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**SinoMedia**<sup>®</sup>

**SINOMEDIA HOLDING LIMITED**

**中視金橋國際傳媒控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 623)

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**FINANCIAL SUMMARY**

<i>RMB'000</i>	For the year ended 31 December 2020	For the year ended 31 December 2019	Change (%)
Revenue	1,175,947	1,496,813	-21%
Profit from operations	125,385	37,119	+238%
Profit attributable to equity shareholders of the Company	87,213	26,403	+230%
Earnings per share			
— Basic and Diluted	18.1 RMB cents	5.4 RMB cents	+235%
Proposed final dividend per share	9.00 HKD cents	2.41 HKD cents	+273%

**REVENUE**

<i>RMB'000</i>	For the year ended 31 December 2020	For the year ended 31 December 2019	Change (%)
TV media resources management	941,995	1,251,770	-25%
Content operations and Other integrated communication services	99,990	94,364	+6%
Digital marketing and Internet media	78,252	98,409	-20%
Rental income	64,938	63,236	+3%
Sales taxes and surcharges	(9,228)	(10,966)	-16%
	<u>1,175,947</u>	<u>1,496,813</u>	

The Board of directors (the “**Board**”) of SinoMedia Holding Limited (“**SinoMedia**” or the “**Company**”) announces the results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2020, with comparative figures for the previous year.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2020*

	<i>Note</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue		<b>1,175,947</b>	1,496,813
Cost of services		<b>(959,757)</b>	(1,368,029)
<b>Gross profit</b>		<b>216,190</b>	128,784
Other revenue	4	<b>72,634</b>	57,479
Selling and marketing expenses		<b>(44,176)</b>	(58,027)
General and administrative expenses		<b>(119,263)</b>	(91,117)
<b>Profit from operations</b>		<b>125,385</b>	37,119
Finance income	5(a)	<b>14,283</b>	14,881
Finance costs	5(a)	<b>(101)</b>	(162)
<b>Net finance income</b>		<b>14,182</b>	14,719
<b>Profit before taxation</b>	5	<b>139,567</b>	51,838
Income tax	6	<b>(52,259)</b>	(24,476)
<b>Profit for the year</b>		<b><u>87,308</u></b>	<b><u>27,362</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>87,213</b>	26,403
Non-controlling interests		<b>95</b>	959
<b>Profit for the year</b>		<b><u>87,308</u></b>	<b><u>27,362</u></b>
<b>Earnings per share</b>			
Basic and diluted (RMB cents)	7	<b>18.1</b>	5.4

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2020*

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Profit for the year</b>	<u><b>87,308</b></u>	<u>27,362</u>
<b>Other comprehensive loss for the year (after tax and reclassification adjustments)</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the Company and overseas subsidiaries	<u>(12,352)</u>	<u>(10)</u>
<b>Total comprehensive income for the year</b>	<u><b>74,956</b></u>	<u>27,352</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>74,861</b>	26,393
Non-controlling interests	<u><b>95</b></u>	<u>959</u>
<b>Total comprehensive income for the year</b>	<u><b>74,956</b></u>	<u>27,352</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Note</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>219,620</b>	224,944
Investment property	9	<b>562,511</b>	580,859
Intangible assets		<b>5,654</b>	16,399
Goodwill		—	6,002
Interest in associates		—	4,362
Other non-current financial assets	10	<b>203,425</b>	195,172
Trade and other receivables	11	—	1,587
		<b>991,210</b>	1,029,325
<b>Current assets</b>			
Other current financial assets		—	2,200
Trade and other receivables	11	<b>240,685</b>	328,203
Restricted bank deposits		<b>882</b>	—
Time deposits with original maturity over three months		<b>53,023</b>	30,436
Cash and cash equivalents		<b>788,084</b>	583,677
		<b>1,082,674</b>	944,516
<b>Current liabilities</b>			
Trade and other payables	12	<b>92,189</b>	169,132
Contract liabilities	13	<b>300,190</b>	193,105
Lease liabilities		<b>1,132</b>	1,201
Current taxation		<b>41,210</b>	29,300
		<b>434,721</b>	392,738
<b>Net current assets</b>		<b>647,953</b>	551,778
<b>Total assets less current liabilities</b>		<b>1,639,163</b>	1,581,103

	<b>2020</b>	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current liabilities</b>		
Lease liabilities	<b>2,448</b>	—
Deferred tax liabilities	<b>14,934</b>	5,708
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b><u>1,621,781</u></b>	<b><u>1,575,395</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>510,981</b>	510,981
Reserves	<b>1,117,368</b>	1,070,462
	<hr/>	<hr/>
<b>Total equity attributable to equity shareholders of the Company</b>	<b>1,628,349</b>	1,581,443
<b>Non-controlling interests</b>	<b>(6,568)</b>	(6,048)
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b><u>1,621,781</u></b>	<b><u>1,575,395</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2020 and 2019 included in this document does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (the "**Companies Ordinance**") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2020 in due course.

