of the net assets received and the consideration paid, as a result of the reorganisation during which the Company acquired subsidiaries from the ultimate controlling shareholders of the Group in 2006 and 2007.

23 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, restricted cash, bank deposits and bills receivable is limited because the counterparties are banks and financial institutions, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 6.78% (2021: 10.48%) and 10.17% (2021: 10.48%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Trade receivables *(Continued)*

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates different loss patterns based on individual characteristics of customers, the loss allowance based on past due status is further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade debtors and bills receivable:

	2022		
	Expected loss rate %	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
Collectively evaluated customers			
Current (not past due)	9.86%	54,965	(5,419)
0–3 months past due	23.02%	16,705	(3,846)
3–9 months past due	50.49%	5,163	(2,607)
9–21 months past due	74.08%	8,966	(6,642)
21–33 months past due	97.00%	300	(291)
More than 33 months past due	100.00%	6,076	(6,076)
		92,175	(24,881)
Individually evaluated customers		103,414	(103,414)
Bills receivable		3,200	—
		198,789	(128,295)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Trade receivables *(Continued)*

	2021		
	Expected loss rate %	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
Collectively evaluated customers			
Current (not past due)	4.62%	71,936	(3,327)
0–3 months past due	11.91%	31,590	(3,762)
3–9 months past due	17.40%	10,286	(1,790)
9–21 months past due	29.00%	300	(87)
21–33 months past due	43.75%	16	(7)
More than 33 months past due	100.00%	6,660	(6,660)
		120,788	(15,633)
Individually evaluated customers		112,398	(112,398)
Bills receivable		12,433	—
		245,619	(128,031)

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade and bills receivables during the year is as follows:

	2022 ***RMB'000***	2021 *RMB'000*
Balance at 1 January	**128,031**	126,751
Impairment losses recognised during the year	**264**	1,280
Balance at 31 December	**128,295**	128,031

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	2022 Contractual undiscounted cash outflow					
	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	2 years but less than 5 years *RMB'000*	More than 5 years *RMB'000*	Total *RMB'000*	Carrying amount *RMB'000*
Lease liabilities	**1,586**	**–**	**–**	**–**	**1,586**	**1,586**
Trade and other payables	**92,726**	**–**	**–**	**–**	**92,726**	**92,726**
Total	**94,312**	**–**	**–**	**–**	**94,312**	**94,312**

	2021 Contractual undiscounted cash outflow					
	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	2 years but less than 5 years *RMB'000*	More than 5 years *RMB'000*	Total *RMB'000*	Carrying amount *RMB'000*
Lease liabilities	1,316	1,226	–	–	2,542	2,415
Trade and other payables	99,321	–	–	–	99,321	99,321
Total	100,637	1,226	–	–	101,863	101,736

(c) Currency risk

The Group is exposed to currency risk primarily through trade and other receivables, trade and other payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Hong Kong dollars and United States dollars.

(i) Hedges of foreign currency risk in forecast transactions

The Group does not hedge its foreign currency exposure other than by retaining its foreign currency denominated earnings and receipts to the extent permitted by the State Administration of Foreign Exchange.

(ii) Recognised assets and liabilities

In respect of trade and other receivables, trade and other payables denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Currency risk (Continued)

(iii) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the year-end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	2022 *RMB'000*	2021 *RMB'000*
Trade and other receivables		
— in HKD	**119**	352
— in SGD	**1**	9
— Cash and cash equivalents		
— in HKD	**43,078**	188,910
— in USD	**26,783**	133,869
— in SGD	**7,126**	7,385
— in CAD	**4,520**	3,454
— in CHF	**177**	164
Bank Deposits		
— in HKD	**142,923**	—
Trade and other payables		
— in HKD	**(1,016)**	(8,153)
— in SGD	**(61)**	(56)
Gross exposure	**223,650**	325,934

(iv) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2022		2021	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained earnings**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings
USD	**10%**	**2,678**	10%	13,387
	-10%	**(2,678)**	-10%	(13,387)
HKD	**10%**	**18,510**	10%	18,111
	-10%	**(18,510)**	-10%	(18,111)

(c) Currency risk (Continued)

(iv) Sensitivity analysis (Continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of reporting period, including inter-group payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2021.

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS/ HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December 2022 RMB'000	Fair value measurement as at 31 December 2022 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Assets				
Listed equity securities	**23,983**	**23,983**	**—**	**—**
Unlisted equity securities	**81,897**	**—**	**—**	**81,897**
Investment in wealth management products	**4,545**	**4,545**	**—**	**—**

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value measurement (Continued)

(i) ***Financial assets and liabilities measured at fair value*** *(Continued)*

Fair value hierarchy (Continued)

	Fair value at 31 December 2021 *RMB'000*	Fair value measurement as at 31 December 2021 categorised into Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*
Assets				
Listed equity securities	34,579	34,579	—	—
Unlisted equity securities	179,174	—	—	179,174

The Group's unlisted equity investments were revalued against carrying amounts of the respective investments during the reporting period. A valuation report for the major investment was prepared by the external valuer at 31 December 2022 and was reviewed and approved by the management. Discussion of the valuation process and results with the management is held once a year, to coincide with the reporting dates.

During the year ended 2022 and 2021, there were no transfer between instruments in Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

As at 31 December 2022, according to the valuation report issued by Jones Lang lasalle Corporate Assessment and Consulting Ltd., an independent qualified valuer in Beijing, the fair value of the Group's investment in Bloks Group Limited is RMB67,090 thousand (2021: RMB172,714 thousand).

The fair value of the unlisted equity investment is determined using the price/sales ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2022, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/decreased the Group's other comprehensive income by RMB940 thousand.

(ii) ***Fair value of financial assets and liabilities carried at other than fair value***

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2022 and 2021.