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

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the requirements of the Companies Ordinance. As Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong, are derived from and consistent with IFRSs, these financial statements also comply with HKFRSs. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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

## 2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IFRS/HKFRS 3, *Definition of a Business*
- Amendment to IFRS/HKFRS 16, *Covid-19-Related Rent Concessions*

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

## 3 SEGMENT REPORTING

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

## 4 OTHER REVENUE

	<i>Note</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Government grant	(i)	14,128	19,984
Unrealised gains on financial assets	(ii)	41,698	35,101
Gains on disposal of financial asset	(iii)	16,078	—
Others		730	2,394
		<u>72,634</u>	<u>57,479</u>

- (i) It is the unconditional discretionary grants received from a local government authority in recognition of the Group's contribution to the development of the local economy.
- (ii) The unrealised gains were from investment in China Feihe Limited.
- (iii) The Group conducted a series of on-market transactions to dispose of an aggregate of 3,600,000 shares of China Feihe Limited during the period from 1 June 2020 to 3 June 2020 (representing approximately 0.04% of the number of total issued shares in China Feihe Limited as at 3 June 2020) at an average price between HK\$14.30 and HK\$14.37 per share. The Group recognised gains of approximately RMB16,078 thousand from the disposals.

## 5 PROFIT BEFORE TAXATION

### (a) Finance income and costs

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest income on bank deposits	14,268	14,881
Net foreign exchange gain	<u>15</u>	<u>—</u>
Finance income	<u>14,283</u>	<u>14,881</u>
Net foreign exchange loss	—	(109)
Interest on lease liabilities	(59)	—
Others	<u>(42)</u>	<u>(53)</u>
Finance costs	<u>(101)</u>	<u>(162)</u>
Net finance income	<u><u>14,182</u></u>	<u><u>14,719</u></u>

### (b) Staff cost

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Salaries, wages and other benefits	58,810	71,010
Contributions to defined contribution plan	535	5,999
Equity-settled share-based payment expenses	<u>872</u>	<u>1,772</u>
	<u><u>60,217</u></u>	<u><u>78,781</u></u>

### (c) Other items

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Amortization	3,652	6,286
Depreciation	25,230	24,259
Impairment losses	59,460	9,431
Auditors' remuneration	2,650	2,650
Professional fee	2,221	3,755
Research and development costs	597	3,309

## 6 INCOME TAX

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Current tax</b>		
Provision for Hong Kong profit tax for the current year	2,510	—
Provision for PRC income tax for the current year	45,238	18,836
Under-provision/(over-provision) in respect of prior years	26	(5)
Effect of change in tax rate	(5,234)	—
	<u>42,540</u>	<u>18,831</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>9,719</u>	<u>5,645</u>
	<u><u>52,259</u></u>	<u><u>24,476</u></u>

The provision for Hong Kong profits tax of the Company is based on the applicable rates on the estimated assessable profits in accordance with the relevant income tax rules and regulations of the Hong Kong. Hong Kong implements two-tiered profits tax rate. The first HK\$2 million of assessable profits earned by a corporation is taxed at half of the current tax rate (i.e. 8.25%) whilst the remaining profits will continue to be taxed at 16.5%.

The Company obtained the certificate of resident of the Hong Kong Special Administrative Region under the “Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect of Taxes on Income” for the calendar year 2019 in 2020. This certification can be used between calendar year 2019 and 2021 and the with-holding tax rate would be 5%.

No provision has been made for Hong Kong profits tax and Singapore income tax as the Company’s subsidiary in Hong Kong and Singapore had unutilised tax losses brought forward from prior years which was sufficient to set-off against taxable income of 2020.

The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of the Group entities in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

Beijing Lotour Huicheng Internet Technology Company Limited (“**Lotour Huicheng**”), Beijing Laite Laide Management Consultancy Company Limited (“**Laite Laide**”), Golden Bridge Wisdom Technology (Beijing) Company Limited (“**Golden Bridge Wisdom**”) and Pinmu Ronghe Business Management (Shanghai) Company Limited (“**Pinmu Ronghe**”) are at a preferential rate of 20% as a small meager-profit enterprise. Except for the Company and its subsidiaries in Hong Kong and Singapore, Lotour Huicheng, Laite Laide, Golden Bridge Wisdom and Pinmu Ronghe, applicable income tax rate of other Group entities in the PRC is the statutory tax rate of 25%.

## 7 EARNINGS PER SHARE

### (a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB87,213 thousand (2019: RMB26,403 thousand) and the weighted average of 481,766,082 ordinary shares (2019: 492,611,329 shares) in issue during the year, calculated as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Profit attributable to ordinary equity shareholders</b>	<b><u>87,213</u></b>	<b><u>26,403</u></b>
<b>Weighted average number of ordinary shares</b>	<b>2020 '000</b>	<b>2019 '000</b>
Issued ordinary shares at 1 January	<b>490,712</b>	496,613
Effect of shares repurchased	<b><u>(8,946)</u></b>	<u>(4,002)</u>
Weighted average number of ordinary shares at 31 December	<b><u>481,766</u></b>	<b><u>492,611</u></b>

### (b) *Diluted earnings per share*

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB87,213 thousand (2019: RMB26,403 thousand) and the weighted average number of ordinary shares of 481,766,082 shares (2019: 492,611,329 shares) after adjusting for the effect of share options in issue, calculated as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Profit attributable to ordinary equity shareholders (basic and diluted)</b>	<b><u>87,213</u></b>	<b><u>26,403</u></b>
<b>Weighted average number of ordinary shares (diluted)</b>	<b>2020 '000</b>	<b>2019 '000</b>
Weighted average number of ordinary shares (basic)	<b>481,766</b>	492,611
Effect of share options in issue	<b><u>—</u></b>	<u>—</u>
Weighted average number of ordinary shares (diluted) at 31 December	<b><u>481,766</u></b>	<b><u>492,611</u></b>

## 8 DIVIDENDS

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of HKD9.00 cents (approximately RMB7.55 cents) (2019: HKD2.41 cents, approximately RMB2.15 cents) per ordinary share	<u><b>35,216</b></u>	<u>10,550</u>

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

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Dividends approved and paid to equity shareholders of the Company during the year	<u><b>10,702</b></u>	<u>34,170</u>

## 9 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

	Buildings <i>RMB'000</i>	Fixtures, fittings and computer equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Investment property <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Original cost</b>						
Balance at 1 January 2019	271,550	12,843	14,793	299,186	673,067	972,253
Additions	1,964	86	1,306	3,356	19,214	22,570
Disposals	—	(301)	(860)	(1,161)	—	(1,161)
Reclassification	1,064	—	—	1,064	(1,064)	—
Balance at 31 December 2019	<u>274,578</u>	<u>12,628</u>	<u>15,239</u>	<u>302,445</u>	<u>691,217</u>	<u>993,662</u>
Balance at 1 January 2020	274,578	12,628	15,239	302,445	691,217	993,662
Additions	4,291	393	—	4,684	—	4,684
Disposals	(3,127)	(1,518)	(1,058)	(5,703)	—	(5,703)
Balance at 31 December 2020	<u><b>275,742</b></u>	<u><b>11,503</b></u>	<u><b>14,181</b></u>	<u><b>301,426</b></u>	<u><b>691,217</b></u>	<u><b>992,643</b></u>
<b>Depreciation</b>						
Balance at 1 January 2019	43,899	11,354	13,033	68,286	96,383	164,669
Charge for the year	9,074	586	512	10,172	14,127	24,299
Disposals	—	(292)	(817)	(1,109)	—	(1,109)
Reclassification	152	—	—	152	(152)	—
Balance at 31 December 2019	<u><b>53,125</b></u>	<u><b>11,648</b></u>	<u><b>12,728</b></u>	<u><b>77,501</b></u>	<u><b>110,358</b></u>	<u><b>187,859</b></u>
Balance at 1 January 2020	53,125	11,648	12,728	77,501	110,358	187,859
Charge for the year	8,901	459	377	9,737	15,493	25,230
Disposals	(3,127)	(1,320)	(985)	(5,432)	—	(5,432)
Balance at 31 December 2020	<u><b>58,899</b></u>	<u><b>10,787</b></u>	<u><b>12,120</b></u>	<u><b>81,806</b></u>	<u><b>125,851</b></u>	<u><b>207,657</b></u>
<b>Impairment loss</b>						
Balance at 1 January 2020	—	—	—	—	—	—
Charge for the year	—	—	—	—	2,855	2,855
Balance at 31 December 2020	<u><b>—</b></u>	<u><b>—</b></u>	<u><b>—</b></u>	<u><b>—</b></u>	<u><b>2,855</b></u>	<u><b>2,855</b></u>
<b>Net book value</b>						
At 31 December 2020	<u><b>216,843</b></u>	<u><b>716</b></u>	<u><b>2,061</b></u>	<u><b>219,620</b></u>	<u><b>562,511</b></u>	<u><b>782,131</b></u>
At 31 December 2019	<u><b>221,453</b></u>	<u><b>980</b></u>	<u><b>2,511</b></u>	<u><b>224,944</b></u>	<u><b>580,859</b></u>	<u><b>805,803</b></u>

## 10 OTHER NON-CURRENT FINANCIAL ASSETS

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Financial assets measured at FVPL</b>			
— Equity securities listed in Hong Kong	(i)	<b>81,425</b>	73,172
<b>Equity securities measured at FVOCI</b>			
— Equity securities not held for trading	(ii)	<b>122,000</b>	122,000
		<b>203,425</b>	195,172

- (i) As at 31 December 2020, the Group holds approximately 0.06% shares of China Feihe Limited (stock code: 6186) and designated the investment at fair value through profit or loss (“FVPL”). Dividends received on this investment were HKD1,768 thousand (equivalent to approximately RMB1,536 thousand) during the year ended 31 December 2020.
- (ii) The unlisted equity securities are shares in Shanghai Bloks Technology Group Co., Ltd (formerly known as “Shanghai Putao Technology Co., Ltd”). The Group designated its investment in Shanghai Bloks Technology Group Co., Ltd. at fair value through other comprehensive income (“FVOCI”) (non-recycling), as the investment is held for strategic purposes.