25 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2022 *RMB'000*	2021 *RMB'000*
Short-term employee benefits	**7,612**	9,048
Equity-settled share-based transactions	**—**	75
	7,612	9,123

Total remuneration is included in "Staff cost" (see note 5(b)).

(b) Transactions with related parties

	Note	**2022** *RMB'000*	2021 *RMB'000*
Rental of office	*(i)*	**687**	757
Service provided to a joint venture	*(ii)*	**179**	360

Notes:

(i) CTV Golden Bridge International Media Group Company Limited, a subsidiary of the Group, rented an office from Shanghai CTV Golden Bridge International Culture and Communication Group Limited, which was effectively controlled by the ultimate controlling shareholder of the Group.

(ii) Beijing Golden Bridge Document Time International Media Company Limited is a joint venture of the Group. The Group provided placement of television advertisements service to this joint venture.

26 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment		**522**	1,036
Investments in subsidiaries	*12*	**261,164**	251,758
Other non-current financial assets	*13(i)*	**23,983**	34,579
		285,669	287,373
Current assets			
Prepayments, trade and other receivables	*15*	**294,335**	200,167
Bank deposits	*16*	**142,923**	—
Cash and cash equivalents		**65,427**	320,525
		502,685	520,692
Current liabilities			
Trade and other payables		**25,750**	22,665
Lease liabilities		**570**	583
		26,320	23,248
Net current assets		**476,365**	497,444
Total assets less current liabilities		**762,034**	784,817
Non-current liabilities			
Lease liabilities		**—**	522
Deferred tax liabilities		**1,149**	3,135
		1,149	3,657
NET ASSETS		**760,885**	781,160
CAPITAL AND RESERVES	*23(a)*		
Share capital		**510,981**	510,981
Reserves		**249,904**	270,179
TOTAL EQUITY		**760,885**	781,160

Approved and authorised for issue by the board of directors on 30 March 2023.

Chen Xin
Chairman

Li Zongzhou
Director

27 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 23(b)(i).

28 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2022, the directors consider the immediate parent and the ultimate holding Company of the Group to be Golden Bridge International Culture Limited and CLH Holding Limited respectively, both of which are incorporated in Cayman Islands. These two entities do not produce financial statements available for public use.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022

Up to the date of issue of these financial statements, the IASB/HKICPA has issued a number of amendments and a new standard, which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IRFS/HKFRS 17, *Insurance contracts*	1 January 2023
Amendments to IAS/HAS 1 and IFRS/HKFRS Practice Statement 2, *Disclosure of Accounting Policies*	1 January 2023
Amendments to IAS/HAS 8, *Definition of Accounting Estimates*	1 January 2023
Amendments to IAS/HAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to IAS/HAS 1, *Classification of Liabilities as Current or Non- current*	1 January 2024
Amendments to IAS/HAS 1, *Non-current Liabilities with Covenants*	1 January 2024
Amendments to IFRS/HKFRS 16, *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to IFRS/HKFRS 10 and IAS/HAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined at a future date

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Five Year Financial Summary

(Expressed in Renminbi)

	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Results					
Revenue	**719,490**	1,183,473	1,175,947	1,496,813	1,615,704
Profit from operations	**49,046**	40,625	125,385	37,119	101,397
Net Finance income	**12,297**	14,171	14,182	14,719	16,617
Share of profits less losses of associates and joint ventures	**—**	(216)	—	—	—
Profit before taxation	**61,343**	54,580	139,567	51,838	118,014
Income tax	**(20,323)**	(18,305)	(52,259)	(24,476)	(37,085)
Profit for the year	**41,020**	36,275	87,308	27,362	80,929
Attributable to:					
Equity shareholders of the Company	**41,350**	37,078	87,213	26,403	82,127
Non-controlling interests	**(330)**	(803)	95	959	(1,198)
Profit for the year	**41,020**	36,275	87,308	27,362	80,929
Assets and liabilities					
Property, plant and equipment	**172,380**	211,162	219,620	224,944	229,738
Investment property	**561,259**	547,007	562,511	580,859	576,684
Intangible assets	**3,342**	4,194	5,654	16,399	22,399
Goodwill	**—**	—	—	6,002	6,002
Interest in associates	**—**	—	—	4,362	—
Trade and other receivables	**—**	—	—	1,587	865
Other non-current financial assets	**105,880**	213,753	203,425	195,172	—
Net current assets	**781,470**	695,703	647,953	551,778	753,666
Total assets less current liabilities	**1,624,331**	1,671,819	1,639,163	1,581,103	1,589,354
Deferred tax liabilities	**15,107**	13,105	14,934	5,708	—
Other non-current liabilities	**—**	1,191	2,448	—	—
NET ASSETS	**1,609,224**	1,657,523	1,621,781	1,575,395	1,589,354
Capital and reserves					
Share capital	**510,981**	510,981	510,981	510,981	510,981
Reserves	**1,106,664**	1,154,513	1,117,368	1,070,462	1,085,380
Total equity attributable to equity shareholders of the Company	**1,617,645**	1,665,494	1,628,349	1,581,443	1,596,361
Non-controlling interests	**(8,421)**	(7,971)	(6,568)	(6,048)	(7,007)
TOTAL EQUITY	**1,609,224**	1,657,523	1,621,781	1,575,395	1,589,354
Earnings per share					
Basic earnings per share (RMB)	**0.090**	0.080	0.181	0.054	0.162
Diluted earnings per share (RMB)	**0.090**	0.080	0.181	0.054	0.162

SinoMedia®

中視金橋國際傳媒控股有限公司

SinoMedia Holding Limited

(incorporated in Hong Kong with limited liability)

（於香港註冊成立之有限公司）