## 11 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Non-current assets</b>			
Other receivables		—	1,587
<b>Current assets</b>			
Trade debtors and bills receivable, net of loss allowance	(i)	<b>82,697</b>	147,249
Prepayments and deposits to media suppliers		<b>148,690</b>	162,901
Advances to employees		<b>3,047</b>	1,966
Other debtors and prepayments, net of loss allowance		<b>6,251</b>	16,087
		<b>240,685</b>	329,790

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

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 3 months	<b>58,444</b>	95,244
3 months to 6 months	<b>16,486</b>	17,451
6 months to 12 months	<b>7,620</b>	2,405
Over 12 months	<b>147</b>	32,149
	<b><u>82,697</u></b>	<u>147,249</u>

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

## 12 TRADE AND OTHER PAYABLES

		<b>2020</b>	2019
	<i>Note</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables	(i)	<b>16,306</b>	16,060
Payroll and welfare expenses payables		<b>17,997</b>	10,582
Other tax payables		<b>8,153</b>	12,331
Other payables and accrued charges		<b>48,473</b>	129,514
Dividends payable due to non-controlling interests		<b>1,260</b>	645
		<b><u>92,189</u></b>	<u>169,132</u>

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

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 3 months	<b>12,049</b>	12,114
3 months to 6 months	<b>2,660</b>	2,732
6 months to 12 months	<b>79</b>	1,066
Over 12 months	<b>1,518</b>	148
	<b><u>16,306</u></b>	<u>16,060</u>

### 13 CONTRACT LIABILITIES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Media services contracts	<b>283,503</b>	192,374
Rental contracts	<b>16,687</b>	731
	<b><u>300,190</u></b>	<b><u>193,105</u></b>

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **ABOUT THE GROUP**

Hit hard by the outbreak of COVID-19 epidemic, the advertising market saw a sharp placement drop in 2020. Given the heavy toll on tourism, transportation, entertainment and leisure and other sectors, advertisers opted to take a more prudent contraction policies to avoid the possible risks, which led to shrinking placement intentions. According to the market study released by CTR Media Intelligence, the advertising expenses of all media were on constant decline, representing a year-on-year decrease of 34.8% from February 2020 and 0.8% from December 2020. The overall placement throughout the year still saw a big gap as compared with previous years despite the narrowing drop. (Source: CTR Media Intelligence, February 2021).

The Group took rapid action on the industry recession and market challenges posed by the epidemic by adjusting and optimizing business structure, effectively controlling business costs and expenses, and maintained financial stability. Confronting the plight, the Group tapped into clients' demand and developed clients market by innovative marketing tactics and media products mix. Meanwhile, by focusing on the existing strengths and core competitiveness, the Group kept moving forward in the strategic direction that takes inter-screen creative communication services as the core, and committed ourselves to providing clients with high-quality creative products and communication services.

### **BUSINESS REVIEW**

#### **TV ADVERTISING AND CONTENT OPERATIONS**

##### **I. TV Media Resources Management**

During the year under review, the Group had a total of approximately 1,098 minutes of advertising resources on China Media Group CCTV-1 (General)/CCTV-News and CCTV-4 (Chinese International), and the exclusive underwriting right for 66,667 and 57,825 minutes of all advertising resources of CCTV-9 (Documentary Channel) and CCTV-14 (Children's Channel), respectively. It covered the markets of news, politics, culture and children's programs, and brought diversified communication channels to clients. Its specific media resources include the "News 30" (新聞30分) jointly broadcast on CCTV-1 (General)/CCTV-News, and "Today's Focus" (今日關注) on CCTV-4 (Chinese International), as well as all advertising resources of CCTV-9 (Documentary Channel) and CCTV-14 (Children's Channel). Facing the severe market environment affected by the epidemic in the year, the Group, integrated its own strengths, optimized timely the media resources structure so as to maintain the ability of client development and service in the TV advertisement marketing.

## **II. Content Operations**

The Group provided clients with comprehensive and professional advertisement video production services. During the year under review, the Group successively served China Banknote Printing and Minting Corporation, China Gold Coin Incorporation, China Construction Bank, Hua Xia Bank, Sinopec EPEC, PICC, Chimelong Group, Great Wall Wine, Zhengzhou Tourism, Yuxi Tourism, Jinyun Tourism, GANI Marble Tiles, Yangtze River Pharm and other clients, providing services involving graphic design, advertising video shooting, producing and editing.

In terms of content marketing business, the Group offered creative communication services to Chimelong Group, SK Group and Country Garden Group, Aptamil Milk Powder, Guagualong (瓜瓜龍), Readboy, Dettol and other clients through live streaming interactions, video clips, content imbedding, program planning, animation development and promotional campaigns and other forms. Among them, Fei Chang You Xue Tuan (非常遊學團), a season program creative planned, named and promoted by the Group for Chimelong Group with 6 episodes, were broadcasted on CCTV-14 (Children's Channel) during the year under review. In addition, the promotional campaigns by cloud live streaming customized by the Group for Fei Chang You Xue Tuan received 100 thousands of views from such platforms as www.boosj.com (播視網), Tik Tok (抖音), Kuaishou (快手) and Bilibili. Chinese Youth Talk Show (中國少年說), a large talk show designed to share youth's ideas, which first season is 10 episodes with each 60 minutes, was broadcasted on CCTV-14 (Children's Channel) in the year under review, with remarkable audience effect and attentions from all walks of life. The Group participated in the planning and production and co-presented the program with the Sports and Youth Program Center of China Media Group.

## **III. Other Integrated Communication Services**

The Group has gained recognition by a large number of well-known clients for its professional and highly efficient communication services and caring client service philosophy. During the year under review, the Group provided brand information, advertising placement, promotion planning, public relation activities and other multi-dimensional brand integrated communication services to clients including China Feihe, Ping An, China Life Insurance, Hubei Agricultural Products, Suzhou Tourism, Quzhou Tourism, Didi and China Welfare Lottery Management Center.

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 Ottawa, Washington Tourism Board, Tourism Toronto, Go Turkey Tourism, Thailand Convention & Exhibition Bureau and YTL Hotels, etc.

## **DIGITAL MARKETING AND INTERNET MEDIA**

### **I. Digital Marketing**

The Group followed the development trend of the internet media and advertisers' placement demand, upgraded and updated its self-developed intelligent programming advertising placement platform iBCP. During the year under review, the Group launched its iBCP version 9.0, which was designed to optimize the real-time placing effect using big data, contributing to higher marketing efficiency. In response to the impact of the COVID-19 epidemic in the digital advertising market, the Group stayed committed to improving integrated internet service ability so as to discover clients' demand in the internet communication, and offered clients one-stop digital marketing solutions. During the year under review, the Group successively served China Feihe, Huawei Technologies, Sinopec Epec, PICC, Guizhou Zhenjiu (貴州珍酒), Sichuan Langjiu (四川郎酒), Dongfeng Nissan, GOME Appliances, Empereur Tea, Yong Feng Yuan and other clients, receiving a high degree of recognition and praise therefrom.

### **II. Internet Media**

During the year under review, www.boosj.com (播視網) of the Group more clearly defined the operating model of "online+offline, content+campaign". Specifically, www.boosj.com was committed to originating content, diversifying content products, expanding distribution channels, exploring IP cooperation and creating new campaign forms, so as to enhance the whole network integrated marketing ability and to offer clients with creative communication services.

www.boosj.com, concentrated on the core position of "parent-child accompany", made constant efforts in the original contents for infants and children enlightenment to reinforce the content series in children's dance, ancient poetry learning, storytelling, small handwork and minor popularization of science. The newly launched "Xiaoyishu+" platform integrated offline training institutes with children's talent shows and events at its core, focusing on shaping a platform dedicated to children's talent services.

In addition, Boosj Square Dancing cooperated with Country Garden Group for the fourth straight year, with increasing size and diversified forms. In the public welfare activity of Guangdong Province featuring cultural and consumption poverty alleviation in 2020, the ability of www.boosj.com in communities operating was proved, with contents of fitness and entertainment which represented by square dancing, expanded to the fields of the middle-aged and elderly health care, cultural and living consumption.

www.wugu.com.cn (吾谷網) of the Group further emphasized the communication focus and featured services of “Strengthen Agriculture by Brand” in the agricultural internet information services. It coordinated with the Group’s TV media resources management business using its own platform and We-media to form a media matrix in the vertical agricultural brand communication, to offer creative planning, media communication and public relation services to the public brands in the agricultural areas dominated by governments.

## **FINANCIAL REVIEW**

### **REVENUE AND PROFIT ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY**

For the year ended 31 December 2020, the Group recorded revenue of RMB1,175,947 thousand, representing a decrease of approximately 21% from RMB1,496,813 thousand last year.

Revenue details for the year under review were as follows:

- (I) Revenue recorded from TV media resources management was RMB941,995 thousand, representing a decrease of approximately 25% from RMB1,251,770 thousand last year. Suffered from the lasting weakness in the whole advertising market caused by the COVID-19 epidemic, certain advertisers held a prudent attitude to the TV advertising placement due to the declining market consumption demand. Advertisement placing from tourism clients decreased sharply compared with that of last year, which resulted in the drop of sold minutes of the Group’s advertising resources in the core programs compared with that of last year. Facing the pressures and challenges, the Group will stay focus on the consumption insight study of all sectors to better seize each opportunity to develop new clients. The market demand would rise over time with the mitigating epidemic efforts enhanced, which would contribute to further improve sales.

- (II) Revenue recorded from content operations and other integrated communication services was RMB99,990 thousand in total, representing an increase of approximately 6% from RMB94,364 thousand last year. Of which:

Revenue recorded from content operations was RMB31,419 thousand, representing an increase of approximately 26% from RMB25,024 thousand last year. The revenue was mainly from the production of program content and creative video clips. In the year, the Group enhanced the ability of creative communication in living consumption market and offered clients with more diversified creative content service options. The Group produced live streaming interactive programs for clients and participated in the content marketing and video production of children's programs produced by CCTV, with the revenue increased significantly compared with last year.

Revenue recorded from other integrated communication services was RMB68,571 thousand, which was basically flat compared with that of RMB69,340 thousand last year. The revenue was mainly from the commission income from media suppliers as the Group procures media sources in the capacity of an agent for clients.

- (III) Revenue recorded from digital marketing and internet media was RMB78,252 thousand in total, representing a decrease of approximately 20% from RMB98,409 thousand for last year. With the decreased advertising budgets of clients affected by the COVID-19 epidemic, the revenue from digital marketing business recorded a decrease compared with last year. The revenue from the internet media was basically flat compared with that of last year.

- (IV) Rental income was RMB64,938 thousand, representing an increase of approximately 3% from RMB63,236 thousand for last year. It was mainly due to the rental increase of certain office buildings pursuant to lease agreements, as a result, the revenue was slightly higher than that of last year.

The Group controlled business costs and operating expenses effectively despite revenue decreased. Meanwhile, due to the positive impact on profit resulted from the income on disposal of equity securities and the changes in fair value of equity securities, the profit for the year of the Group recorded a remarkable increase compared with last year. For the year ended 31 December 2020, the profit attributable to equity shareholders of the Company was RMB87,213 thousand, representing an increase of approximately 230% from RMB26,403 thousand last year.

## **OPERATING EXPENSES**

For the year ended 31 December 2020, the Group's operating expenses were RMB163,439 thousand in total, representing a year-on-year increase of approximately 9.6% from RMB149,144 thousand last year, and accounted for approximately 13.9% of the revenue (2019: 10.0%). Facing the changing market and operating pressure imposed by the epidemic, the Group responded actively by taking multiple measures to reduce operating expenses while trying its best effort to secure employees jobs in response to the government's call. Due to the negative impact on economic activities imposed by the epidemic, the Group recognized impairment losses on certain assets of RMB59,460 thousand by following the principle of prudence. This drove up the proportion of operating expenses to revenue compared with last year.

Operating expenses included the followings:

- (I) Selling and marketing expenses amounted to RMB44,176 thousand, representing a decrease of approximately RMB13,851 thousand from RMB58,027 thousand last year, and accounted for approximately 3.8% of the Group's revenue (2019: 3.9%). The decrease of selling and marketing expenses was mainly due to the hindered business affected by the epidemic, resulting in reduction of expenses in traveling, production, promotion and marketing compared with last year.
- (II) General and administrative expenses amounted to RMB119,263 thousand, representing an increase of approximately RMB28,146 thousand from RMB91,117 thousand last year, and accounted for approximately 10.1% of the Group's revenue (2019: 6.1%). The increase in general and administrative expenses was mainly due to that: (1) the Group, following the principle of prudence in the face of the pressure and negative impact on business operation imposed by the epidemic, the impairment losses in total increased by RMB50,029 thousand than last year, based on the assessment of receivables, investment properties, goodwill and intangible assets; (2) the Group took adjustment measures to the examination accountability for the declined performance last year, which resulted in a decrease of non-marketing personnel labor costs by approximately RMB12,348 thousand compared with last year.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS**

In June 2020, the Group disposed a portion of shares of China Feihe Limited for net proceeds of approximately HK\$51,448 thousand, equivalent to approximately RMB43,301 thousand. The proceeds from the disposal were used as the general operating fund for daily business development of the Group.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity was adequate with a stable financial position as a whole. As at 31 December 2020, cash and bank balances amounted to RMB788,084 thousand (2019: RMB583,677 thousand), of which approximately 73% was denominated in RMB, approximately 26% in HK dollars and 1% in other currencies. Bank time deposits with maturity over three months held by the Group amounted to RMB53,023 thousand (2019: RMB30,436 thousand).

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

- (I) Net cash inflow from operating activities was RMB290,129 thousand (2019: RMB19,879 thousand), which was mainly attributable to: (1) the decrease in the balance of accounts receivable and notes receivable by approximately RMB64,552 thousand as compared to the end of last year; (2) the increase in the balance of advertising fees received in advance from clients by approximately RMB91,129 thousand as compared to the end of last year; (3) the decrease in prepayment of advertising agency costs to media suppliers by approximately RMB18,344 thousand as compared to the end of last year; (4) the payment of income tax of approximately RMB30,486 thousand.
- (II) Net cash outflow from investing activities was RMB45,211 thousand (2019: RMB109,607 thousand), which was mainly attributable to: (1) the payment for equity investments of approximately RMB82,000 thousand; (2) the payment for time deposit with maturity over three months of approximately RMB22,587 thousand; (3) the proceeds from disposal of equity securities of approximately RMB43,301 thousand; (4) the receipt of interest on bank deposits of approximately RMB14,268 thousand.
- (III) Net cash outflow from financing activities was RMB30,770 thousand (2019: RMB43,083 thousand), which was mainly attributable to: the cash used for the buyback of the Company's shares of approximately RMB18,125 thousand; and the payment of the 2019 final dividend of approximately RMB10,702 thousand.

As at 31 December 2020, the Group's total assets amounted to RMB2,073,884 thousand, which consisted of equity attributable to equity shareholders of the Company of RMB1,628,349 thousand, and non-controlling interests of RMB-6,568 thousand.

As at 31 December 2020, the gearing ratio of the Group was 0 (31 December 2019: 0). 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 2020, the Group had no interest-bearing debts.

As at 31 December 2020, the Group had no material or contingent liabilities.

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

## **HUMAN RESOURCES**

As at 31 December 2020, the Group had 211 employees in total, less than that at the beginning of the year. During the year under review, despite the hard-hit main business caused by the epidemic, the Group committed to the stable the overall staff team by increasing the number of positions in the marketing, R&D and planning of content while limiting the number of positions for loss-making business segments. In addition, the Group raised the performance bonus for professional positions in sales and marketing and further implemented dynamic performance-related remuneration policies for middle and senior management, so as to intensify the connection between working results and personal interests. In the employee trainings, the Group undertook regular professional trainings with media promotion planning, marketing skills, case studies, occupational qualities and others as the themes, to comprehensively improve the employees' professional knowledge and practical capabilities. In addition to guaranteeing the mandated benefits, the Group continued to provide festival gift money to the elderly parents of employees, and held staff welfare activities such as parent-child gathering on Children's Day. In order to align the personal interests of employees with those of shareholders, the Company granted share options to employees under share option schemes. Share options that were granted and remained unexercised as of the end of the year totaled 18,492,000 units.

## **INDUSTRY AND GROUP OUTLOOK**

The China Manufacturing PMI in January 2021 was 51.5 as announced by Caixin Media, representing a decrease of 1.5 percentage points compared with last month; Service PMI was 52, representing a decrease of 4.3 percentage points compared with last month. (Source: Caixin Media, February 2021). The PMI data from Caixin Media has been in an expansionary range since May 2019, indicating a constant economic recovery, but the rate is lowering. With the mitigating global pandemic efforts, China will see a steady and sound momentum of economic development as the new development pattern that features the principal big domestic circling, with the domestic and international dual circling promoting with each other. However, due to the interwoven economic structural and cyclical issues, and sluggish recovery of certain industries, the economic growth as a whole and its continuity are still subject to a number of uncertainties.

In response to the development changes of the economic environment and the operating pressures of the advertising industry, the Group will continue to optimize the business structure to enhance the core competitiveness of creative communication and brand strategies. Specifically, in terms of TV media resources management, the Group will persist in improving clients' brand value and amplifying communication effect through quality media resources of CCTV by using excellent visual creative expressions. And the Group will offer clients with one-stop solutions to their brand positioning, visual creativity, communication strategies, media implementation and effect assessments.

In terms of content operation and other integrated communication businesses, the Group will continue to develop the content marketing business with the R&D and production of video programs as the core. In addition to the investment and production of documentary programs and participation in the investment and production of children's programs and animations, the Group will continue to customize creative video programs for clients and to realize their brand communication value by means of content marketing. Furthermore, the Group will accelerate its expansion of brand business in the consumption field by focusing on the industry chain of the parent-child family consumption. We will also actively go on with the R&D, operating and the accumulation of IP value, laying a foundation for IP authorization and the development of derivative product business in the future.

In terms of the digital marketing and internet media, the Group will follow the development trend of internet media by tapping into quality media resources, strengthen the technical iterative operation of intelligent programming advertising placement platform and improve the visible placing effect, and to enhance clients' placing effect and brand influence on the internet by the professional capacity of precision communication. [www.boosj.com](http://www.boosj.com) will keep focusing on the development of vertical areas of children's talents and the healthy life of the middle-aged and elderly. It will continue to improve the marketing and operating capabilities by enriching video content products, expanding distribution channels, and integrating online platform contents with offline activity resources.

As a leading integrated media operation group in China, we are confident in our expectation of the middle and long-term prosperity and consumption upgrading in the domestic market. We will be committed to the strategic direction with inter-screen creative communication services as the core. The Group will strive ahead against adversity by continually optimizing business structure and exploring new profit growth points, so as to accelerate the business upgrading and to lay a solid foundation for the long-term development.

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

During the year under review, the Company completed the buy-back of 22,313,000 ordinary shares on the Stock Exchange of Hong Kong Limited at an aggregate price of HKD20,279,120. The bought-back shares had been cancelled subsequently in 2020 and in early 2021. The details of the bought-back shares are as follows:

<b>Date</b> <i>(dd/mm/yyyy)</i>	<b>Number of shares bought-back</b>	<b>Highest Price</b> <i>HKD</i>	<b>Lowest Price</b> <i>HKD</i>	<b>Total paid</b> <i>HKD</i>
01/04/2020	211,000	0.93	0.92	195,120
02/04/2020	209,000	0.94	0.93	195,370
03/04/2020	24,000	0.93	0.93	22,320
07/04/2020	400,000	0.92	0.91	366,700
08/04/2020	238,000	0.92	0.91	217,100
09/04/2020	338,000	0.93	0.91	311,200
14/04/2020	247,000	0.93	0.91	229,120
15/04/2020	350,000	0.94	0.93	327,500
16/04/2020	100,000	0.94	0.94	94,000
20/04/2020	400,000	0.95	0.94	379,190
21/04/2020	224,000	0.95	0.94	212,060
22/04/2020	210,000	0.95	0.94	199,400
23/04/2020	250,000	0.95	0.94	237,000
29/04/2020	144,000	0.95	0.95	136,800
06/05/2020	134,000	0.95	0.95	127,300
04/06/2020	600,000	0.95	0.91	564,220
08/06/2020	194,000	0.94	0.93	182,100
10/06/2020	300,000	0.95	0.95	285,000
12/06/2020	284,000	0.95	0.94	269,460
15/06/2020	550,000	0.95	0.93	517,660
16/06/2020	288,000	0.94	0.93	270,340
19/06/2020	704,000	0.95	0.92	660,190
22/06/2020	450,000	0.95	0.93	422,000
24/06/2020	274,000	0.94	0.92	254,590
30/06/2020	415,000	0.94	0.92	384,430
02/07/2020	404,000	0.92	0.90	366,760
03/07/2020	240,000	0.91	0.91	218,400
06/07/2020	275,000	0.92	0.91	252,600
07/07/2020	336,000	0.93	0.92	310,620
08/07/2020	400,000	0.93	0.92	369,500
09/07/2020	400,000	0.93	0.92	369,000

<b>Date</b> <i>(dd/mm/yyyy)</i>	<b>Number of shares bought-back</b>	<b>Highest Price</b> <i>HKD</i>	<b>Lowest Price</b> <i>HKD</i>	<b>Total paid</b> <i>HKD</i>
10/07/2020	800,000	0.93	0.91	733,500
13/07/2020	500,000	0.93	0.91	460,040
16/07/2020	410,000	0.95	0.94	388,400
02/09/2020	239,000	0.92	0.91	219,490
03/09/2020	228,000	0.93	0.92	211,260
04/09/2020	200,000	0.93	0.91	184,430
07/09/2020	553,000	0.92	0.91	505,230
08/09/2020	488,000	0.92	0.91	446,080
09/09/2020	141,000	0.93	0.92	130,840
11/09/2020	387,000	0.92	0.91	354,170
14/09/2020	385,000	0.90	0.90	346,500
15/09/2020	422,000	0.91	0.90	382,480
16/09/2020	288,000	0.91	0.90	261,300
17/09/2020	177,000	0.91	0.91	161,070
21/09/2020	342,000	0.93	0.91	314,620
22/09/2020	272,000	0.92	0.91	250,220
24/09/2020	480,000	0.93	0.91	440,000
28/09/2020	399,000	0.92	0.90	361,900
12/10/2020	300,000	0.90	0.88	266,800
15/10/2020	388,000	0.90	0.88	344,200
19/10/2020	396,000	0.89	0.88	350,160
23/10/2020	168,000	0.89	0.89	149,520
28/10/2020	420,000	0.90	0.89	375,620
02/11/2020	396,000	0.89	0.88	350,160
04/11/2020	219,000	0.87	0.86	189,990
06/11/2020	383,000	0.85	0.84	323,570
09/11/2020	900,000	0.86	0.84	760,790
10/11/2020	828,000	0.85	0.84	699,070
13/11/2020	807,000	0.85	0.84	681,430
17/11/2020	490,000	0.86	0.84	418,200
18/11/2020	146,000	0.86	0.86	125,560
23/12/2020	100,000	0.87	0.86	86,310
24/12/2020	68,000	0.87	0.87	59,160
	<b>22,313,000</b>			<b>20,279,120</b>

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

## **CORPORATE GOVERNANCE PRACTICES**

During the year ended 31 December 2020, the Company has fully complied with all code provisions of the Corporate Governance Code and Corporate Government Report as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2020.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION**

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

The Audit Committee has reviewed the consolidated financial statements, the annual results for the year ended 31 December 2020 of the Group and the accounting principles and practices adopted by the Group, together with the management.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held on Tuesday, 8 June 2021 (“**AGM**”). Notice of the AGM together with the Company’s annual report for the year ended 31 December 2020 will be dispatched to shareholders in due course.

## **FINAL DIVIDEND**

The Board recommended a final dividend of HKD9.00 cents (2019: HKD2.41 cents) for the year ended 31 December 2020 per share to shareholders whose names appear on the register of members of the Company on Friday, 18 June 2021. The final dividend will be paid in Hong Kong dollars on or about Friday, 9 July 2021 subject to the approval of shareholders at the forthcoming AGM.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 3 June 2021 to Tuesday, 8 June 2021 (both dates inclusive), for the purposes of determining the entitlements of the members of the Company to attend and vote at the AGM. No transfer of shares may be registered during the said period. In order to qualify to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, by no later than 4:30 p.m. on Wednesday, 2 June 2021.

The register of members of the Company will also be closed from Wednesday, 16 June 2021 to Friday, 18 June 2021 (both dates inclusive), for the purposes of determining the entitlements of the members of the Company to the proposed final dividend upon the passing of the relevant resolution. No transfer of shares may be registered during the said period. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, by no later than 4:30 p.m. on Tuesday, 15 June 2021.

On behalf of the Board  
**SinoMedia Holding Limited**  
**CHEN Xin**  
*Chairman*

Hong Kong, 29 March 2021

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